

# MONEY CHECKLIST

## ❖ Where do I begin?

- Ⓟ Evaluate your budget by determining the amount available for your mortgage payment.
- Ⓟ Research loan types to discover the best loan available for your needs.
  - Fixed rate mortgage
  - Adjustable-rate mortgages (ARM)
  - Balloon mortgages
  - Government housing loans
- Ⓟ The mortgage lender that offered the best mortgage package. \_\_\_\_\_
- Ⓟ Pre-qualified to find out the approximate amount able to borrow.
- Ⓟ Contact local contractors or the Local Home Builders Association to find the per square foot cost of construction in your area, either heated, unheated or average.

## ❖ How much house can I afford?

- Ⓟ Price per square foot estimate heated \$ \_\_\_\_\_ unheated \$ \_\_\_\_\_ average \$ \_\_\_\_\_
- Ⓟ Home plans being considered

Plan Number \_\_\_\_\_ heated \_\_\_\_\_ unheated \_\_\_\_\_ total sq ft \_\_\_\_\_ Cost \$ \_\_\_\_\_  
Plan Number \_\_\_\_\_ heated \_\_\_\_\_ unheated \_\_\_\_\_ total sq ft \_\_\_\_\_ Cost \$ \_\_\_\_\_  
Plan Number \_\_\_\_\_ heated \_\_\_\_\_ unheated \_\_\_\_\_ total sq ft \_\_\_\_\_ Cost \$ \_\_\_\_\_

## ❖ Applying for mortgage

- Ⓟ Information submitted to lender
  - Two years of tax returns with W-2s (Self-employed three years tax returns)
  - Social security card
  - Bank and credit statements for last three months
  - Current employer information and verification
  - Most recent pay stub showing year-to-date earnings
  - List of investments, pension plans, 401ks, etc.
  - Documentation of other income like child support and/or alimony if choose to include
- Ⓟ Pre-approval complete
- Ⓟ Home plan submitted to lender for appraisal so the value of the home to be constructed can be determined.

**TIP:** If changes were redlined on plan, square footage was refigured to achieve correct appraisal value.

## ❖ Loan Language

- Ⓟ Interest rate or the percentage of interest you will pay on your mortgage is discussed but typically not locked into a specific rate until the construction process is closer to being complete. Borrower can lock the interest rate into a set rate approximately 45 days prior to construction completion.
  - Interest rate \_\_\_\_\_ %
  - Date locked \_\_\_\_\_
- Ⓟ Interim or construction financing (Loan amount available for the construction process, usually taken in draws during the building process)
  - 1<sup>st</sup> draw \$ \_\_\_\_\_

- 2<sup>nd</sup> draw \$ \_\_\_\_\_
- 3<sup>rd</sup> draw \$ \_\_\_\_\_
- 4<sup>th</sup> draw \$ \_\_\_\_\_

∅ Terms to be familiar with

- Mortgage payment-to income ratio (MR) ~ the ratio of your proposed PITI (principal, interest, taxes & insurance) payment to your gross monthly income.
- Total debt-to-income ratio (DR) ~ ratio of your total monthly debt to your gross monthly income.
- Loan-to-value (LTV) ~ ratio of the total value of the house to the loan amount which is usually 90% or less.

❖ **Cost of closing loan**

∅ The fees incurred for preparing a mortgage loan are closing costs. The cost varies from region to region. The Real Estate Settlement Procedures Act requires lenders to provide you with a good faith estimate, which is a statement of all the closing cost associated with the loan within three days of receiving your application.

∅ List of items that the closing cost may include

- Loan processing fee \$ \_\_\_\_\_
- Document preparation fee \$ \_\_\_\_\_
- Attorney fees \$ \_\_\_\_\_
- Loan origination fee \$ \_\_\_\_\_
- Loan discount points \$ \_\_\_\_\_
- Appraisal fee \$ \_\_\_\_\_
- Inspection fee \$ \_\_\_\_\_
- Credit report fee \$ \_\_\_\_\_
- Assumption fee (if applicable) \$ \_\_\_\_\_
- Prepaid interest \$ \_\_\_\_\_
- Escrow accounts \$ \_\_\_\_\_
- Title search fees \$ \_\_\_\_\_
- Title insurance \$ \_\_\_\_\_