

EVERY PENNY COUNTS:

FUNDING FOR PURCHASING OR REFINANCING A HOME.

Applying for a mortgage or refinancing a home loan requires sufficient funds for your down payment, cash reserves and all costs associated with processing your loan.



Settlement Costs Checklist

- Origination Fee
- Underwriting Fee
- Administration Fee
- Appraisal Fee
- Credit Report
- Tax Service
- Flood Certification
- 1104 Lender's Title Insurance
- Settlement/Closing Fee
- Owner's Title Insurance
- Recording Charges Deed
- Recording Charges Mortgage
- City/County Tax/Stamps Deed
- State Tax/Stamps Deed
- Escrow Waiver Fee
- Property Taxes/
Homeowners Insurance

How much cash will you need?



Your Deposit and Down Payment

A deposit shows the seller you're serious about buying a home. Deposits are typically 2% of the purchase price and will be applied towards the down payment if your offer is accepted (you will need to provide documentation for your earnest money deposit). Required down payments start at 3%. A larger down payment demonstrates your commitment to long-term homeownership and provides you with immediate equity in a new home.



Settlement Costs

These costs include all fees required to execute the sale, including title insurance, appraisals, taxes/insurance, points, etc. Closing costs, on average, are 3% - 5% of the purchase price.

Useful definitions:



Escrow

Mortgage Center will set up an escrow account to pay for your real estate taxes, homeowners insurance and private mortgage insurance. Each month, a portion of your mortgage payment will be held in your escrow account to make sure the funds are available when these payments are due. You may pay your own real estate taxes and insurance premiums if you meet Mortgage Center's Escrow Waiver Requirements (there is an applicable fee for this waiver).



Cash in Reserves

Depending on your situation and the type of loan you are getting, you may be required to have extra money left over after you've bought your home. These funds are known as reserves, and in some cases can total up to six months of mortgage payments for all properties owned. Reserves can include the balance in your checking or saving account, mutual funds, retirement accounts, and other investments, although retirement accounts may not be counted at face value. Check with your Loan Originator to find out if you'll be required to have cash in reserves for your particular loan and what the guidelines are.



Large Deposits

Large non-payroll deposits or average balance increases as defined by Fannie Mae must be properly documented or that portion of funds may not be used towards your minimum cash requirements. If one of your accounts shows a large deposit inconsistent with your typical financial habits, we will need to see documentation verifying the funds are from an acceptable source, listed on the following page.

Acceptable sources of funds for your home financing:

Industry standards dictate that your cash requirements come from clearly defined sources; so gift money and undocumented funds, such as cash savings in your home, will not count toward your minimum requirements. Plan ahead and deposit such funds into a qualified account for at least two months in order for them to be considered in your application process.



Savings & Checking Account

In general, 3% of your down payment will need to come from your own funds (money that has been saved and in your account for at least the last 60 days). You will need to provide complete financial statements for the previous two months. Any large non-payroll deposits or increases to your average balance must be documented from an acceptable source or that portion of funds may not be used.



Sale of Property

Proceeds from the sale of a home or other real estate are an acceptable source of funds, as long as a copy of the fully executed HUD1/Settlement Statement (or title company closing settlement statement in the case of a cash sale) is provided, along with a copy of the proceeds check and evidence of deposit to a liquid asset account.



Retirement Savings Plan

Liquidating funds from your retirement savings plan (as a withdrawal or a loan), etc. may be used as an acceptable source of funds to close. You will need to provide two months of your most recent account statements prior to your withdrawal. Once the withdrawal has taken place, you will also need to provide evidence of withdrawal of the funds and evidence of deposit into a liquid account. If you are going to use your retirement savings plan as a reserve, then you only need to provide evidence that the account allows withdrawals regardless of your current employment status.



Stocks and Mutual Funds

Liquidating funds from your stocks or mutual funds may be used as an acceptable source of funds to close and/or for reserves. You will need to provide your most recent account statement (all pages). If the account is being used for funds to close, you will also need to provide evidence of withdrawal of the funds and evidence of deposit into a liquid account.



Selling Personal Possessions (Assets)

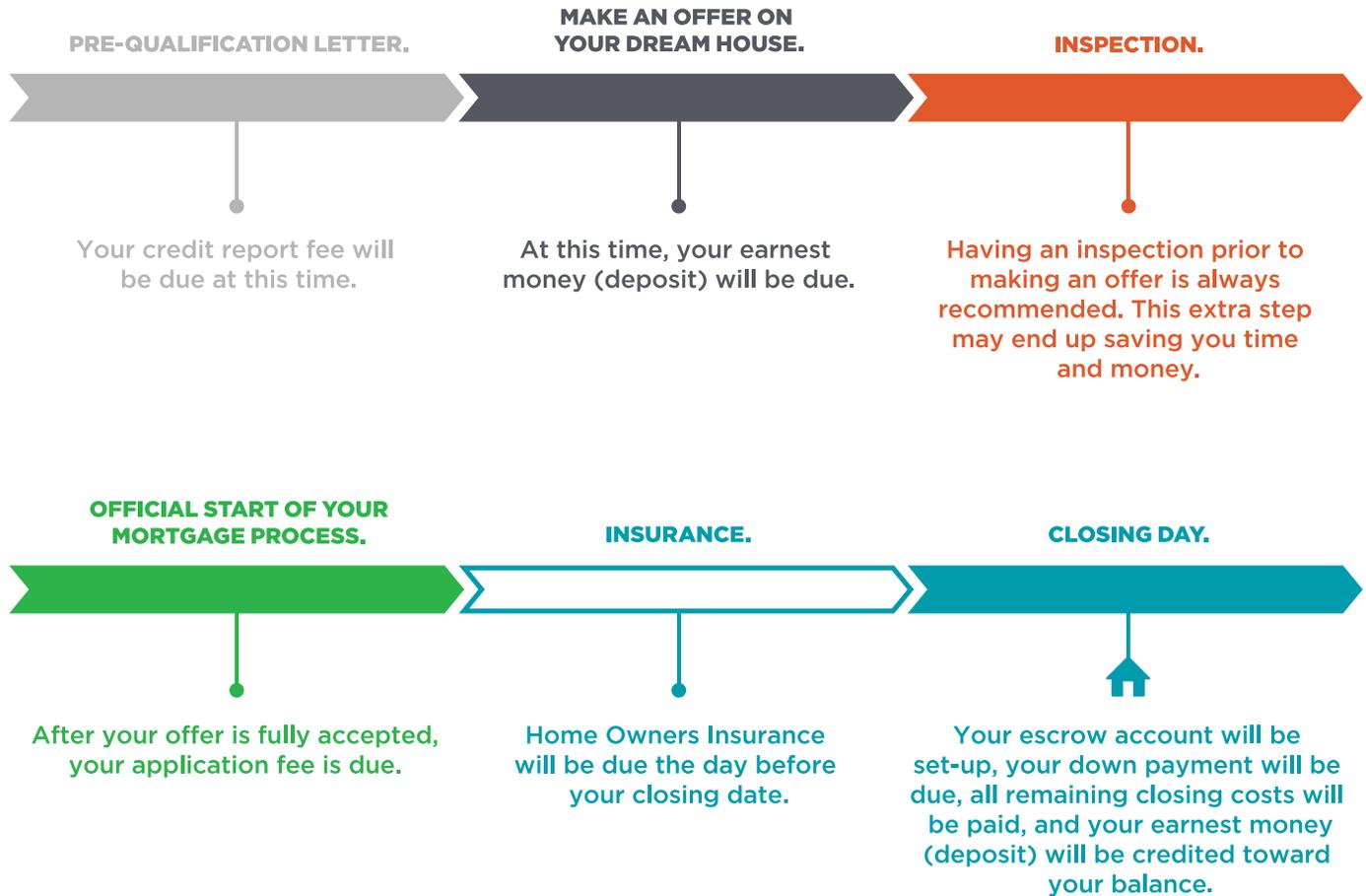
Proceeds from the sale of an asset may be used as an acceptable source of funds if the following evidence is provided: acceptable evidence that you owned the asset; acceptable evidence of the estimated value of the asset from published value estimates or qualified appraiser; proof of sale, receipt and deposit of the funds. A lesser of the estimated value or sales price may be used and added to the asset portion of the application. Please speak with your Loan Originator about specific documentation requirements for your assets.



Gifts from an Individual

Gift funds may be used as an acceptable source of funds to close for a principle residence or second home purchase. The donor must be a relative, fiancé or domestic partner, but may not be or have any affiliation with the builder, real estate agent, or another interested party to the transaction. If you are receiving a gift that is at least 20% of your down payment, then 100% of your down payment can come from gift funds. To learn more about the correct process for using such funds, please speak with your Loan Originator.

When to provide funds during the mortgage process:



Ready to apply? Call a mortgage loan expert today at **800.353.4449.**



Helpful Tips for New Home Buyers

When considering buying a home for the first time, keep in mind additional purchases you will need to make in order to maintain your new home. These purchases could include paint, new flooring, furniture, landscaping, outdoor lawn equipment, etc. Homeowners are advised to budget 1-2% of their home purchase price to cover the costs of home maintenance and repairs each year.

