



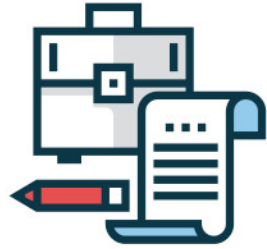
REALTOR[®]

RESOURCE

Financial Literacy Tools
for REALTORS[®] and
Home Buyers



Checklist - Documents Required For Loan Approval



Here is a list of documents lenders will typically require from your buyers. REALTORS® can help their clients prepare for the loan application and approval process by reviewing this list with them early in the process and encouraging them to gather these documents as quickly as possible.

- Federal income tax returns for the past two years
- W2s for the past two years
- Paycheck stubs for the past two months
- Statements for all asset accounts (checking, savings, retirement) for past two months
- Other income documents such as Social Security award letters
- Names and contact information for all employers over the last two years
- All addresses used over the past two years
- Government ID and Social Security card
- Copy of finalized divorce decree, child support order, bankruptcy filings and discharge papers
- Non citizens must provide copy of resident alien (“green”) card or valid work authorization card
- Letters of explanation regarding past derogatory credit, name and address variations, recent credit inquiries, and other issues required by the underwriter
- Others as needed or requested

A Checklist of Serious Buyer Financing Challenges



Buyers with one or more of these issues will find it very difficult to qualify for a conventional or government-insured loan. REALTORS® should proceed with caution before submitting purchase offers for buyers with these issues:

- ✎ The buyer is married but the **non-buying spouse** is not available or unwilling to cooperate with the purchase
- ✎ All of the buyer's **income sources are cash** and have not been reported for income tax purposes
- ✎ The buyer is self-employed with **minimal net business income** reported in recent tax years
- ✎ The buyer plans to settle judgements and tax liens during escrow as a condition for final loan approval
- ✎ The buyer's **assets are all cash** and can't be sourced
- ✎ The buyer discharged a **bankruptcy** within the last 24 months or had a **foreclosure** less than three years ago
- ✎ The buyer's Social Security number is **not valid**
- ✎ Buyer is a **non-citizen** and is not a permanent resident (green card holder) and they do not have a valid work authorization card
- ✎ The property the buyer wants to purchase has **serious health and safety problems**, sub-standard non-permitted improvements and can not be immediately occupied by the buyers

A Down Payment Worksheet

Use this worksheet with your clients to help them find sources of money for their down payment

ACCEPTABLE DOWN PAYMENT SOURCES	AMOUNT	WHEN AVAILABLE
Funds currently held in their checking, savings and investment accounts	\$	
Properly documented gift funds from family members	\$	
Verified proceeds from the sale of a buyer asset	\$	
Withdrawal or loan from retirement savings accounts	\$	
Income tax refund	\$	
Rental deposit refund	\$	
Down payment assistance grant from non-profit organization or qualified loan from public agency	\$	
TOTAL	\$	

REMEMBER:

Cash-on-hand (“mattress money”) is generally not an eligible source of down payment funds

A Field Guide To Identifying Mortgage-Ready Buyers

GET ANSWERS TO THESE QUESTIONS FROM YOUR BUYERS:	YES	NO
1. Do you have income sources that can be documented with current pay checks, bank statements, W2s and tax returns?		
2. Has it been at least two years since you discharged debts in bankruptcy or three years since a home you owned was foreclosed?		
3. Do you have access to down payment money from sources that can be verified and documented?		
4. Do you have at least two or three open credit accounts in good standing?		
5. Are you a US citizen, permanent resident or do you have a current work authorization card?		

If the response to these question is “yes”, send your buyer to your lender partner for pre-approval. If the answer is “no”, send them to a trusted housing or credit counselor referral partner and stay in touch with them as they resolve their issues.

Tips for Credit-Challenged Buyers

STOP

Stop adding new derogatory credit by bringing past-due balances on open accounts current, avoiding new late payments, and reducing revolving credit card balances.

START

Start building positive credit by having two to three credit accounts using secured credit cards if necessary, keep the balances low and maintain an on-time payment history.

FIX

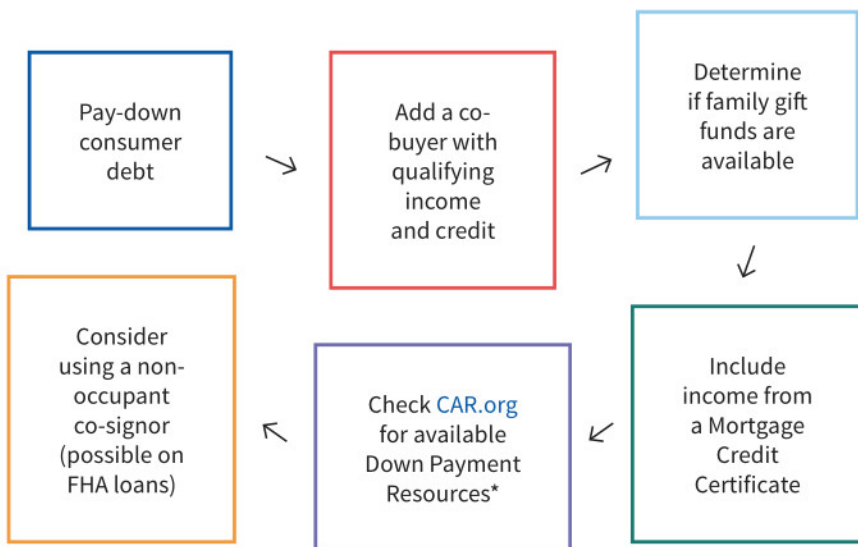
Fix prior derogatory credit by selectively paying off or settling collection and charged-off account, judgments, and liens as required by the underwriter.



HELPFUL REFERRAL RESOURCE:

Credit.org is a non-profit organization that offers a wide range of free credit counseling and financial management services

Tips for Boosting Buying Power



\$100
DEBT

\$10,000
BUYING POWER

Debt reduction is a powerful way to increase buying power. Here's a rough rule of thumb: for every \$100 of monthly consumer debt payments eliminated, home buying power increases by \$10,000

C.A.R.'S DOWN PAYMENT RESOURCES DIRECTORY

Does your buyer need down payment assistance? The California Association of REALTORS® can help you find programs that meet your buyer's requirements.

CAR's Down Payment Resources Directory is available at: FindDownPayment.car.org

This database covers all of California and provides basic program information based on property location

Property Information

Household Information

Special Circumstances

Enter the **Street Address** and **Zip Code** of a specific property
- OR -
Start typing in the **General Search** field and pick a neighborhood, city or county from the menu.

Street Address (e.g. 123 Main Street) **Zip Code**

General Search (start typing for a menu of options)

Estimated sales price

Is this a Multi-Family Home?
 Single-Family Multi-Family

Is the home in foreclosure?
 Yes No

Continue

Matched Programs

[View Programs](#)

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Working with Nonprofit Housing Agencies

REALTORS® can benefit by supporting and working with non-profit housing agencies. These organizations provide valuable services to your buyers and can become important referral partners.

TYPICAL SERVICES THEY PROVIDE	5 WAYS YOU CAN PARTNER WITH NONPROFIT HOUSING AGENCIES
Pre-purchase home buyer education	1. Volunteer as a subject matter expert at their first-time buyer workshops
Financial and debt management counseling	2. Become a board member
Default and foreclosure prevention and counseling	3. Help with fund raising activities and events
Build or rehab affordable homes for sale to first-time buyers	4. Volunteer at special events and neighborhood clean-up days
Administer first-time buyer programs	5. Refer clients who need their services

HOW TO FIND HOUSING ORGANIZATIONS IN YOUR AREA

- ▶ HUD-approved agencies can be found at: www.hud.gov/findacounselor
- ▶ NeighborWorks organizations can be found at: www.neighborworks.org/Our-Network/Network-Directory
- ▶ Credit counseling organizations can be found at: www.nfcc.org

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