Obtaining A NEW LOAN

WHEN AND WHERE TO APPLY FOR A LOAN?
There are many sources for home loans including banks, credit unions, mortgage companies, and mortgage brokers. Your Realtor ® may give you several names of lenders who have proven reliable in their previous transactions. Apply for your loan as soon as possible. In fact, it's probably a good idea to know what you can afford before you begin looking for a new home. It can give you more bargaining power when negotiation with a Seller, especially in today's market. A lender can prequalify you for a certain price range and help you avoid disappointment later.

YOUR LENDER WILL MAIL OUT VERIFICATION REQUESTS
and order an appraisal on the property you are buying. If your lender asks for additional items, please comply promptly with those request to avoid delaying loan approval.

WHAT IS HAZARD (OR FIRE) INSURANCE?
Hazard insurance covers the dwelling itself and is required by the lender to protect their "risk" in your home. Your lender or Realtor ® will explain the necessary hazard insurance coverage to you. If you are buying a condominium, a master policy already exists which included your unit - but it does not cover your personal belongings.

CONTACT YOUR INSURANCE AGENT EARLY IN THE PROCESS,
because this coverage must be provided so the lender can release loan funds to Chicago Title. Hazard insurance is one of the items frequently postponed until the last minute, and this can result in delaying closing for a day or more. Order your insurance as soon as your loan is approved; then furnish your escrow officer with the agent's name and phone number. When you talk with your insurance agent, be sure to ask about additional coverage in a homeowner's policy to insure your personal belongings and to protect against liability for such events as injuries to visitors.

WHAT HAPPENS AFTER LOAN APPROVAL?
After loan approval and just prior to your planned closing date, the lender will send loan documents to Chicago Title, and your escrow officer will prepare an estimated settlement statement. This statement indicates what funds go where, and at this time your escrow officer can tell you how much money you need to bring to the closing appointment. Be aware that this amount may be higher or lower than previously estimated due to the changes in such items as prepaid interest, prorated fees, courier fees, and impound accounts.

WHAT YOU MAY NEED FOR THE LOAN APPLICATION

Be prepared to provide some or all of these items to your loan officer.

- Addresses of residences for the last two years
- Social Security Number
- Driver's License or other valid ID
- Names and addresses of employers for the last two years
- Two recent pay stubs showing year-to-date earnings
- Federal tax returns for last two years
- W-2's for last two years
- Last two months statements for all checking and savings accounts
- Loans: Names, addresses, account numbers, and payment amounts on all loans
- Real estate loans: Names, addresses, account numbers, and payment amounts on all loans for other real estate you own
- Credit cards: Names, addresses, account numbers, and payment amount on all credit cards
- Addresses and values of other real estate owned
- Value of personal property. Your best estimate of the value of all your personal property (autos, boats, furniture, jewelry, television, stereo, computer, other electronics, etc.)
- For a VA loan, Certificate of Eligibility or DD214s
- Divorce decree if applicable
- Funds to pay up front for the credit report and appraisal

Types of Loans

ADJUSTABLE RATE LOAN

Adjustable or variable rate refers to the fluctuating interest rate you'll pay over the life of the loan. The rate is adjusted periodically to coincide with changes in the index on which the rate is based. The minimum and maximum amounts of adjustment, as well as the frequency of adjustment are specified in the loan terms. An adjustable rate mortgage may allow you to qualify for a higher loan amount but maximums, caps and time frames should be considered before deciding on this type of loan.

ASSUMABLE LOAN

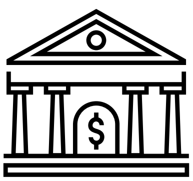
A true assumable loan is rare today! This loan used to enable a buyer to pay the seller for the equity in the home and take over the payments without meeting any requirements. Assumable' s these days generally require standard income, credit and funds verification by the lender before the loan can be transferred to the buyer.

BALLOON PAYMENT LOAN

A balloon loan is amortized over a long period but the balance is due and payable much sooner, such as amortized over 30 years but due in fiver years. The loan also may be extendable or it may roll into a different type. This could be an option if you expect to refinance before the loan is due or you plan to sell before that date. Discuss this option carefully with your Loan Officer before accepting his type of loan.

BUY-DOWN LOAN

If you have cash to spare, you can pay a portion of the interest upfront to reduce your monthly payments



COMMUNITY HOMEBUYER'S PROGRAM

This program is designed to assist first-time buyers by offering a fixed rate and a low down payment, such as 3 to 5% down. The program doesn't' require cash reserves, and qualifying ratios are most lenient; however, the buyer's income must fall within a certain range and a training course may be necessary if required by the program. Ask your Loan Officer if this program is available in your community and whether or not you might qualify.

CONVENTIONAL LOAN

This simply describes a loan that is not obtained under any government-insured program, secured by investors. It could be any type: fixed rate, adjustable, balloon, etc.

FHA LOAN

This program is beneficial for buyers who don't have large down payments. The loan is insured by the Federal Housing Administration under Housing and urban Development (HUD) and offers easier quali-fying with less cash needed upfront but the property is strictly regulated. The Seller will pay a portion of the closing costs that would typically be paid by the buyer in a conventional loan program.

FIXED RATE LOAN

This loan has one interest rate that is constant through the loan.

GRADUATED PAYMENTS

This is a mortgage that has lower payments in the beginning that increase a pre-determined amount (not based on current rate fluctuations as with an adjustable) usually on an annual schedule for a specific number of years.

NO-QUALIFYING

A no-qualifying loan may be an option for those who can afford a larger down payment, generally 25% to 30% or more. Since the risk for the lender is virtually eliminated, the borrower doesn't have to meet normal lender requirements such as proof of income.

VA LOAN

People who have served in the U.S. armed forces can apply for a VA loan which covers up to 100% of the purchase price and requires little or no down payment. The seller pays much of the closing costs but those fees are added to the sales price of the home.

Hallenbeck Team

Signature REAL ESTATE GROUP