

MONEY MATTERS

Homeownership: The Application Process

By Karen Williams

Just the idea of starting the paperwork involved in buying a home can be quite intimidating to most people. If we were to imagine the home buying process as a three act theatrical play, then we can visualize the purchaser's main role.

ACT I. Finding the Home of Your Choice. Typically, a person who is interested in buying a home will enlist the aid of a Real Estate Agent and begin looking at houses.

However, a well informed shopper will visit with a mortgage loan officer first, and will have had their financial situation evaluated to determine the maximum sales prices they can afford.

This is called a Prequalification Evaluation. Prequalification involves a relatively short confidential verbal interview between the buyer and the loan officer.

The buyer provides pertinent information regarding their employment, salary, savings, and credit

history. Based on this verbal interview, the loan officer can determine the sales price of the house a buyer would qualify for.

Being prequalified takes the financial guess work out of home shopping for the buyer.

It is also possible for the buyer to complete a mortgage loan application and receive loan approval before making a decision on what house to purchase.

This is called a Credit Only Approval. With a Credit Only Approval, all that is left is for the buyer to find a home within their price range and to have the property appraised. Home shopping with Credit Only Approval based on the buyers credit may prove to be beneficial when it is time to negotiate with the seller.

ACT II. Applying for a Mortgage. When buying a home there are three options: seller financing, cash payment, or obtain a mortgage.

Applying for a mortgage will require you to complete a Loan Application. Some people are reluctant to even

consider buying a house because of the paperwork. "I can't fill out all of those forms!", or "Just looking at an application makes me nervous."

This is where I come in as your Loan Officer. I sit down with you and together we will fill out the application. The application itself is only four pages long.

Here's a list of some of the information you will need to bring with you in order to complete the application:

- Social Security and drivers license numbers;
- residence address for the past two years;
- names and addresses of each employer for the past two years;
- gross monthly salary (before taxes);
- names, addresses, account numbers and balances of all checking and savings accounts;
- addresses of other real estate owned;
- loan information on other accounts (i.e. car, credit cards, etc.);

• if self-employed, two years tax returns and current Profit & Loss statements;

• if a veteran, certificate of eligibility or DD214;

• money for credit report and appraisal;

• year to date paystub and last two years of W2's; and

• last two months bank statements.

After the loan application is completed, it is my responsibility to coordinate processing of the loan package that will be submitted to a lenders' underwriter.

From start to finish, this process usually takes approximately 45 days. Loan processing is really information gathering and trouble shooting.

The information to be gathered are: verifications of

employment, verifications of deposits, property title reports, evaluation of appraisals and what ever else an underwriter may need.

The underwriter will then take the completed loan package and determine the marketability of the property and the credit worthiness of the buyer.

Act III. Signing on the Dotted Line. Your loan has been approved! Usually, at this time everyone gives a sigh of relief, the waiting is over. All that is left to do is sign the legal documents giving you title to your new home.

Karen Williams is a Loan Officer at Puget Sound Mortgage & Escrow, Inc. in Poulsbo. If you have questions, you can contact her at 479-2661.

2-Plus-2 Information Session Slated

All interested people are welcome to attend an open information session on the 2-Plus-2 program at Olympic College on Wednesday, February 16, 6:30 p.m. in the Bremer Student Center's Dining Library.

Paul Pitre, Olympic College's coordinator and Steve Smith, Director of Admission at the University of Washington in Tacoma, will offer details about the first

classes, registration, and review 2-Plus-2 goals.

The 2-Plus-2 program at Olympic College is a cooperative program, affiliated with the University of Washington and Western Washington University, designed to offer upper division (junior and senior-level) classes that would enable students to complete a bachelor of arts degree locally.

For more information, call Paul Pitre at (206) 792-2115.

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