

You Are Under Contract - Now What?

Jaris Realty, Inc.
Do's & Don'ts

Let's Get You In Your Home!

Let's Get You Into Your Mortgage!

QUICK LIST

- PURCHASE NOTHING!
- Don't Buy Furniture
- Don't Buy Vehicles
- Don't Buy A BBQ
- Don't Buy Anything New for Your New Home!
- Don't Apply For New Credit
- Don't Spend the Money that You Have Saved For Your Home Purchase
- Don't Co-Sign a Loan For Anyone
- Don't Quit or Go Self-Employed!

QUICK LIST

- DO Stay at Your Job
- DO Keep your Financial Accounts in Order
- Be Prepared for Each Appointment
- Make Sure All Deadlines Are Met
- Keep All Documents In Order!
- Keep in touch with your Lender
- Any Questions Contact Us or Your Loan Officer

While your lender may have additional items that they need, we have created the following standard checklist to get you moving:

- W-2 forms — or business tax return forms if you're self-employed for the last three to five years for every person signing the loan.
- Copies of at least two pay stubs for each person signing the loan.
- Account numbers of all your credit cards and the amounts for any outstanding balances.
- Copies of two to four months of bank or credit union statements for both checking and savings accounts.
- Lender, loan number, and amount owed on other installment loans, such as student loans and car loans.
- Addresses where you've lived for the last five to seven years, with names of landlords if appropriate.
- Copies of brokerage account statements for two to four months, as well as a list of any other major assets of value, such as a boat, RV, or stocks or bonds not held in a brokerage account.
- Copies of your most recent 401(k) or other retirement account statement.
- Documentation to verify additional income, such as child support or a pension.
- Copies of personal tax forms for the last two to three years.



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Buyers Agency Division



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Specialty Mortgages: Risks & Rewards

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In high-priced housing markets, it can be difficult to afford a home. That's why a growing number of home buyers are forgoing traditional fixed-rate mortgages and standard adjustable-rate mortgages and instead opting for a specialty mortgage that lets them "stretch" their income so they can qualify for a larger loan.

But before you choose one of these mortgages, make sure you understand the risks and how they work.

Specialty mortgages often begin with a low introductory interest rate or payment plan — a "teaser"— but the monthly mortgage payments are likely to increase a lot in the future. Some are "low documentation" mortgages that come with easier standards for qualifying, but also higher interest rates or higher fees. Some lenders will loan you 100 percent or more of the home's value, but these mortgages can present a big financial risk if the value of the house drops.

Specialty Mortgages Can:

- Pose a greater risk that you won't be able to afford the mortgage payment in the future, compared to fixed rate mortgages and traditional adjustable rate mortgages.
- Have monthly payments that increase by as much as 50 percent or more when the introductory period ends.
- Cause your loan balance (the amount you still owe) to get larger each month instead of smaller.



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Common Types of Specialty Mortgages:

- **Interest-Only Mortgages:** Your monthly mortgage payment only covers the interest you owe on the loan for the first 5 to 10 years of the loan, and you pay nothing to reduce the total amount you borrowed (this is called the "principal"). After the interest-only period, you start paying higher monthly payments that cover both the interest and principal that must be repaid over the remaining term of the loan.
- **Negative Amortization Mortgages:** Your monthly payment is less than the amount of interest you owe on the loan. The unpaid interest gets added to the loan's principal amount, causing the total amount you owe to increase each month instead of getting smaller.
- **Option Payment ARM Mortgages:** You have the option to make different types of monthly payments with this mortgage. For example, you may make a minimum payment that is less than the amount needed to cover the interest and increases the total amount of your loan; an interest-only payment, or payments calculated to pay off the loan over either 30 years or 15 years.
- **40-Year Mortgages:** You pay off your loan over 40 years, instead of the usual 30 years. While this reduces your monthly payment and helps you qualify to buy a home, you pay off the balance of your loan much more slowly and end up paying much more interest.

For more information on predatory mortgage lending practices, visit the Center for Responsible Lending at www.responsiblelending.org.



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Questions to Consider Before Choosing a Specialty Mortgage:

- How much can my monthly payments increase and how soon can these increases happen?
- Do I expect my income to increase or do I expect to move before my payments go up?
- Will I be able to afford the mortgage when the payments increase?
- Am I paying down my loan balance each month, or is it staying the same or even increasing?
- Will I have to pay a penalty if I refinance my mortgage or sell my house?
- What is my goal in buying this property? Am I considering a riskier mortgage to buy a more expensive house than I can realistically afford?

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