

# REALTOR<sup>®</sup> RESOURCE

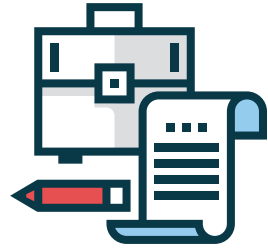
FINANCIAL LITERACY TOOLS FOR REALTORS<sup>®</sup> AND HOME BUYERS



CALIFORNIA ASSOCIATION OF REALTORS<sup>®</sup>

Transaction Rescue<sup>™</sup>

## 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 obtain the best available terms 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
- ⚡ 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



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# 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	\$	
Pending proceeds from the sale of buyer's existing real estate	\$	
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.



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# Tips for Credit-Challenged Buyers

Help your credit-challenged buyers with the **Stop-Start-Fix** credit improvement system

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

1. **DON'T** apply for new credit
2. **DON'T** pay off collections or "Charge Offs"
3. **DON'T** close credit card accounts
4. **DON'T** max out or over charge credit card accounts
5. **DON'T** consolidate your debt
6. **DON'T** do anything that will cause a red flag to be raised by the scoring system

7. **DO** join a credit watch program
8. **DO** stay current on existing accounts
9. **DO** continue to use your credit as normal
10. **DO** call your Mortgage Loan Originator. A knowledgeable, professional Mortgage Loan Originator should be able to provide you with world-class service you need to choose the loan that's right for your client



## HELPFUL REFERRAL RESOURCE:

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

# C.A.R.'s Down Payment Resources Directory

HOME > MARKETING > CLIENTS > DOWNPAYMENTRESOURCE

PRINT | EMAIL | SAVE

SHARE

Fill out the following 3-step pre-screening form, in order to find out if you are eligible for any of the 400+ down payment assistance programs available in California. If you are still not sure how to begin, feel free to [watch this video](#).

If you need further assistance with the Down Payment Resource Directory tool, please contact your REALTOR® or [find a local REALTOR® here](#), if you do not have one already.

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)

Rancho Cucamonga (City in San Bernardino County)

Estimated sales price

Is this a Multi-Family Home?

☒ Single-Family ☐ Multi-Family

Is the home in foreclosure?

☐ Yes ☒ No

Matched Programs

53

View Programs

Continue

Within the C.A.R Tool, you can find:

- Participating Lenders
- Program Guide/Flyers
- Filters/Guidelines:
  - Special Groups (Teachers, Protectors, etc.)
  - Eligible Properties
  - Maximum Sales Price
  - Eligible Borrowers
  - Maximum Household Income
  - Loan Terms
- Benefits
- Latest Updates

## FILTERS AVAILABLE

Property Information  
Household Information  
Special Circumstances  
General Search - City,  
County, Town, etc.

Actual Property  
Sales Price  
Currently Own a Home  
Household Income  
Veteran  
Educator

Law Enforcement  
Firefighter  
Healthcare  
Disability  
Military  
Energy Efficient

## Steps with CalHFA

**Step 1 – See If You Are Eligible.**

[Eligibility Calculator](#)

**Step 2 – Get Pre-Qualified**

Find a Preferred Loan Officer

[Preferred Loan Officers](#)

**Step 3 – Take Homebuyer Education**

[ONLINE eHome's eight-hour Home-buyer Education](#)

[IN-PERSON NeighborWorks America](#)  
or [HUD-Approved Housing Counseling Agency](#)

**Step 4 – Start looking for a home**

Talk to a local Realtor to guide you through this process

## Info with GSFA

**We Allow:**

- Condos
- PUDS
- 1-4 unit
- Manufactured Home Primary Residences

Minimum credit score of 620

**Find a Participating Lender:**

<http://gsfahome.org/programs/platinum/lenders.aspx>



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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](http://www.hud.gov/findacounselor)

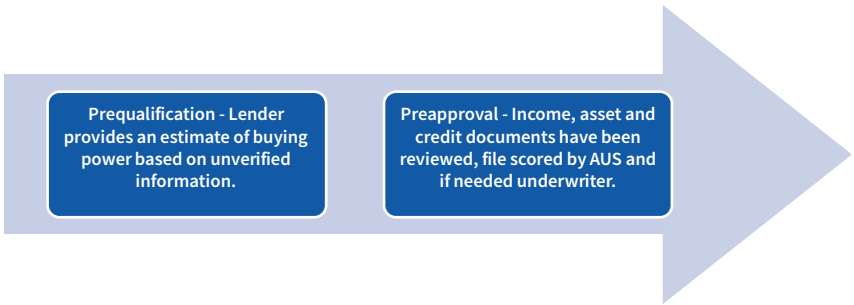
NeighborWorks organizations can be found at: [www.neighborworks.org/Our-Network/Network-Directory](http://www.neighborworks.org/Our-Network/Network-Directory)

Credit counseling organizations can be found at: [www.nfcc.org](http://www.nfcc.org)

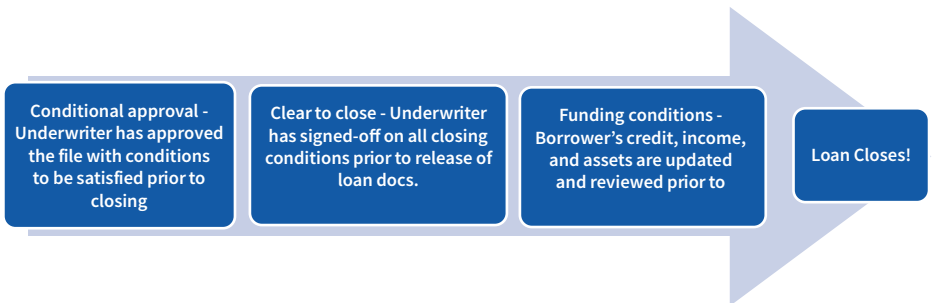


# Loan Approval and Closing Steps

## PRE-CONTRACT STAGE



## CONTRACT TO CLOSE STAGES



Remember, loan approval is a dynamic, ongoing process that takes place up to and including the closing date! **Help your buyer stay mortgage-ready through the entire process!**



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