



## **Mortgage Applications** **Important Information - Please Read Carefully**

*In today's economy, the mortgage industry has changed drastically. These changes have resulted in issues you should be aware of as you begin your application process, including:*

1. **Home values** → Home values have decreased across the country, including our immediate area, and the change in appraised values can and will have an effect on subordination requests, loan amount requests, and even the rate you are eligible for.
2. **Subordination Requests** → For those applicants requesting a subordination (for example, applying for mortgage with GSB and maintaining a home equity loan elsewhere), there are fees involved in having your request granted AND requests can currently take up to 30 days to process. You should be aware of this and check with your home equity lender to determine their costs and guidelines in granting subordination requests.
3. **Freddie Mac Guidelines** → GSB services all of our Conventional Mortgage Loans, which is vitally important to you during the course of your loan, especially when you have questions, issues, etc. We currently sell the actual loans to Freddie Mac. Four important items you should be aware of:
  - Your rate will not automatically be locked when you apply for your loan. In most cases, an appraisal must be completed before a rate can be locked. Please be aware that rates can change during this period. In addition, failure to submit any required supporting documents may also delay the lock-in process.
  - When you are eligible to lock your rate, and choose to do so, you will be required to sign a lock in sheet and pledge a 1% fee of your loan amount to lock that rate in. (Example: \$3,000 on a \$300,000 application). If you have those funds at GSB, we can place a hold on that amount. After you have closed on your loan, your lock fee will be refunded to you or the hold will be removed from your pledged account.
  - Rates can change throughout the day. Rates can be locked until 3:30 PM on business days, but cannot be locked on Saturdays or banking holidays.
  - Our published rates are based on Freddie Mac's standard guidelines. Risk based factors, such as credit score, if you are receiving cash back, and the appraised value of your home can result in a higher rate.

(continued)



**Based on your employment status and application details, the following are items we will or may ask you to submit as part of your mortgage application:**

#### **Income Documentation Requirements for Employed Borrower**

- Current Paystubs
- Most recent W2
- Written Verification of Employment (VOE) not more than 10 calendar days prior to Note date
- 2 years complete tax returns including W2s
- Overtime/Auto Allowance/2<sup>nd</sup> Job - 2 yr history and verification that it will likely continue for 3 more years

#### **Income Documentation Requirements for Self-Employed Borrower**

- Signed Personal Tax Returns - 2 yrs
- Signed Business Tax Returns - 2 yrs
- All schedules, including K-1's and W2's - 2 yrs
- Current paystubs (if applicable)

#### **Income Documentation Requirements for Rental Income**

- Signed Personal Tax Returns - 2 yrs
- Current Leases
- Proof of 6 months reserves of full Principal, Interest, Taxes and Insurance (PITI)
- Proof of rental loss insurance covering at least 6 months of gross monthly rent
- Operating income statement (form 998) {in some cases}
- 2 year history of managing 1-4 unit properties {in some cases}

#### **Income Documentation Requirements for Dividend/Capital Gain/IRA Income**

- Signed Personal Tax Returns - 2 yrs
- 2 year history and verification that it will likely continue for 3 more years
- Asset statement(s)

#### **Income Documentation Requirements for Social Security and Pension Income**

- Signed Personal Tax Returns - 2 yrs
- Recent award letter or 1099 and current receipt
- 2-yr history and verification that it will likely continue for 3 more years (supplemental social security)

#### **Income Documentation Requirements for Trust Income**

- Copy of Trust Agreement
- Proof of receipt of income for 3 months and verification that it will likely continue for 3 more years

#### **Income Documentation Requirements for Alimony & Child Support Income**

- Proof of receipt of total court ordered amount for most recent 3 months
- Copy of signed court order

#### **Credit Documentation**

- Written explanation of any significant derogatory credit
- Documentation if debt is the responsibility of third party (i.e: divorce decree, proof of payment, etc.)

#### **Asset Documentation**

- Most recent complete statement from bank or brokerage accounts on application
- For Purchase Mortgage: Verification of source of down payment for purchase and executed sales contract
- HUD-1 or closing document for sale of Real estate
- Explanation/Documentation for any large deposits
- Gift letter - Must include: Donor's name, address, phone, property address, amount of gift, donor's signature, evidence of transfer and not used for investment property. Must be a relative.