First California Funding

RESIDENTIAL & BUSINESS SERVICES

I would like to welcome you as a new customer and thank you for considering First California Funding for your home financing needs. I am eager to be of service, please let me know how I can assist you with your refinancing process.

Please review the following instructions to help assist you in the application process. Delays in processing are most commonly caused by incomplete applications or missing supporting documents. Enclosed you will find instructions on how to apply, a document checklist and the forms that must be completed and signed/dated, then returned by all applicants.

To proceed:

- ✓ All Applicants, complete the Uniform Residential Loan Application
- ✓ Sign and return the attached forms
- ✓ Gather and upload the supporting documents (refer to the document checklist)
- ✓ Upload your supporting documents and the attached forms
- ✓ Read the attached, “Understanding Your Loan Process”
- ✓ Select and “Lock-In” the Interest Rate and loan program that best fits your needs
- ✓ Review and electronically consent to the Loan Disclosures

Once you have completed the above steps, I will review your loan application, credit report and supporting documents and provide you with loan programs that fits your needs. After you have decided which program is best for you, your loan file will be submitted to underwriting for review.

Once an underwriter has reviewed your file and your loan is approved, please be prepared to:

- ➢ Provide any additional supporting documents or explanations the underwriter may request
- ➢ Review and electronically consent to the Closing Disclosure
- ➢ Provide the funds required, also known as “Cash-to-Close” (Refer to Wiring Instructions)
- ➢ Review and ink sign the final closing loan documents and agreements with the mobile notary

Please visit me at our office anytime between 9:00am and 5:00pm, Monday through Friday My team and I are looking forward to working with you and eager to be of service to find a mortgage solution to fit your needs and goals. Should you have any questions or concerns, please contact me directly at skerr@fcfunding.com or 858-945-1998.

Thank you,

Scott Kerr
Loan Officer
Cell 858-945-1998
Office 858-654-4050
Fax 858-654-4062
skerr@fcfunding.com
NMLS # 378004
BRE # 1883865

REFINANCE - DOCUMENT CHECKLIST

Please submit all applicable documents from the checklist within 24 hours after submitting your loan application. Incomplete, illegible, indecipherable, or expired documents are the most common reason for delays in processing times. Pictures of documents with phones are ok for the pre-approval process, however scanned copies will be required for underwriting.

All applicants please provide:
□ Personal Identification – Unexpired Driver's License, Passport, Government Issued ID (Select 1)
□ Federal Tax Returns for the past 2 years **(All schedules, All pages**)
□ W2 for the past 2 years
□ Paystubs for the past 30 days
□ Mortgage Statement
□ Home Owners Insurance Policy (15 days prior to closing)

All applicants please provide Bank Statements covering the past (2) months, for the required amount of funds to close, including the down payment and closing costs. Include all pages of the statement, even if the page is blank.
□ Bank Statements: Checking Account
□ Bank Statements: Savings Account
□ Bank Statements: 401k, Retirement, Stocks/Bonds
*Provide a written explanation for any deposit(s) into your bank account over $500 on the attached letter of explanation (see letter of explanation for additional instructions).

Provide the following documents for all additional properties that you own:
□ Mortgage Statement
□ Statement for any other liens on the property (Example: HELOC or Second Mortgage)
□ Homeowners Insurance Policy
□ Home Owners Association Statement or contact information (If Applicable)
□ Rental Agreement / Lease (If Applicable)

Please read, if applicable to you, please provide the corresponding documents:
□ Copy of social security/ pension/ retirement awards letter
□ Copy of alimony / child support/ separate maintenance agreement & 12 months canceled checks
□ Copy of divorce decree or separation agreement
□ Letter of Explanation - Large deposits into your bank account
□ Letter of Explanation - Credit report inquiries for last 120 days

If you own 25% or more of a business or corporation:
□ Signed Business Tax Returns for the past 2 years (All Schedules, All Pages)
□ Copy of YTD Profit and Loss Statement
□ Copy of Business License

First California Funding
RESIDENTIAL & BUSINESS SERVICES

<u>All applicants, please print and sign the following forms, and submit with your documents:</u>

IRS FORM 4506
Form 4506-T is an Internal Revenue Service (IRS) document that is used to retrieve past tax transcripts that are on file with the IRS. The document must be signed and dated by the taxpayer, thus giving a third party permission to retrieve the taxpayer's data. Please read the instructions on how to complete the form if you have changed residences in the last 3 years.

Social Security Administration to Release Social Security Number (SSA89)
Form SSA-89 authorizes the Social Security Administration (SSA) to verify if the name and the SSN number combination match the data in the SSA's records and to communicate the verification results to the requestor or its agent that is named in the form.

Borrowers Certification and Authorization
We'll need your authorization to obtain access to the release of your credit report and employment information. As part of the application and approval process, we may verify information contained in your application and other documents before the loan is closed.

Lender Policies and Procedures Acknowledgement
Please carefully read and sign.

Appraisal Order Form

PLEASE READ **"<u>UNDERSTANDING YOUR LOAN COSTS"</u>**

Form **4506-T**
(Rev. September 2015)
Department of the Treasury
Internal Revenue Service

Request for Transcript of Tax Return

▶ **Do not sign this form unless applicable lines have been completed.**
▶ **Request may be rejected if the form is incomplete or illegible.**
▶ **For more information about Form 4506-T, visit *www.irs.gov/form4506t***

OMB No. 1545-1872

Tip. Use Form 4506-T to order a transcript or other return information free of charge. See the product list below. You can quickly request transcripts by using our automated self-help service tools. Please visit us at IRS.gov and click on "Get a Tax Transcript . . ." under "Tools" or call 1-800-908-9946. If you need a copy of your return, use **Form 4506, Request for Copy of Tax Return.** There is a fee to get a copy of your return.

1a Name shown on tax return. If a joint return, enter the name shown first.

1b First social security number on tax return, individual taxpayer identification number, or employer identification number (see instructions)

2a If a joint return, enter spouse's name shown on tax return

2b Second social security number or individual taxpayer identification number if joint tax return

3 Current name, address (including apt., room, or suite no.), city, state, and ZIP code (See instructions)

4 Previous address shown on the last return filed if different from line 3 (See instructions)

5 If the transcript or tax information is to be mailed to a third party (such as a mortgage company), enter the third party's name, address, and telephone number.

Caution: If the tax transcript is being mailed to a third party, ensure that you have filled in lines 6 through 9 before signing. Sign and date the form once you have filled in these lines. Completing these steps helps to protect your privacy. Once the IRS discloses your tax transcript to the third party listed on line 5, the IRS has no control over what the third party does with the information. If you would like to limit the third party's authority to disclose your transcript information, you can specify this limitation in your written agreement with the third party.

6 Transcript requested. Enter the tax form number here (1040, 1065, 1120, etc.) and check the appropriate box below. Enter only one tax form number per request. ▶ 1040

a Return Transcript, which includes most of the line items of a tax return as filed with the IRS. A tax return transcript does not reflect changes made to the account after the return is processed. Transcripts are only available for the following returns: Form 1040 series, Form 1065, Form 1120, Form 1120-A, Form 1120-H, Form 1120-L, and Form 1120S. Return transcripts are available for the current year and returns processed during the prior 3 processing years. Most requests will be processed within 10 business days . . . . [X]

b Account Transcript, which contains information on the financial status of the account, such as payments made on the account, penalty assessments, and adjustments made by you or the IRS after the return was filed. Return information is limited to items such as tax liability and estimated tax payments. Account transcripts are available for most returns. Most requests will be processed within 10 business days . . [ ]

c Record of Account, which provides the most detailed information as it is a combination of the Return Transcript and the Account Transcript. Available for current year and 3 prior tax years. Most requests will be processed within 10 business days . . . . [ ]

7 Verification of Nonfiling, which is proof from the IRS that you **did not** file a return for the year. Current year requests are only available after June 15th. There are no availability restrictions on prior year requests. Most requests will be processed within 10 business days . . . . . [ ]

8 Form W-2, Form 1099 series, Form 1098 series, or Form 5498 series transcript. The IRS can provide a transcript that includes data from these information returns. State or local information is not included with the Form W-2 information. The IRS may be able to provide this transcript information for up to 10 years. Information for the current year is generally not available until the year after it is filed with the IRS. For example, W-2 information for 2011, filed in 2012, will likely not be available from the IRS until 2013. If you need W-2 information for retirement purposes, you should contact the Social Security Administration at 1-800-772-1213. Most requests will be processed within 10 business days . . [ ]

Caution: If you need a copy of Form W-2 or Form 1099, you should first contact the payer. To get a copy of the Form W-2 or Form 1099 filed with your return, you must use Form 4506 and request a copy of your return, which includes all attachments.

9 Year or period requested. Enter the ending date of the year or period, using the mm/dd/yyyy format. If you are requesting more than four years or periods, you must attach another Form 4506-T. For requests relating to quarterly tax returns, such as Form 941, you must enter each quarter or tax period separately. | 12/31/2016 | 12/31/2015 | | |

Caution: Do not sign this form unless all applicable lines have been completed.

Signature of taxpayer(s). I declare that I am either the taxpayer whose name is shown on line 1a or 2a, or a person authorized to obtain the tax information requested. If the request applies to a joint return, at least one spouse must sign. If signed by a corporate officer, 1 percent or more shareholder, partner, managing member, guardian, tax matters partner, executor, receiver, administrator, trustee, or party other than the taxpayer. I certify that I have the authority to execute Form 4506-T on behalf of the taxpayer. **Note.** For transcripts being sent to a third party, this form must be received within 120 days of signature date.

[X] **Signatory attests that he/she has read the attestation clause and upon so reading declares that he/she has the authority to sign the Form 4506-T.** See instructions.

Phone number of taxpayer on line 1a or 2a

Sign Here

Signature (see instructions) Date

Title (if line 1a above is a corporation, partnership, estate, or trust)

Spouse's signature Date

Section references are to the Internal Revenue Code unless otherwise noted.

Future Developments

For the latest information about Form 4506 and its instructions, go to *www.irs.gov/form4506*. Information about any recent developments affecting Form 4506, Form 4506-T and Form 4506T-EZ will be posted on that page.

General Instructions

Caution: Do not sign this form unless all applicable lines have been completed.

Purpose of form. Use Form 4506 to request a copy of your tax return. You can also designate (on line 5) a third party to receive the tax return.

How long will it take? It may take up to 75 calendar days for us to process your request.

Tip. Use Form 4506-T, Request for Transcript of Tax Return, to request tax return transcripts, tax account information, W-2 information, 1099 information, verification of nonfiling, and records of account.

Automated transcript request. You can quickly request transcripts by using our automated self-help service tools. Please visit us at IRS.gov and click on “Get a Tax Transcript...” or call 1-800-908-9946.

Where to file. Attach payment and mail Form 4506 to the address below for the state you lived in, or the state your business was in, when that return was filed. There are two address charts: one for individual returns (Form 1040 series) and one for all other returns.

If you are requesting a return for more than one year or period and the chart below shows two different addresses, send your request to the address based on the address of your most recent return.

Chart for individual returns (Form 1040 series)

If you filed an individual return and lived in:	Mail to:
Alabama, Kentucky, Louisiana, Mississippi, Tennessee, Texas, a foreign country, American Samoa, Puerto Rico, Guam, the Commonwealth of the Northern Mariana Islands, the U.S. Virgin Islands, or A.P.O. or F.P.O. address	Internal Revenue Service RAIVS Team Stop 6716 AUSC Austin, TX 73301
Alaska, Arizona, Arkansas, California, Colorado, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Utah, Washington, Wisconsin, Wyoming	Internal Revenue Service RAIVS Team Stop 37106 Fresno, CA 93888
Connecticut, Delaware, District of Columbia, Florida, Georgia, Maine, Maryland, Massachusetts, Missouri, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Vermont, Virginia, West Virginia	Internal Revenue Service RAIVS Team Stop 6705 P-6 Kansas City, MO 64999

Chart for all other returns

If you lived in or your business was in:	Mail to:
Alabama, Alaska, Arizona, Arkansas, California, Colorado, Florida, Hawaii, Idaho, Iowa, Kansas, Louisiana, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, Wyoming, a foreign country, American Samoa, Puerto Rico, Guam, the Commonwealth of the Northern Mariana Islands, the U.S. Virgin Islands, or A.P.O. or F.P.O. address	Internal Revenue Service RAIVS Team P.O. Box 9941 Mail Stop 6734 Ogden, UT 84409
Connecticut, Delaware, District of Columbia, Georgia, Illinois, Indiana, Kentucky, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Vermont, Virginia, West Virginia, Wisconsin	Internal Revenue Service RAIVS Team P.O. Box 145500 Stop 2800 F Cincinnati, OH 45250

Specific Instructions

Line 1b. Enter your employer identification number (EIN) if you are requesting a copy of a business return. Otherwise, enter the first social security number (SSN) or your individual taxpayer identification number (ITIN) shown on the return. For example, if you are requesting Form 1040 that includes Schedule C (Form 1040), enter your SSN.

Line 3. Enter your current address. If you use a P.O. box, please include it on this line 3.

Line 4. Enter the address shown on the last return filed if different from the address entered on line 3.

Note: If the addresses on lines 3 and 4 are different and you have not changed your address with the IRS, file Form 8822, Change of Address. For a business address, file Form 8822-B, Change of Address or Responsible Party — Business.

Signature and date. Form 4506 must be signed and dated by the taxpayer listed on line 1a or 2a. The IRS must receive Form 4506 within 120 days of the date signed by the taxpayer or it will be rejected. Ensure that all applicable lines are completed before signing.

CAUTION *You must check the box in the signature area to acknowledge you have the authority to sign and request the information. The form will not be processed and returned to you if the box is unchecked.*

Individuals. Copies of jointly filed tax returns may be furnished to either spouse. Only one signature is required. Sign Form 4506 exactly as your name appeared on the original return. If you changed your name, also sign your current name.

Corporations. Generally, Form 4506 can be signed by: (1) an officer having legal authority to bind the corporation, (2) any person designated by the board of directors or other governing body, or (3) any officer or employee on written request by any principal officer and attested to by the secretary or other officer. A bona fide shareholder of record owning 1 percent or more of the outstanding stock of the corporation may submit a Form 4506 but must provide documentation to support the requester's right to receive the information.

Partnerships. Generally, Form 4506 can be signed by any person who was a member of the partnership during any part of the tax period requested on line 7.

All others. See section 6103(e) if the taxpayer has died, is insolvent, is a dissolved corporation, or if a trustee, guardian, executor, receiver, or administrator is acting for the taxpayer.

Note: If you are Heir at law, Next of kin, or Beneficiary you must be able to establish a material interest in the estate or trust.

Documentation. For entities other than individuals, you must attach the authorization document. For example, this could be the letter from the principal officer authorizing an employee of the corporation or the letters testamentary authorizing an individual to act for an estate.

Signature by a representative. A representative can sign Form 4506 for a taxpayer only if this authority has been specifically delegated to the representative on Form 2848, line 5. Form 2848 showing the delegation must be attached to Form 4506.

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to establish your right to gain access to the requested return(s) under the Internal Revenue Code. We need this information to properly identify the return(s) and respond to your request. If you request a copy of a tax return, sections 6103 and 6109 require you to provide this information, including your SSN or EIN, to process your request. If you do not provide this information, we may not be able to process your request. Providing false or fraudulent information may subject you to penalties.

Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file Form 4506 will vary depending on individual circumstances. The estimated average time is: **Learning about the law or the form,** 10 min.; **Preparing the form,** 16 min.; and **Copying, assembling, and sending the form to the IRS,** 20 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making Form 4506 simpler, we would be happy to hear from you. You can write to:

Internal Revenue Service
Tax Forms and Publications Division
1111 Constitution Ave. NW, IR-6526
Washington, DC 20224.

Do not send the form to this address. Instead, see *Where to file* on this page.

Authorization for the Social Security Administration (SSA) To Release Social Security Number (SSN) Verification

Printed Name:	Date of Birth:	Social Security Number:

I want this information released because I am conducting the following business transaction:

Reason(s) for using CBSV: (Please select all that apply)

☐ Mortgage Service ☐ Banking Service
☐ Background Check ☐ License Requirement
☐ Credit Check ☐ Other

with the following company ("the Company"):

Company Name: ____

Company Address: ____

I authorize the Social Security Administration to verify my name and SSN to the Company and/or the Company's Agent, if applicable, for the purpose I identified.

The name and address of the Company's Agent is:

I am the individual to whom the Social Security number was issued or the parent or legal guardian of a minor, or the legal guardian of a legally incompetent adult. I declare and affirm under the penalty of perjury that the information contained herein is true and correct. I acknowledge that if I make any representation that I know is false to obtain information from Social Security records, I could be found guilty of a misdemeanor and fined up to $5,000.

This consent is valid only for 90 days from the date signed, unless indicated otherwise by the individual named above. If you wish to change this timeframe, fill in the following:

This consent is valid for ______ days from the date signed. ______ (Please initial.)

Signature ______________________________ Date Signed ______________________

Relationship (if not the individual to whom the SSN was issued): ______________________

Contact information of individual signing authorization:

Address ____

City/State/Zip ____

Phone Number ____

Borrowers' Certification and Authorization

CERTIFICATION

The Undersigned certify the following:

1. I/We have applied for a mortgage loan through First California Funding. In applying for the loan, I/We completed a loan application containing various information on the purpose of the loan, the amount and source of the down payment, employment and income information, and the assets and liabilities. I/We certify that all of the information is true and complete. I/We made no misrepresentations in the loan application or other documents, nor did I/We omit any pertinent information.

2. I/We understand and agree that First California Funding reserves the right to change the mortgage loan review processes to a full documentation program. This may include verifying the information provided on the application with the employer and/or the financial institution.

3. I/We fully understand that it is a Federal crime punishable by fine or imprisonment, or both, to knowingly make any false statements when applying for this mortgage, as applicable under the provisions of Title 18, United States Code, Section 1014.

AUTHORIZATION TO RELEASE INFORMATION

To Whom It May Concern:

1. I/We have applied for a mortgage loan through First California Funding. As part of the application process, First California Funding and the mortgage guaranty insurer (if any), may verify information contained in my/our loan application and in other documents required in connection with the loan, either before the loan is closed or as part of its quality control program.
2. I/We authorize you to provide to First California Funding and to any investor to whom First California Funding may sell my mortgage, any and all information and documentation that they request. Such information includes, but is not limited to, employment history and income; bank, money market and similar account balances; credit history; and copies of income tax returns.
3. First California Funding or any investor that purchases the mortgage may address this authorization to any party named in the loan application.
4. A copy of this authorization may be accepted as an original.

Borrower Signature ______________________ Co-Borrower Signature ______________________

SSN: __________ Date: __________ SSN: __________ Date: __________

Appraisal Request Form

First California Funding must follow the **Home Valuation Code of Conduct (the Code)** introduced by Fannie Mae® and Freddie Mac®. The Code requires mortgage brokers to initiate an appraisal request and send payment for such appraisal services through the lender or a lender-designated and authorized Appraisal Management Company (AMC). Brokers will not be able to select, retain or pay appraisers directly.

First California Funding is not qualified to establish the value of your property. You the borrower are responsible for cost of the appraisal regardless of its outcome. First California Funding does not warrant the appraisal and cannot be responsible for it. Your signature on this document acknowledges that you understand that your credit card will be billed for the cost of the appraisal and that it will not be refunded regardless of its outcome. Conventional appraisal fee: $495, FHA Appraisal Fee: $550, VA Appraisal Fee: $600. Complete this form online, **click here**.

Borrower:___________________________________ Date:_______________

Co-borrower:________________________________ Date: _______________

Borrower Email Address:____

Subject Property:____

Credit Card Information

Cardholder's Name:_________________________

Cardholder's Signature:______________________

Card #:___________________________________

Expiration Date:________________

Security Code:_________________

Billing Address w/ Zip code:____

Phone Number:_________________________

Contact for Entry

Contact Name:_________________________

Phone #:______________________________

Contact Relationship:____________________

____
Signature of card holder

Loan Officer Use:

Investor:
AMC:
Transaction type:
Type of loan:
Occupancy type:
Property type:
Product to be ordered:

Policies and Acknowledgements

Each borrower should carefully read the following lender policies and acknowledgements. Please sign and return with your documents from the checklist.

Document Requirements
Providing incomplete documentation will slow down the processing of your loan, please be sure to provide all documents that are required on the document checklist. Please make sure all pages are included, copies must be scanned and emailed or faxed, and taking a photo of the documents with your phone will not be accepted as a copy. Please refer to the document checklist for a full list of documents needed to support the loan application.

Rate Lock Policy
A rate lock is an agreement between you (the borrower) and us (the lender) that a specific interest rate will be provided to you for a specific period of time (the rate lock period). Typically 30 days for a purchase and 45 days for a refinance. Once your rate is locked, rates may go up or down, however your rate cannot change and is locked in for the specified period of time.

Rate Lock Extension Policy
A Lock Extension Fee may be charged as a result of delays in submitting your loan application, loan documentation, incomplete documentation, or a change of terms as requested by you or a result of documentation provided by you or other 3rd party providers. 3rd party providers include: Appraisers, Homeowners Association, Real Estate Agents, Title or Escrow Officer, Insurance Agent. Terms of your Rate Lock: Your Initial Documentation must be returned in 48 hours of request. Documents requested after the initial review must be returned in 24 hours or less. Changes in your Loan Terms could result in a Lock Extension. Delays in ordering the Appraisal or scheduling the Appraisal inspection could result in a lock extension. Delaying a signing appointment or unavailability to sign to meet the expiration date of your rate lock will result in a lock extension. Rate Lock Extensions fees vary based on the lender, but typically cost $80-$125 per day the borrower will be charged for all extension fees. If the reason for the extension is our fault you will not be charged the extension fee.

As lenders, our contractual agreement with our investors requires that the loans we originate stay on their books for at least 120 days. If the loan is paid off within that period of time (i.e. through a re- finance), we must return the compensation we received for our services on the initial loan and the lender credit you received. While we cannot prevent you from refinancing during the first 120 days, we can only ask you in good faith if you would refrain from doing so.

How soon can I refinance my loan after closing?
As lenders, our contractual agreement with our investors requires that the loans we originate stay on their books for at least 120 days. If the loan is paid off or refinanced within that period of time, we must return the lender credit you received. While we cannot prevent you from refinancing during the first 120 days, we can only ask you in good faith if you would refrain from doing so. If you believe you may sell your home or refinance within the next 120 days after closing, please let me know so we can discuss that.

Appraisal Policy
An appraisal is an opinion of value that is completed by a professional appraiser who visits and inspects the size, condition, function and quality of the home. There are a few steps in the process. First, a licensed appraiser comes to the property and inspects the home. Next, the appraiser will research similar homes in the area and compare recent sales to determine a fair market value. The appraiser will then give a final appraisal report with all the data and research to issue a final “opinion

of value." By law the licensed independent professional appraiser will be selected by the Appraisal Management Company (AMC).

Fees are charged by a licensed, certified appraiser for an official opinion of market value as of a specific date. These fees are paid to the outside appraisal company and can vary based on the location and type of property and type of loan. Once the appraisal is ordered and the appraiser completes the appraisal report, the appraisal fee is no longer refundable for any reason. We will take your credit card information or a check to pay for the appraisal. In certain instances the appraiser must go to the property a second time to re-inspect repairs that were noticed on the initial visit. If the appraiser must re-inspect the property they charge a re-inspection fee of $150.00 that will be the responsibility of the loan applicant.
<u>Current Appraisal Fees:</u>
Conventional Appraisal Fee: $495.00
FHA Appraisal Fee: $595.00
VA Appraisal Fee: $600.00

When real estate appraisals come in low, it can restrict the terms and structure of the loan a homeowner could qualify for. In addition, Fannie Mae, Freddie Mac and other guidelines may require a fee adjustment. However, if your home appraisal comes in low, there are still some options available to you if you want to refinance. You can pay the difference in your closing costs, but if the appraisal is much lower than the loan amount, this may not be an affordable option. Unfortunately, if there isn't a loan available based on your home's value, you may have to wait until the values in your neighborhood start to bounce back.

Escrow / Impound Account Acknowledgement
An escrow account (sometimes called an impound account) is set up by your mortgage lender to pay certain property-related expenses on your behalf like property taxes and homeowner's insurance. Because bills for taxes and insurance can be large and infrequent (typically once or twice per year), many homeowners prefer to pay them in monthly installments along with their mortgage payment. Many lenders require that you pay your taxes and insurance using an escrow account, so they can make sure that the bill gets paid and the property is not at risk. Your mortgage servicer will manage the escrow account and pay these bills on your behalf. Sometimes, escrow accounts may also be required by law. Your property taxes and insurance premiums can change from year to year. Your escrow payment – and with it, your total monthly payment will change accordingly. If your loan doesn't include an escrow account, you will have to plan to pay these large expenses yourself. Be sure you budget for these extra costs and stay current on your taxes and insurance payments. All loans unless discussed otherwise will have an escrow account.

Tips for a Smooth Loan Approval

These DOs and DON'Ts will help avoid any delays with your loan approval.

DO continue making your mortgage or rent payments on time
DO stay current on all existing accounts (even if you're paying them off)
DO continue to work for the same employer
DO continue to use the same insurance company
DO continue living at your current residence
DO continue to use your credit cards as normal
DO call us if you have ANY questions

DON'T make a major purchase (car, boat, furniture, jewelry, etc.)
DON'T apply for new credit (even if you're pre-approved)
DON'T open a new credit card
DON'T transfer any balances from one account to another
DON'T pay off any collections or accounts without first consulting us
DON'T close any credit card accounts
DON'T change bank accounts or banks
DON'T max out or overcharge your credit cards
DON'T consolidate your debt onto fewer credit accounts
DON'T take out a new loan
DON'T start any home improvement projects
DON'T finance any elective medical procedure
DON'T join a fitness club

If you encounter a special situation, it is best to mention it to us right away so we can help you determine the best way to handle it in order to achieve your financial goals.

______________________________	______________________________
Applicants Signature	Applicants Signature
______________________________	______________________________
Print name	Print name

Understanding Closing Costs and Prepaid Items

CLOSING COSTS EXPLAINED
Mortgage closing costs are fees charged by the lender and third parties, to you, for services that must be performed in order to process and close your loan. You might be curious about how the fees are determined and what's included, so let's go over what you can expect on a typical mortgage refinance transaction.

How much are Closing Costs?
While paying closing costs is a standard step in the refinance process, applicants might be surprised by the list of expenses. While the total fee amount can change depending on your loan details, you can expect to pay **$2,500 - $4,000** in closing costs. To avoid surprises, read our breakdown of common closing fees below.

A common misconception about mortgage closing costs is that they all go to the lender, when in reality, most costs are related to services performed by others. Mortgage closing costs cover expenses associated with getting a home loan, from inspections and appraisals to title insurance, taxes and more. It's important to check your lender fees and closing costs carefully. If a lender boasts incredibly low rates, it's possible they will try to make up the difference with additional lender fees, so be sure to compare apples to apples.

Example of a typical Refinance Closing Costs (Estimate, Please refer to your Loan Estimate)

- Processing: $850.00
- Underwriting: $950.00
- Credit report: $62.50
- Appraisal: $495.00 - $600.00
- Notary: $175.00
- Escrow: $650.00
- Title: $350.00
- Deed recording: $250.00

Total: $3700.00

Additional fees if applicable to your loan program:

- H.O.A. Certification: $125.00 - $300.00
- Subordination Agreement: $150.00 - $250.00
- Termite Inspection: $75.00 - $150.00

PREPAID ITEMS EXPLAINED

Prepaids are not a fee, as such, but are costs associated with your home that need to be paid in advance when getting a loan. These include Property Taxes, Homeowner's Insurance, and Mortgage Interest that will accrue between the closing date and month-end. Property Taxes and Homeowner's Insurance are collected to put into your Escrow Account so that you have enough reserves to pay these bills then they are due.

Mortgage Interest: Whereas rent is usually paid a month in advance, your monthly mortgage payment is paid in 'arrears'. All this means is that the mortgage payment you make on June 1st, for example, actually pays for the month of May. Borrower's typically pre-pay interest when they take out a loan. Say your loan closes on April 15th, your first mortgage payment will be due on June 1st. This may seem as if May is a free or skipped payment but, sadly, it is not. That's because the June payment will pay the interest for May, and the amount due for the period between April 15th and 31st will already have been paid by you, the Borrower, at closing.

Example of Prepaid Charges (Estimate, Please refer to your Loan Estimate for your exact fees)

- Daily interest charge: $30.00/day x 15 days = $450.00
- Homeowners' insurance reserves: $50.00/month x 6 months = $300.00
- Property tax reserves: $350.00/month x 7 months = $2450.00

Total: $3,200.00

Many of your mortgage closing costs go to a third-party for services necessary to complete the transaction. Lenders typically have no control over these fees. Below you'll find possible closing cost items involved in an average loan transaction:

Origination: The fee the lender and any mortgage broker charges the borrower for making the mortgage loan. Origination services include taking and processing your loan application, underwriting and funding the loan, and other administrative services.
Points: Points are a percentage of a loan amount. For example, when a loan officer talks about one point on a $100,000 loan, this is 1 percent of the loan, which equals $1,000. Lenders offer different interest rates on loans with different points. You can make three main choices about points. You can decide you don't want to pay or receive points at all. This is a zero-point loan. You can pay points at closing to receive a lower interest rate. Alternatively, you can choose to have points paid to you (also called lender credits) and use them to cover some of your closing costs.
Underwriting: Paid to the lender, this fee covers the cost of researching whether or not to approve you for the loan.
Appraisal: This charge pays for an appraisal report made by an appraiser.
Credit report: This fee covers the cost of a credit report, which shows your credit history. The lender uses the information in a credit report to help decide whether or not to approve your loan and how much money to lend you.
Flood determination: This is paid to a third party to determine if the property is located in a flood zone. If the property is found to be located within a flood zone, you will need to buy flood insurance. The insurance is paid separately.
Home inspection: Fee to verify the condition of a property and to check for home repairs that may be needed before closing. The home inspection fee will be paid by the applicant directly to the inspection company.
Pest inspection: This fee is to cover inspections for termites or other pest infestation of your home.
Title insurance binder: Commitment to issue a title insurance policy at future date.
Lender's title insurance: The cost of the lender's policy, which protects the lender's investment.
Owner's title insurance: The cost of the owner's policy, which protects the homeowner's investment for as long as they, or their heirs, own the property.
Settlement: This fee is paid to the settlement agent or escrow holder. Responsibility for payment of this fee can be negotiated between the seller and the buyer.
Title search: The fee to search the public records of the property you are purchasing.
Document Preparation: This fee covers the cost of preparation of final legal papers, such as a mortgage, deed of trust, note or deed.
Notary: This fee is charged for the cost of having a person who is licensed as a notary public swear to the fact that the persons named in the documents did, in fact, sign them.

Attorney fees: Both the homebuyer and the seller might have their own legal representation to prepare and record legal documents. Frequently, however, where an attorney is acting as a settlement agent, there may only be one involved in the closing. Who pays for those services is a matter of contract negotiation.
Recording fees: These fees may be paid by you or by the seller, depending upon your agreement of sale with the seller. The buyer usually pays the fees for legally recording the new deed and mortgage.
Transfer tax: This tax is collected in some localities whenever property changes hands or a mortgage loan is made, can be quite large and are set by state and/or local governments. City, county and/or state tax stamps may have to be purchased as well.
Homeowner's insurance premium: This insurance protects you and the lender against loss due to fire, windstorm, and natural hazards. Lenders often require the borrower to bring to the settlement a paid-up first year's policy or to pay for the first year's premium at settlement.
Mortgage insurance premium: The lender may require you to pay your first year's mortgage insurance premium or a lump sum premium that covers the life of the loan, in advance, at the settlement.
Prepaid interest: This is money you pay at closing in order to get the interest paid up through the first of the month.
Property taxes: Usually six months of county property taxes.
Home warranty: Fee for an insurance policy to protect you from cost of unexpected failures to the major systems and appliances in your home.
Real estate commission: This is the total dollar amount of the real estate broker's sales commission, which is usually paid by the seller. This commission is typically a percentage of the selling price of the home.

Understanding points and Lender Credits

Points and lender credits let you make tradeoffs in how you pay for your mortgage and closing costs. Points, also known as discount points, lower your interest rate in exchange paying for an upfront fee. Lender credits lower your closing costs in exchange for accepting a higher interest rate.

Points

Points let you make a tradeoff between your upfront costs and your monthly payment. By paying points, you pay more upfront, but you receive a lower interest rate and therefore pay less over time. Points can be a good choice for someone who knows they will keep the loan for a long time.

Points are calculated in relation to the loan amount. Each point equals one percent of the loan amount. For example, one point on a $100,000 loan would be one percent of the loan amount, or $1,000. Two points would be two percent of the loan amount, or $2,000. Points don't have to be round numbers – you can pay 1.375 points ($1,375), 0.5 points ($500) or even 0.125 points ($125). The points are paid at closing and increase your closing costs.

Paying points lowers your interest rate relative to the interest rate you could get with a zero-point loan at the same lender. A loan with one point should have a lower interest rate than a loan with zero points, assuming both loans are offered by the same lender and are the same kind of loan. For example, the loans are both fixed-rate or both adjustable-rate, and they both have the same loan term, loan type, same down payment amount, etc. The same kind of loan with the same lender with two points should have an even lower interest rate than a loan with one point.

Points are listed on your Loan Estimate and on your Closing Disclosure on page 2, Section A. By law, points listed on your Loan Estimate and on your Closing Disclosure must be connected to a discounted interest rate.

The exact amount that your interest rate is reduced depends on the specific lender, the kind of loan, and the overall mortgage market. Sometimes you may receive a relatively large reduction in your interest rate for each point paid. Other times, the reduction in interest rate for each point paid may be smaller. It depends on the specific lender, the kind of loan, and market conditions.

It’s also important to understand that a loan with one point at one lender may or may not have a lower interest rate than the same kind of loan with zero points at a different lender. Each lender has their own pricing structure, and some lenders may be more or less expensive overall than other lenders – regardless of whether you’re paying points or not. That’s why it pays to shop around for your mortgage. Explore current interest rates or learn more about how to shop for a mortgage.

Lender credits

Lender credits work the same way as points, but in reverse. You pay a higher interest rate and the lender gives you money to offset your closing costs. When you receive lender credits, you pay less upfront, but you pay more over time with the higher interest rate.

Lender credits are calculated the same way as points, and may appear on lenders’ worksheets as negative points. For example, a lender credit of $1,000 on a $100,000 loan might be described as negative one point (because $1,000 is one percent of $100,000).

That $1,000 will appear as a negative number as part of the Lender Credits line item on page 2, Section J of your Loan Estimate or Closing Disclosure. The lender credit offsets your closing costs and lowers the amount you have to pay at closing.

In exchange for the lender credit, you will pay a higher interest rate than what you would have received with the same lender, for the same kind of loan, without lender credits. The more lender credits you receive, the higher your rate will be.

The exact increase in your interest rate depends on the specific lender, the kind of loan, and the overall mortgage market. Sometimes, you may receive a relatively large lender credit for each 0.125% increase in your interest rate paid. Other times, the lender credit you receive per 0.125% increase in your interest rate may be smaller.

A loan with a one-percent lender credit at one lender may or may not have a higher interest rate than the same kind of loan with no lender credits at a different lender. Each lender has their own pricing structure, and some lenders may be more or less expensive overall than other lenders – regardless of whether or not you’re receiving lender credits. Explore current interest rates or learn more about how to shop for a mortgage.

The chart below shows an example of the tradeoffs you can make with points and credits. In the example, you borrow $180,000 and qualify for a 30-year fixed-rate loan at an interest rate of 5.0% with zero points. In the first column, you choose to pay points to reduce your rate. In third column, you choose to receive lender credits to reduce your closing costs. In the middle column, you do neither.

COMPARE THREE SCENARIOS OF HOW POINTS AFFECT INTEREST RATE

RATE	4.875%	5.0%	5.125%
POINTS	+0.375	0	-0.375
YOUR SITUATION	You plan to keep your mortgage for a long time. You can afford to pay more cash at closing.	You are satisfied with the market rate without points in either direction.	You don't want to pay a lot of cash upfront and you can afford a larger mortgage payment.
YOU MAY CHOOSE	Pay points now and get a lower interest rate. This will save you money over the long run.	Zero points.	Pay a higher interest rate and get a lender credit toward some or all of your closing costs.
WHAT THAT MEANS	You might agree to pay $675 more in closing costs, in exchange for a lower rate of 4.875%. **Now:** You **pay** $675 **Over the life of the loan:** Pay $14 **less** each month	With no adjustments in either direction, it is easier to understand what you're paying and to compare prices.	You might agree to a higher rate of 5.125%, in exchange for $675 toward your closing costs. **Now:** You **get** $675 **Over the life of the loan:** Pay $14 **more** each month