MAXWELL MORTGAGE TEAM
CROSS COUNTRY MORTGAGE™

ASK 10, DEMAND 10

To Pre-Qualify a Buyer's Offer and Lender

1 Can you confirm if the homebuyer is straight salary, hourly/commission/bonus or self-employed?

A Buyer's type of employment will determine the qualification and documentation requirements. Mr. Bernanke, for example, recently switched to a self-employed situation, and it was the income "history." not the amount, that prevented him from qualifying.

2 Does the homebuyer Own any other Real Estate?

Underwriting guidelines have specific qualification requirements on additional Real Estate owned, and many expenses that are often applied to investment or rental purchases will nullify or even reduce a buyer's qualifying for a new home.

3 Has the homebuyer suffered a bankruptcy, short sale or foreclosure in the past? If so, how many years ago?

The derogatory credit events have specific waiting periods and documentation requirements that may delay their eligibility when qualifying for a new home.

4 Have you reviewed the buyer's tax returns for the past 2 years?



Tax returns may reveal certain expenses or undisclosed businesses that weren't discussed during an application. A buyer may not be aware that these can be reduced from qualifying income, this creating unforeseen challenges once in the midst of the underwriting process.

5 Have you gathered and verified the homebuyer's cash to close?



Funds for closing generally need to be seasoned for 60 days, and large deposits (i.e. cash loans) must be sourced. While a buyer may have the funds to closing, it's important to confirm those funds will be eligible for qualification.

6 Does the homebuyer require gift funds from a family member in order to buy?

This may not cause a loan to be ineligible; however, it's important that all parties understand the documentation and timing requirements of any transfers.

7 Can you confirm that the loan has been approved through Desktop Underwriter (DU) or Loan Prospector (LP)?

While a loan profile may meet the standard eligibility matrix, it will likely still require an automated underwriting approval. " Credit Profile" is read by the underwriting engine and may cause a denial, even though a loan meets other program requirements.

8 Can you commit to a 10-day loan approval, including appraisal? Have you run either a DU or LP for an appraisal waiver?

With tight approval periods having to include appraisal completion, it is imperative that the lender commit to having the appraisal completed within the loan approval period. Both desktop underwriter (DU) and loan prospector (LP) give lenders the ability to receive appraisal waivers (appraisal not needed) depending on borrower's qualification, property type and sale price.

9 Is the Pre-approval Contingent upon sale of the homebuyer's existing residence?

While not a deal-stopper, it's important to ensure the seller knows all 3rd party contingencies affecting their transaction, especially when they're out of the buyer's control.

10 Have you re-run your pre-approval specific to the terms of this offer, including taxes, insurance & HOA Fees?

Whether a similar pre-qualification of a more thorough
pre-approval review, assumptions must be for these amounts. If a buyer's debt-to-income ratio is on the cusp of program guidelines , a simple change in monthly HOA fee may cause an unforeseen credit denial.

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