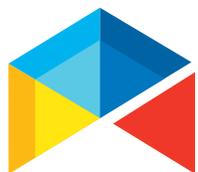




# YOUR HOME LOAN **REFERENCE GUIDE**



**USA Mortgage**

# WELCOME TO “REAL ESTATE LENDING 101”

Over the years I have found that the more I educate my borrowers about the home loan process, the more pleasant an experience the home buying process is for them. This guide was put together as a way to help ease some of the typical “discomfort” some people may have when applying for a home loan. Although the process is very complicated on our end, we try to make it as simple as possible for our homebuyers. My clients know what to expect, from pre-qualifying, all the way to closing!

Although this booklet can't begin to cover all the steps we go through in getting your home loan completed; it will give you enough information to feel very comfortable with the entire mortgage loan process. If you ever have any questions, I will always do my best to answer them for you!

So sit back, enjoy the great care we will take with your loan, and know that you are in the helpful, professional hands of our team at USA Mortgage!

We thank you for your business and your referrals!



**Don M. Carriker, Jr.**





## **PROMISE TO OUR CLIENTS**

We promise to search for the best financing programs to fit your needs; whether it is Conventional, FHA, VA, or even 100% USDA Purchase Loan. We have the best financing options in town! This ensures that you will get the highest requested loan amounts, with the lowest possible costs, at the lowest possible interest rates for your personal situation!

## **PROMISE TO OUR REALTORS**

We promise to keep our realtors well informed every step of the way through the loan process, from pre-qualification to final approval and closing; using all forms of communication. We Promise to do everything in our power, including working after hours and on weekends if necessary, to answer all of your questions and close EVERY loan on or before the projected closing date listed on the purchase contract!

## **MISSION STATEMENT**

Our mission is to provide the highest level of service and integrity to all persons involved in the home loan transaction. We will make every effort to be the first and final lender our customers call on when either purchasing or refinancing a home. This is accomplished by offering an outstanding variety of loan products, exceptional service, and providing timely communication with everyone involved in the loan.

## **YOU CAN BANK ON IT!**

# OUR TEAM



**Don M. Carriker, Jr.**

**Senior Mortgage Banker (Your Mortgage Banker for Life)**

Don has been a professional mortgage banker since 1997. He graduated from MSU with a Bachelors of Science degree in Education, which enables him to easily teach his clients in a friendly, uncomplicated way about all the loan options available to them in today's market. Don is very family oriented and considers it a true calling to help his clients achieve their home ownership goals with the best financial means possible and strives to be your personal mortgage banker for life!

**(417) 844-5370    [teamcarriker@usa-mortgage.com](mailto:teamcarriker@usa-mortgage.com)    NMLS: 648699**



**Alex Carriker**

**Mortgage Banker**

Alex is a Springfield native and has been in the financial industry since 2009. He graduated from the University of Missouri in 2013 with a Bachelors of Science degree in Finance and Banking. He has always enjoyed helping friends and family with their finance questions, which is why he chose to be a mortgage lender. Alex wants to help his clients understand all their financial circumstances and to find the absolute best loan for each individual person.

**(417) 209-7463    [teamcarriker@usa-mortgage.com](mailto:teamcarriker@usa-mortgage.com)    NMLS: 1283419**



**Tyy Ward**

**Marketing Coordinator**

Tyy's job is to take care of the teams marketing. He is in charge of our website, IWantAGreatHomeLoan.com, all our online marketing (social media, online advertising, etc...) and all our offline marketing (mailers, flyers, brochures, etc...). His #1 goal is CUSTOMER SERVICE! He is here to help with the communication between our team and YOU the client. We are always striving for excellence and it is Tyy's job to make sure that our clients get the best service and communication possible.

**(417) 761-6650    [teamcarriker@usa-mortgage.com](mailto:teamcarriker@usa-mortgage.com)**





Financing a home is like taking an airline flight cross country. When you start on your trip, you have no idea how the trip will go. Neither does the pilot! You could run into 50 different types of turbulence, or you could have a smooth flight and land on time. Certainly, the pilot will try to use his or her experience to navigate around storms and go for the smoothest flight plan, but if they're honest, they can't promise a turbulence-free trip. Their job is simply to get you to your destination in the least time and with the least aggravation while keeping you informed throughout the trip.

As your Personal Mortgage Banker, I see myself as the pilot of your plane. My job is to assist you in getting your mortgage for the lowest cost, in the least time, with the least aggravation. I can't promise you no turbulence, but I can promise that I'll utilize my experience and expertise to take you on the smoothest flight that I can. And if we do hit turbulence, I won't bail out on you. I'll be your teammate throughout the flight until we get you safely to your destination.

**Sincerely,**

**The Don Carriker Team**

Your Mortgage Banker for Life

# 88 TYPES OF TURBULENCE

## THINGS THAT MIGHT GO WRONG DURING YOUR TRANSACTION

### The Buyer/Borrower:

1. Does not tell the truth on loan application.
2. Has recent late payments on credit report.
3. Finds out about additional debt after loan application.
4. Loses job.
5. Co-borrower loses job.
6. **Income verification lower than what was stated on loan ap.**
7. Overtime income not allowed by underwriter for qualifying.
8. **Makes large purchase on credit before closing.**
9. Illness, injury, divorce or other setback before closing.
10. Lacks motivation.
11. Gift donor changes mind.
12. Cannot locate tax returns, bank statements, divorce decree or bankruptcy papers.
13. Difficulty obtaining verification of rent.
14. Interest rate increases before locking and borrower no longer qualifies.
15. Loan program changes with higher rates & fees.
16. Child support not disclosed on application.
17. Borrower/Co-borrower does not have steady 2 year employment or residence history.
18. Borrower brings in handwritten pay stubs.

19. Borrower switches jobs or has a job with a probationary period.
20. Borrower or seller dies.
21. Buyer is too picky about property in price range they can afford.
22. Buyer feels house is misrepresented.
23. Veteran's DD214 form not available.
24. Buyer comes up short of money at closing.
25. **Buyer does not properly "paper trail" additional money that comes from gifts, loans, etc.**
26. Buyer doesn't bring cashier's check to closing for down payment & closing costs.
27. Borrower doesn't have proper identification.

### The Seller:

28. Loses motivation to sell (job transfer doesn't go through, reconciles marriage, etc.).
29. Cannot find suitable replacement property.
30. Will not allow appraiser inside home.
31. Will not allow inspectors inside home.
32. Removes property from the premises that buyer thought was included in sale.
33. Cannot clear up liens.
34. Is short on cash to close (payoff higher than believed).
35. Did not own 100% of property as previously disclosed.

36. Cannot get partners' signatures.
37. Leaves town without getting a specific power of attorney.
38. Delays the projected move out date.
39. **Did not complete the repairs agreed to in closing.**
40. Did not complete appraiser required repairs.
41. Seller's home goes into foreclosure during escrow.
42. Misrepresents information about home and neighborhood.
43. Does not disclose all hidden or unknown defects and they are subsequently discovered.

### The Realtor:

44. Has no client control over buyers or sellers.
45. Delays access to property for appraisals or inspections.
46. Does not get completed paperwork to lender in time.
47. **Inexperienced in this type of property transaction.**
48. Takes unexpected time off during the transaction and can't be reached.
49. Misleads other parties to the transaction.

### The Lender:

50. Does not properly prequalify the borrower.
51. Wants property repaired prior to closing.

- 52. After prequalification the market raises rates or fees.
- 53. Requires a last-minute second appraisal or other documents.
- 54. Loses a form or misplaces file.
- 55. Doesn't ask for all needed information.
- 56. Doesn't fund loan in time for closing.

**The Property:**

- 57. County will not approve septic or well.
- 58. Termite inspection reveals substantial damage and seller unwilling/unable to repair.
- 59. Home is not structurally sound.
- 60. Home is uninsurable.
- 61. Home was misrepresented as to size and/or condition.
- 62. Home is destroyed prior to closing.
- 63. Home is incorrectly zoned.
- 64. Portion of home sits on neighbor's property.
- 65. Home on private road and there is no road agreement.
- 66. Home has shared well and no shared well agreement.
- 67. Unique home and there are no/too few comparable homes for appraiser to use.
- 68. Roof requires substantial repair or replacement.
- 69. Home will not pass inspection.

**The Escrow/Title Company:**

- 70. Fails to notify lender of unsigned or unreturned documents.
- 71. Fails to obtain information from beneficiaries, lien holders, insurance companies, or lender in a timely manner.
- 72. Fails to provide title policy in a timely manner.
- 73. Loses or incorrectly prepares paperwork.
- 74. Finds liens or other title problems at the last minute.

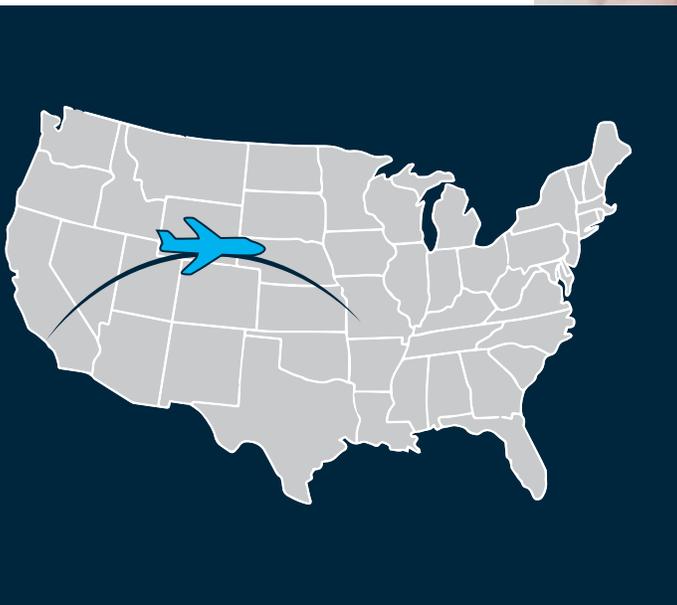
**The Appraiser:**

- 75. Misunderstands the market, gives incorrect value.
- 76. Requires additional inspections (engineer, structural, roof, etc.)
- 77. Is too busy to complete the appraisal on schedule.
- 78. Cannot find comparables.
- 79. Is not on the lender's approved appraiser list.

- 80. Gives a value lower than contract price or loan amount.

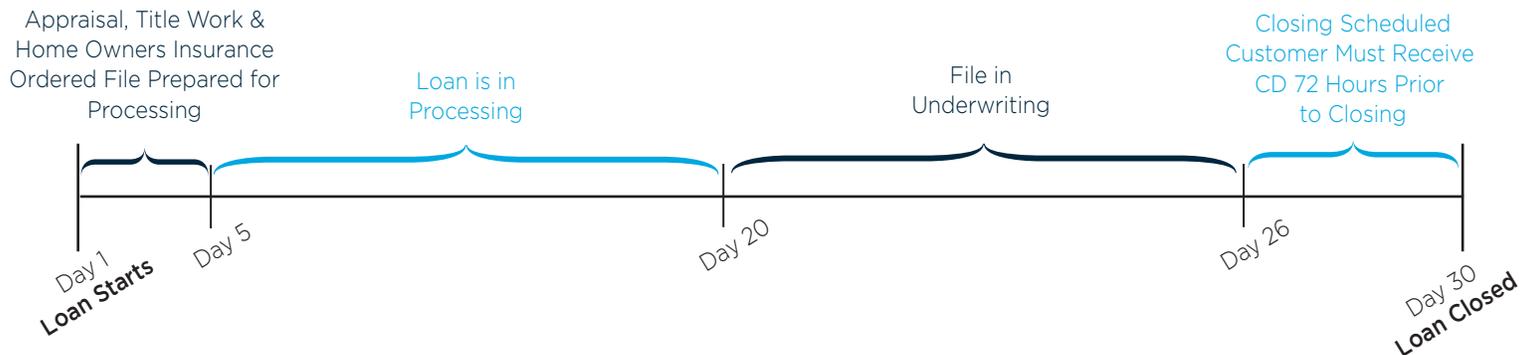
**The Inspectors:**

- 81. Home inspector is not available when needed.
- 82. Inspection reports alarm buyer and sale is cancelled.
- 83. Pest inspector not available when needed.
- 84. Pest inspector too picky about condition of property.
- 85. Require repairs that seller is unwilling or unable to make.
- 86. Does not provide proper forms to lender.
- 87. Home inspector does not properly inspect home and defects are not noted.
- 88. Do not provide bills to closing company or lender.

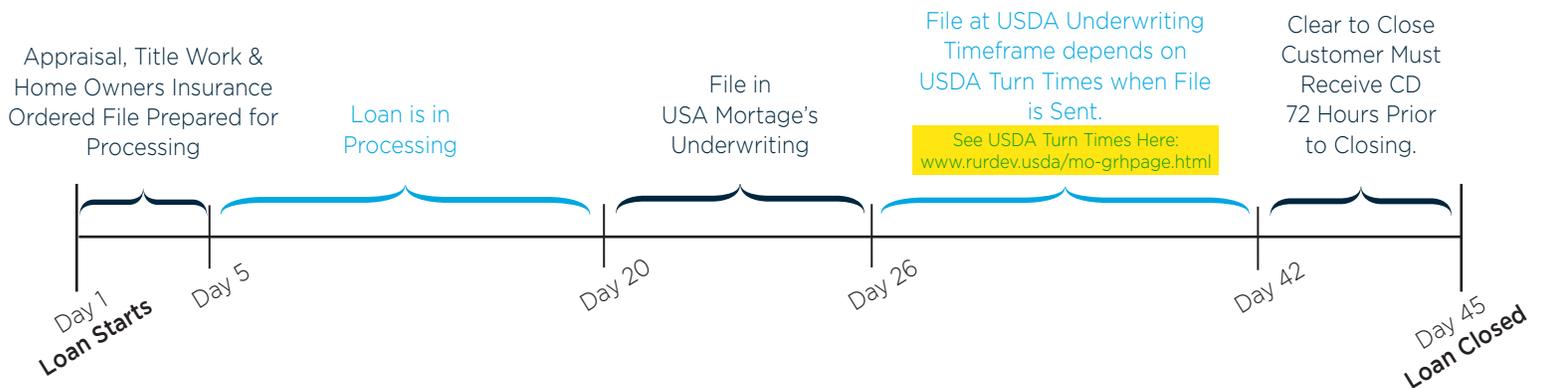


# THE MORTGAGE LOAN PROCESS TIMELINE

## CONVENTIONAL, FHA & VA HOME LOANS



## USDA HOME LOANS



Days are estimates only and are figured on business days (weekends and holidays are excluded). Also, there will be times that you will not hear from us as your file is being processed and underwritten. Don't panic! You can be assured your file is being worked on. If any issues arise you can be assured that we will call to discuss them with you. Once we have a clear to close, you will be the first to know and we can move forward with scheduling your closing and paving the way for a smooth closing transaction.



# BORROWER'S TEN COMMANDMENTS

These Ten Commandments that borrowers follow may seem like common sense to many. Once a decision is made to start the process of searching and purchasing a home, implement these Ten Commandments as soon as possible.

I

**Thou Shalt Not** change jobs, become self employed or QUIT your job(s)

II

**Thou Shalt Not** buy a vehicle (or you may be living in it)

III

**Thou Shalt Not** become late on ANY payments

IV

**Thou Shalt Not** reduce asset account balances below what you told/provided to your loan officer

V

**Thou Shalt Not** “forget” to include ALL debts on application

VI

**Thou Shalt Not** buy any “big ticket” items (>\$250)

VII

**Thou Shalt Not** apply for credit ANYWHERE until your loan is complete and closed (credit inquiries count too!)

VIII

**Thou Shalt Not** transfer or make “unusually” large deposits into your accounts without first consulting with your loan officer

IX

**Thou Shalt Not** close/open/change/transfer money between bank accounts

X

**Thou Shalt Not** co-sign on any loans

# WHAT IS CONSIDERED FOR A **LOAN APPROVAL**

## **THE BASICS**

Most contracts for the purchase of real estate are contingent on the buyer's ability to secure a mortgage. Knowing how much money you can afford to borrow and what it means to borrow money on a long-term basis are important questions.

Obtaining an affordable mortgage depends not only on what you feel you can afford but, more importantly, on what a lending institution says you can afford. Before lenders will issue a commitment to lend large sums of money, they must be assured that you can afford to repay the loan and that the value of the property is sufficient collateral to guarantee repayment of the loan in case of default.

You may have already noticed that there is much more to the loan process than selecting a program or interest rate. My sincere desire is to guide you through the process and relieve any anxiety you may be feeling. In order to be considered for a mortgage, we look at five distinct areas of your finances and the property.

## **ASSETS**

We must first determine the amount of money you have available for a down payment and closing costs. There are guidelines that govern the allowable sources of funds for those amounts, and documentation required to verify those funds.

## **INCOME**

We need to determine how much income is available to qualify for the loan, where it is coming from, and how long it is likely to continue. For the majority of loan products, all income used to qualify for the mortgage loan must be verifiable. Your gross monthly income, coupled with your monthly debt obligations, are used to determine the debt to income ratios for approval of your loan. Length, type, and stability of employment are also key factors to consider.

## **CREDIT**

As lenders, we will look at your credit report and any other credit references to determine how much credit you have been extended, what types of credit are available to you, how timely the payments have been made, and how much your total monthly obligations are. It is not just about your score, but also your history and utilization.

## LIABILITIES

It is necessary to make sure that a borrower's obligations don't exceed acceptable ratios for both the monthly housing payment and the total of all monthly debts. The ratios consist of a housing ratio and a total monthly debt ratio. The housing ratio is calculated by comparing the proposed payment on the loan for which you are applying to your gross monthly income. Similarly, the total monthly debt ratio is calculated by comparing the total of all your monthly obligations including new house payment, credit card payments, and installment loans with your gross monthly income.

## EQUITY

The final piece to the mortgage puzzle is the difference between the loan amount and the value of the property or purchase price, whichever is lower. A property appraisal is conducted to determine value. Appraisers must be licensed by the state, approved for use by the lender based on past performance, and are required to base their determination of value on the prevailing market.



# THE PROPERTY APPRAISAL

The appraisal of the property being purchased is one of the most misunderstood facets of the buying process. Typical questions asked about the appraisal process are answered for you below.

## **What is an appraisal and why do I need one?**

Before the lender will make a loan on a property, an estimate of value is required. It is common for lenders to require that appraisals conform to the Uniform Standards of Professional Appraisal Practice. This is done so that consistent detailed information is provided on all appraisals, providing for protection for both the bank's and the buyer's investments. The appraisal provides an estimate of the value of the property based upon the property details and sales of similar properties in the area during a set period of time. The information in the appraisal is necessary to evaluate whether or not the property is adequate security for the loan.

## **Who is the Appraiser?**

Appraisers are licensed by the state in which they work. These individuals undergo an extensive 2-year "on the job" apprenticeship with an experienced appraiser. The final opinion of value is based primarily on the experience and the logic of the particular appraiser who completes the report. Only approved appraisers are allowed to perform the appraisal for our company.

## **What does an appraisal cost?**

The fee for a standard residential appraisal is generally a standard fee for a given geographic area. Different loan programs may require different types of appraisals which may differ in amount charged. Government mortgages (FHA/USDA/VA) require a specific type of appraisal and the cost is generally slightly more than some other appraisals.

## **When do I have to pay for the appraisal?**

You generally must provide Appraisal Deposit Fee at the time of loan application or when you have a property under contract to purchase. Deposit should be made out to USA Mortgage in the form of a personal check or paid by credit card. There are a few programs and investors that may require more than one appraisal, although this is not typical of most programs. The appraisal deposit fee that you give will be used if the file doesn't close for any reason.

## **When is the appraisal done?**

Immediately after loan application, when a property is under contract to purchase, we order an appraisal of the property. It is usually completed and delivered to us within ten to fourteen days. The appraisal is submitted with the loan package for review by the underwriter. The underwriter has the ability to adjust values if determination of value was not based upon realistic factors in the underwriter's opinion.

## **Can I get a copy of the appraisal?**

You will get a copy of your appraisal with your loan documents at least 7 days prior to closing. Once your loan has closed, we do not keep a copy of the appraisal or your loan documents on site so it is important that you keep your closing packet in a safe place.

# SURVEYS & INSPECTIONS

## **Surveys**

Unless you are purchasing new construction, we typically do not require a survey as long as survey coverage is available from the title insurance company. If you would like a survey (even if it is not required for your loan) please request it as soon as possible as it may take several weeks to obtain. Typically the cost for the survey is required to be paid up front. Cost varies depending on the size of the property and lot or land.

## **Home Inspections**

We do not require a home inspection but highly recommend that you have one. Most contracts allow for a period of time in which an inspection may be obtained by the buyer and any repair requests can be negotiated upon. Your realtor will help you choose an inspector if you desire and will coordinate repair requests with you.

The independent home inspector will make a detailed inspection of the home and prepare an evaluation that lists any defects found in the structure, utility systems, and appliances. If problems are found, the buyer is not obligated to proceed with the purchase unless the seller agrees to correct the problems—as long as the requests are made within the contractually allowed period of time. Home inspections typically cost between \$250 and \$500 and are well worth the investment.

## **Termite Inspections**

A termite inspection report shows that the property is free from termites and other wood destroying insects. These inspections usually cost around \$75 (may be included in home inspection, check with your realtor or inspector). A copy of a clean termite inspection report may be required prior to closing, depending on what loan program you are using. Even if not required, we strongly suggest you have a termite inspection.

## **Well & Septic Inspections**

If the property you are purchasing is on well and septic, you may be required to have a well and septic inspection. Please let us know right away if the property you are purchasing is on a well and/or septic. If an inspection is required for your loan, we will require certification that systems are functioning properly and are safe to use from a qualified inspector.

## **Walk Through Inspections**

Your contract provides for a “walk through” just prior to closing to determine that the condition of the property is as it was when the contract was signed. Your agent will do the walk through with you and the seller’s agent may be present as well. Any discrepancies will be identified and plans will be made to correct them prior to closing.

# PROTECTING YOUR INVESTMENT

A young couple is shown in a room filled with cardboard boxes, suggesting they are moving. The woman, on the left, is wearing a blue denim jacket over a red top and jeans, and is smiling while holding a large cardboard box. The man, on the right, is wearing a red and black plaid shirt and jeans, and is also smiling while holding a large cardboard box. A light-colored dog is standing on its hind legs between them, looking up at the woman. The background shows more boxes and a window with white curtains. The overall atmosphere is positive and happy.

**UNDERSTANDING  
INSURANCE OPTIONS**

Insurance is a basic ingredient in most real estate transactions. From protecting lenders against a borrower's default in mortgage payments to guarding the owner's investment from loss due to accident, illness, or death, the insurance industry can provide policies to cover all potential risks. In most instances, a buyer must provide the lender with several different types of insurance in order to meet loan commitment requirements. The following is a brief summary of the forms of insurance that may be required in residential real estate transactions.

## HOMEOWNER'S INSURANCE

In addition to protecting against damage to improvements, homeowner's insurance protects against the loss or damage to personal property, injuries to occupants and guests, vandalism, and living expenses in case the insured property becomes untenable. Lenders generally require only a hazard insurance policy, but as a practical matter most buyers take a full homeowner's protection package if they intend to live in the house.

## MORTGAGE GUARANTEE INSURANCE

Mortgage Guarantee Insurance (often called MI or PMI) protects the lender against losses resulting from a borrower's default. In case of default, if a foreclosure proceeding does not provide sufficient funds to satisfy all moneys due, then the MI company makes up the deficit.

**For conventional loans, MI is required when a borrower finances more than 80% of the purchase price. For FHA/USDA loans, this type of insurance is required regardless of the amount of the down payment.**

## FLOOD INSURANCE

If a property is located in a designated flood zone, a lender will require the borrower to secure a flood insurance policy. This type of coverage is not included as part of a homeowner's policy. Unless your property is in one of those designated areas, we do not require flood insurance.

## TITLE INSURANCE

Unlike other kinds of insurance that protects against losses from future events, title insurance affords protection from past events which may or may not be part of the public record. No matter how extensive and exacting the title search may be, the possibility of "hidden risks" remains. Although rare, these hidden risks, if found after the loan has closed, could affect your ownership rights to the property. Some of these hidden risks are listed below:

- Claims of missing heirs
- Deeds executed under expired or false power of attorney
- False personations
- Fraud
- Forgeries

Because lenders understand the potential impact of the "hidden risks" of any real estate transactions, they require a title insurance policy to protect the amount of money they loan for the purchase of the property. These "hidden risks" make the purchase of title insurance a most prudent and inexpensive one-time investment. Owner's Title Insurance is recommended to protect a buyer's portion of the investment also.

- Improperly probated wills
- Clerical Errors
- Unsatisfied claims not shown in records
- Confusion due to similar names
- Misinterpreted wills and trusts

# TITLE, SETTLEMENT, & CLOSING

## THE TITLE

Owning land is one of the most precious values of freedom enjoyed in this country. You can buy it, sell it, invest in it, and trade it as you see fit. But any change in ownership, to be legal, requires a formal exchange of title (deed).

A deed is a written document that creates or transfers an interest in a property. When recorded, the deed puts the world on notice of the estate or ownership of an interest in a property—it is not a complete history of the title to the property it conveys. To learn the history of a property and see how it may affect the current ownership, a thorough examination of the title, called a title search, is required.

## CLOSING/ESCROW COMPANY

Shortly after finalizing the sales contract a closing/escrow/title company is chosen. If you do not choose a title company, the seller or real estate agents will choose one for you.

The closing company is responsible for ordering (and often conducting) the title examination, providing the lender with a title insurance commitment, implementing steps to be sure the seller can convey marketable title, and scheduling the actual time for the closing. They will receive the loan documents from the lender and will finalize preparations for closing following the loan instructions included with those documents.

The closing itself usually takes about an hour. During the closing, numerous documents are explained and signed, funds are received and disbursed and keys are delivered. The closing will be conducted by a closing agent who will explain the various documents you will sign. Most will walk you through this at your own pace. If you are feeling rushed, don't hesitate to ask them to slow down.

Many of the forms signed by closing are the same forms that you've seen and/or signed at application. Most of the documents are required by law and are signed by everyone who obtains a mortgage loan. Most only require that you check the spelling of names and addresses, and sign the form. By all means, however, know what you are signing. If you have a question, ask!

## THE CLOSING DISCLOSURE STATEMENT

The closing disclosure is the culmination of the purchase process. The closing disclosure statement, often referred to as the “HUD-1”, summarizes the financial aspects of the transaction. For this reason, it is the document that warrants the closest scrutiny at closing. Basically, the CD acts as a balance sheet for an accounting between buyer and seller. We provide you the final figures of your CD statement usually 3 to 7 days before your scheduled closing appointment.

## WHAT TO BRING?

If you have “funds due at closing”, you will need to bring a certified cashier’s check for the specified amount, made out to the closing company. Each borrower is required to show a valid photo ID, preferably a driver’s license, at closing.



# 5 STEPS TO A SMOOTH PURCHASE TRANSACTION

1. Find houses you are interested in purchasing
2. Get prior year's real estate taxes on those houses from agent or collector's website
3. Get quote from your preferred home owners insurance agent
4. Call Don or Alex to get real closing costs and your estimated payment.
5. Then you may put in your offer to purchase the home using the figures we gave you.

## ITEMS THAT MAY BE NEEDED BEFORE UNDERWRITING APPROVAL

- Driver's license
- Social security card
- Continue to send most recent 30 days paystubs needed until day of closing
- W-2's, 1099's, K1, 1120's for most recent past two years
- 1040 Federal tax returns for most recent past two years
- Continue to send most recent 60 days current asset statements needed until day of closing
- Continue to send most recent complete retirement accounts until day of closing (most recent quarter or 3 months)
- Legal documents (anything you may have needed a lawyer for (bankruptcies, divorce decrees, foreclosure, etc...))



# BY REFERRAL ONLY PREFERRED CUSTOMERS

Our business is dedicated to the complete satisfaction of our clients! Our goal is that you will be one of the many clients that have become "Raving Fans" of our team here at USA Mortgage! With that in mind, you most likely have friends, neighbors, family members, and business associates who could benefit from our professional, preferred services. Please take a few minutes to consider the names of those we may be able to serve and help me continue to provide the quality "By Referral Only" level of service that will benefit you and those you care about!

Just fill in and drop it by our office or you can bring it to your closing.

All of us at USA Mortgage thank you for your business and referrals!

Your Name \_\_\_\_\_

Your Phone No. \_\_\_\_\_

-----

## BUYING A HOME:

NAME: \_\_\_\_\_

PHONE: \_\_\_\_\_

## SELLING A HOME:

NAME: \_\_\_\_\_

PHONE: \_\_\_\_\_

## PLANNING HOME IMPROVEMENT:

NAME: \_\_\_\_\_

PHONE: \_\_\_\_\_

## UNHAPPY WITH CURRENT RATE/TERM:

NAME: \_\_\_\_\_

PHONE: \_\_\_\_\_

## GETTING MARRIED:

NAME: \_\_\_\_\_

PHONE: \_\_\_\_\_

## EXPECTING A CHILD:

NAME: \_\_\_\_\_

PHONE: \_\_\_\_\_

## PROMOTED/ CHANGED JOBS:

NAME: \_\_\_\_\_

PHONE: \_\_\_\_\_

## PAYING FOR COLLEGE:

NAME: \_\_\_\_\_

PHONE: \_\_\_\_\_



Don

**DON CARRIKER**

Senior Mortgage Banker

NMLS: #648699 • MO: #3693-MLO

[C] 417.844.5370



Alex

**ALEX CARRIKER**

Mortgage Banker

NMLS: #1283419 • MO: #10798-MLO

[C] 417.209.7463



Tyy

**TYY WARD**

Marketing Coordinator

[O] 417.761.6650



# USA Mortgage



3100 S. National Ave. Suite 201  
Springfield, MO 65807

