



BANKSOUTH MORTGAGE'S

# homebuyer's guide





# table of contents

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About BankSouth Mortgage.....	3
Your Loan Officer .....	4
Loan Products.....	5
BankSouth Mortgage Process.....	6
5 Things To Know .....	7
Tips For The Mortgage Process.....	8
Understanding Credit Scores.....	9
Documents Needed .....	10
Appraisal Tips .....	11
Hazard Insurance Guidelines.....	12



# about banksouth mortgage

In September of 2008, industry phenomenon, Kim Nelson, founded a mortgage company at the height of a financial crisis, confident she could bring a better option for consumers' mortgage experience. Beginning with only 10 employees, the company originated loans as a brokerage, primarily utilizing BankSouth as a warehouse line. Through this interaction, Harold Reynolds, CEO of BankSouth, and Kim began to realize the entities both offered each other a complimentary partnership with aligned strategic goals, vision, and principals.

In February 2011, BankSouth opened BankSouth Mortgage. Today, Kim Nelson leads the bank's mortgage company subsidiary with more than 200 employees. Over the past six years, BankSouth and BankSouth Mortgage have worked to provide greater market coverage and comprehensive products and services, building its brand reputation on a promise of mortgage excellence.

BankSouth Mortgage is backed by one of the top performing community banks in the nation and offers premier mortgage services with 10 locations and a wide area network of strategically placed "best in class" loan originators in the southeast.

## BANKSOUTH MORTGAGE FEATURES

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- In-house processing, underwriting, and funding
- Personalized service
- Regular and consistent feedback on loan progress and status
- Variety of options for differing needs
- Competitive rates and fees
- Backed by a strong community bank

## LOAN PROGRAMS

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- Conventional/FHA/VA/USDA/Jumbo
- Construction/Renovation Financing
- HELOC
- Extended Lock Program
- Down Payment Assistance Programs
- Lock and Shop





# loan products

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## CONVENTIONAL

- HomeReady
- HomePossible

## GOVERNMENT

- FHA
- VA
- USDA

## JUMBO

- Down payments as low as 5%
- Loan amounts up to \$3 million

## PORTFOLIO

- Signature ARM
- Premier HELOC

## CONSTRUCTION/RENOVATION

- Interest Only Construction/Renovation Loans
- Escrow Holdback Program
- HomeStyle Renovation
- FHA Streamline 203k

## NON AGENCY

- Non-Warrantable Condos
- Bank Statement Loans
- Asset Based Financing
- Near-Miss Financing

## SUBORDINATE FINANCING

- Fixed second mortgages
- HELOC program

A photograph of a man and a young girl shaking hands in a kitchen. The man is on the left, wearing a light blue t-shirt, and the girl is on the right, wearing a blue top and pink pants. They are both smiling. The background shows kitchen cabinets and a sink.

# the banksouth mortgage process

## INITIAL MORTGAGE CONSULTATION

Your mortgage banker will discuss loan options, down payment requirements, and current interest rates. You will complete your prequalification, and your credit will be pulled.

## INITIATE LOAN APPLICATION

Once you go under contract, we will provide you with an initial list of documentation needed to begin processing your loan.

## DISCLOSURES

Once we have a complete application, we will prepare a packet of disclosures for you to sign. Included in these disclosures is the Loan Estimate, which contains information on the overall cost of your loan.

## APPRAISAL

Once you have received your Loan Estimate and acknowledged your intent to proceed, BankSouth Mortgage will order your title work and appraisal. The appraisal process identifies the market value for the property.

## LOAN PROCESSING

Next, the loan moves to a loan processor, who reviews the file to ensure all the proper documentation is included.

## UNDERWRITING

An underwriter will investigate the information and make the final decision to approve the loan. Because each loan is unique, the underwriter may request additional documentation.

## REVIEW YOUR CLOSING DISCLOSURE

A critical component of the loan process is YOUR confirming receipt by signing the Closing Disclosure a minimum of 3 business days before closing. This document further reviews the overall cost of your loan.

## CLOSING

3 days after you return your signed Closing Disclosure, you are able to close on your loan! At the closing, you and the seller will be required to sign the final loan closing documents. Now, move into your new home!



# five things to know

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1

## INITIAL MORTGAGE CONSULTATION

This should always be the first step in shopping for a home. This gives you an estimate of the size of mortgage loan you qualify for based on your credit score and financial profile. A prequalification gives you an idea of how much home you can really afford and is a signal to real estate agents that you are a serious buyer.

2

## THINK ABOUT YOUR LONG TERM PLANS

How long do you plan to be in this home? If it's 10 years or less, you may want to consider an Adjustable Rate Mortgage instead of a longer-term fixed-rate loan. These mortgage programs typically have a lower starting interest rate, or initial interest rate, and thus, a lower monthly payment.

3

## YOUR MONTHLY PAYMENTS

Your monthly payment includes more than just paying back your loan. You are responsible for paying hazard insurance, property taxes, and potentially mortgage insurance and/or a homeowners' association fee in addition to your mortgage payment. These factors can drastically increase your monthly obligation, so it's important to look at your total liability with your lender.

4

## CREDIT SCORE AND ACTIVITY

This is one of the largest factors for determining your loan qualification. There are minimum credit score requirements for all loan products. Your lender is required to monitor your credit activity throughout the loan process, so it's important to avoid making large purchases or taking out new lines of credit during this time.

5

## DOWN PAYMENT AMOUNT AND THE SIZE OF MONTHLY PAYMENT

Depending on the amount of cash you have on hand, you may desire to either make a smaller down payment and have a higher monthly obligation or put more money down initially and owe less every month. This is an important decision to discuss with your lender. You may want to avoid putting the majority of your savings into a down payment in order to afford additional expenses after you move in.







# understanding credit scores

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No two credit scoring systems are alike. However, each system does take some common items into account when determining your credit score. According to the Federal Trade Commission (FTC), these are the most common actions you can take to establish good credit and raise your score.

- Pay all of your bills on time. Credit cards are usually not your only bills, so make sure you are remembering things like student loans and doctor bills. This is the most significant factor that goes into calculating your credit score.
- Try to spend less than 50% of your credit limit each month. Ideally, using only 30%-40% is best. When you continuously use your maximum amount of credit, bureaus view your spending habits as risky, even if you pay off your full balance. If you are trying to improve your credit, make sure to focus on paying off as many of your balances as you can. Don't forget that closing an account lowers your overall amount of credit, so pay close attention to how your credit utilization percentage may change.
- Establish credit as soon as you can and work to maintain positive credit usage. History is usually the best predictor of the future when it comes to financial habits, and the bureaus like to have an adequate amount of history to determine what your habits are.
- Space out applications for credit. Applying for too many new accounts in a short time period can negatively affect your score. When offered a discount for opening up a store's credit card, think twice about what that discount could end up costing you on your credit report. If you are trying to improve your credit score, it is usually a good idea to not open any new accounts.
- Make sure to balance your amount and types of open credit lines. Having too little or too many accounts can negatively affect your score. In addition, having variety in your accounts can be a plus. Diversify the type of credit you have and establish a revolving line of credit, such as a home or car loan, if possible.



## documents needed

### FOR CREDIT APPROVAL:

- Most recent two years tax returns, federal only, all pages as well as any W-2s, 1099s, or K-1s. If you are self employed (own 25% or greater) and file corporate tax returns, please provide a copy of the last two years. If you have filed for an extension for this year, please provide a copy of the filed extension and your two prior year's returns. Please be sure these are signed
- Thirty days' most recent pay stubs for all current employers
- We require a two year employment history – if there are any gaps in your employment, a letter of explanation will be needed.
- Most recent available asset statements (checking, savings, brokerage accounts, money markets, etc.) covering at least a two month period. Please provide all pages even if blank or a reconciliation page.
- If you have a retirement account (IRA & 401(k)), we will require the most recent statements, all pages. If applicable, please provide the terms under which funds to be used at closing can be withdrawn.
- Driver's license copy for all borrowers (a scanned copy or enlarged photocopy works best for legibility purposes)
- If available, name and phone number of the insurance company you have selected to insure the property
- Copy of earnest money check and proof the funds cleared your account
- Fully executed contract with all exhibits and addendums for all parties

### IF APPLICABLE:

- Your current landlord/property management company's contact information. If you rent from an individual, then 12 months of canceled rent checks may be requested.
- If you are divorced or separated, a copy of your recorded divorce decree or legal separation agreement may be necessary to document any spousal support.
- Contract on the house you are selling
- Copy of child support order - all pages
- If you have filed bankruptcy in the last 7 years, we will require a copy of your filing and discharge papers in their entirety.
- Copy of current mortgage statement for all properties currently owned (including residence, lot or business property), as well as a copy of your tax bill, HOA/condo dues, and insurance premium.
- Additional identification documents may be required for permanent resident aliens or non-permanent residents (i.e. visa, green card, etc.).
- Additional documents will be required for condo purchases.
- If self employed, copy of most recent profit and loss statements.



## appraisal tips

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In an effort to speed up the appraisal process in general, here are a few of our top tips for the process. Please feel free to contact your mortgage banker with any questions.

- Ensure that all amendments, exhibits, and the contract are fully executed and have been provided to the lender. The appraiser requires a fully executed contract to complete the appraisal.
- Let the lender know if you are getting a home inspection before the appraisal. It is recommended that this is done first in case there are repairs that need to be negotiated. The borrower will not be refunded the appraisal cost once the appraisal is complete or if the contract does not go through due to repairs.
- Appraisals can be ordered when the home is 90% complete on VA loans and when the home is at sheetrock for all other loan types.
- The appraiser will need to check all systems and appliances throughout the house; therefore, the water, electricity, and gas (if applicable) need to be on. This does not apply to new construction as these systems will be checked with the final inspection.
- Before the appraisal, please make sure all systems are operable in the house as the appraiser is not allowed to turn on water at the street, turn on anything in the breaker box, etc. due to liability reasons.

\*All appraisals are subject to underwriting approval.



## hazard insurance guidelines

### IS YOUR NAME CORRECT ON THE POLICY?

Your first name, last name, and suffix must match loan documents.

### IS THE ADDRESS CORRECT?

This should match all loan documents and USPS.com with any acceptable abbreviations for road types. The directional or condo unit type do not have to be updated as long as the actual unit number is identified.

### WHEN IS THE EFFECTIVE DATE?

This must be on or BEFORE closing date. A policy can be dated a maximum of five days prior to closing and must be within the same month. If a closing rolls into another month an updated effective date is required.

### ARE YOU REFINANCING?

Your policy period should have four months remaining at time of closing. If not, you will need to get an updated policy or dec page with the effective date of the policy as the closing date.

### WHAT CAN YOUR DEDUCTIBLE BE?

Your deductible cannot exceed 1% of the dwelling.

### WHAT DOES THE MASTER POLICY NEED TO INCLUDE?

It must include your name and specific address with the unit number.

### WHAT AMOUNT OF COVERAGE DO YOU NEED?

The loan amount or Total Estimated Cost New must be covered by the insurance policy. If coverage amount is not enough, a replacement clause is required.

\*Guidelines and requirements are subject to change.

# BankSouth<sup>®</sup>

## MORTGAGE

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