Purchasing Your Home

HOMEOWNER GUIDE

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Purchasing Your New Home

Purchasing Your New Home

This section provides a brief overview of important items associated with the purchase, financing, and selection of design items.

Several standard forms are used when you purchase your new home. These include the Purchase Agreement and Purchase Addenda. The Purchase Agreement and all Addenda are subject to approval by the Management of Classic Homes.

> **All Parties Must Sign**
>
> All documents must be signed by all parties involved before the purchase agreement becomes binding.

What's in this guide

- **Purchase Agreement** — the legal document that represents your decision to purchase a home.
- **Addenda** — the description of your home, financing information, standard features, and options.
- **Change Orders and Publication #43** — making changes after the agreement is executed, and Colorado's guidance on local soils.
- **Arranging Your Loan** — selecting a lender, the application appointment, processing, approval, and contingencies.

Key terms

Purchase Agreement — the legal document which represents your decision to purchase a home. It includes the plan number and elevation (exterior design) of the home you have selected as well as addenda and documents required for the purchase of the home.

Addenda — a description of your home (both a legal description and the street address), financing information, Homeowners Association information (if applicable), and additional legal provisions, followed by a list of the standard features and the options you have chosen, along with the price of each.

Change Order — the form used to make changes to your original contract after the Purchase Agreement is executed and before or during the construction of your new home.

Publication #43 — the Colorado Geological Survey's Special Publication #43, which presents general recommendations for dealing with Colorado's unique soils.

Ready to Start Checklist — the document summarizing everything you must complete before construction of your home begins.

Purchase Agreement

Purchase Agreement

The Purchase Agreement is the legal document which represents your decision to purchase a home. It includes the plan number and elevation (exterior design) of the home you have selected as well as addenda and documents required for the purchase of the home.

The Purchase Agreement and all Addenda are subject to approval by the Management of Classic Homes. All documents must be signed by all parties involved before the purchase agreement becomes binding.

Please read the agreement and all addenda and attachments carefully. Your Sales Counselor will assist you with any questions you may have.

> **Your Main Point of Contact**
>
> During the purchasing and building of your new home, your Sales Counselor will be your main point of contact.

In this section

- **Addenda** — the description of your home, financing information, standard features, and the options you have chosen.
- **Change Orders and Publication #43** — how changes are made after the agreement is executed, and the Colorado Geological Survey guidance on local soils.

About this Homeowner Guide

Since this Guide contains a lot of information concerning your new home, it should be referenced often during the purchasing and building of your new home. After closing and moving into your new home, please reference this Guide before submitting a warranty request and for maintenance suggestions.

Addenda

The Addenda includes a description of your home (both a legal description and the street address), financing information, Homeowners Association information (if applicable), and additional legal provisions.

This is followed by a list of the standard features and the options you have chosen for your new home, along with the price of each.

> **Choosing Your Options**
>
> For complete details on the process of making choices for your new home, see your Sales Counselor for available options.

Related

- **Purchase Agreement** — the legal document the addenda attach to.
- **Change Orders and Publication #43** — changing your contract after it is executed.
- **Design Studio Selections** — selecting colors and finish materials for your new home.

Change Orders

This form is used to make changes to your original contract after the Purchase Agreement is executed and before or during the construction of your new home.

Change orders are subject to the terms outlined in the purchase contract and Classic Homes Change Order Procedures.

Publication #43

The Colorado Geological Survey, State of Colorado Department of Natural Resources has prepared **Special Publication #43**. This publication presents general recommendations for dealing with Colorado's unique soils.

> **Consult It Before You Landscape**
>
> Please refer to this Publication when you landscape your new home.

Ready to Start Checklist

To provide you with a more efficiently and accurately built home, your home will be started once the Ready to Start Checklist is completed.

This document summarizes all the items that you are required to complete before the construction of your home begins, and includes such items as loan application, color selections, selected options, and approved change orders.

What Happens Next

Once the Ready to Start Checklist is submitted and approved, a **job information sheet** is generated. The job information sheet incorporates all of the options selected. Our Purchasing and Estimating Department also generates purchase orders from the information provided within the job sheet.

> **Late Changes Can Delay Your Closing**
>
> A number of discrepancies can occur out in the field when changes take place after the start package is completed and the construction of your home has begun. If a request is made after your home reaches a certain stage of the construction, the home may need to be put on hold, resulting in a delayed closing. Please see your option price book for a list of the stages of construction.

Please see your Sales Counselor for additional details concerning this procedure. Classic Homes reserves the right to amend and/or suspend the Ready to Start Checklist and Start Program.

Financing Your New Home

Financing Your New Home

Unless you are paying cash for your new home, the first item that requires your attention is the selection of a lender and completion of a mortgage application. This should be accomplished as soon as possible.

> **Bring Your Purchase Agreement**
>
> Take your completed purchase agreement with you when you first visit your lender.

Our Recommended Lender

Classic Homes is proud to recommend **Pentrust Mortgage** for all of your mortgage and financial needs. Pentrust Mortgage, like Classic Homes, is fully committed to delivering a quality product while providing exceptional customer service. Your Sales Counselor will provide an introduction to Pentrust Mortgage.

While you can select any Mortgage Broker for your financing, we recommend Pentrust Mortgage.

Disclose Completely

It is the job of the lender to understand completely your particular financial circumstances. When providing the lender with the information they need to process your loan application, please make sure that you disclose accurately and completely all the information and items they request.

> **Incomplete Information Causes Delays**
>
> Overlooked items or inaccurate data can cause delays or even totally stop the process of obtaining a loan.

In this section

- **Loan Application Appointment and Checklist** — what to gather before your appointment.
- **Your Loan Application Appointment** — what happens at the meeting with your Loan Officer.
- **Loan Processing** — the verifications, disclosures, and reports your lender orders.
- **Loan Approval and Contingencies** — pre-qualification, final approval, and conditions of approval.

Loan Application Checklist

The amount of documentation and information required for a mortgage can seem overwhelming. The checklist that follows is a general guide prepared to assist you with the loan application.

> **This Is a General Guide**
>
> Some of the items listed may not apply to you, and almost certainly there will be some specific items your lender will request which we have not mentioned.

You can facilitate the mortgage application process by collecting as much of the needed information as you can before your appointment.

A. Property Information

- The Purchase Agreement includes the legal description of the property and the price

B. Personal Information

- Social Security number and driver's licenses for all borrowers
- Home address(es) for the last two years
- Divorce decree(s) and separation agreement(s), if applicable

C. Income

- Most recent pay stub(s), covering the last 30 days
- Documentation on any supplemental income: bonuses, commissions
- Names, addresses, and phone numbers of all employers for the last two years
- W-2's for the last two years
- If self-employed or commissioned sales, copies of the last two years' tax returns with all schedules, and year-to-date profit and loss for the current year, signed by an accountant

- Documentation on any alimony/child support, if such income is to be considered for the loan

D. Real Estate Owned

- Names, addresses, phone numbers, and account numbers of all mortgage lenders and landlords for the last five years
- Copies of leases and two years' tax returns for any rental property
- Market value estimate

E. Liquid Assets

- Complete names, addresses, phone numbers, and account numbers for all bank accounts (credit union, 401K, investment accounts)
- Copies of the three most recent months' statements for all bank accounts
- Copies of any notes receivable
- Value of other assets (auto, household goods, and collectibles)
- Cash value of life insurance policies
- Vested interest in retirement funds, IRA's, etc., with most current supporting statements

F. Liabilities

- Name and account number for all revolving charge cards, balance, and current monthly payment amount
- Name, addresses, telephone numbers, and account numbers for all installment debt; approximate balance and monthly payment (auto and mortgage, etc.)
- Alimony or child support payments
- Names, addresses, phone numbers, and account numbers of accounts recently paid off, if to be used to establish credit

> **Fees at Application**
>
> Please note, you may be asked to pay for a credit report and an appraisal for your new home upon signing the application.

Loan Application Appointment

All information on the application will be reviewed at a meeting with your selected Loan Officer.

What to Expect

Please allow **1–2 hours** for your initial loan application appointment.

Your Loan Officer will review your application and ask you about items that need clarification.

> **Ask Questions**
>
> Your Loan Officer understands the complicated mortgage process, so please ask questions.

Before You Go

Bring your completed purchase agreement, and gather as much of the Loan Application Checklist as you can before your appointment.

Related

- **Loan Application Checklist** — the documentation to collect beforehand.
- **Loan Processing** — what happens after your application is submitted.

Loan Processing

Once all preliminary information has been given to your Loan Officer, verification forms will be sent to your employer(s), bank(s), and current Mortgage Company or landlord. A credit report and appraisal of the property will be ordered. You will have to sign a release form at the time of application to authorize this.

Your lender will provide you with a **Good Faith Estimate (GFE)** and a **Truth-in-Lending Disclosure**.

Key Mortgage Documents

Good Faith Estimate

The Good Faith Estimate lists the costs you will incur in financing your new home.

Truth-in-Lending Disclosure

The Truth-in-Lending Disclosure shows the total cost to you (over the term of the loan) for your specific financing.

Verification of Employment (VOE)

VOE forms are sent to all employers for the last two years. The VOE is completed, signed by the employer, and returned to the Mortgage Company. This will show the date you began your employment, the amount of money you earned last year, and how much you have earned so far this year. The VOE also indicates what bonuses and overtime have been earned.

Verification of Deposit (VOD)

VOD forms are sent to each banking institution listed on your application. The bank(s) will indicate the date you opened each of your accounts, the average balance in each account for the last three months, and the amount of money you have in each account on the day they complete the form. Any loans or overdraft accounts you have with the bank will also be shown.

Verification of Mortgage (VOM)

Mortgage companies and landlords complete verification forms by telling the mortgage company how much you owe them, what your monthly payment is, and your manner of payment. They will normally indicate whether you made your payments by the due date or after.

Credit Report

The credit report will show what amounts of money are owed to each of your creditors. Minimum monthly payments and your manner of payment will also be shown.

Appraisal

The final appraisal on the property confirms for you and your mortgage company that the property is worth what you are paying for it.

Timing

It normally takes several weeks for these reports and forms to be returned to the Mortgage Company. If any delays are encountered, your Loan Officer may contact you for assistance. The credit reporting agency may call you to verify that the information they have gathered is correct.

Once all required documentation has been compiled, you may be asked to write letters in regard to your assets, income, or credit. Please remember that your mortgage company requests these letters to assist you in obtaining your financing.

> **If You Feel Frustrated**
>
> It is at this point that you may become frustrated with the loan process. Do not hesitate to discuss your concerns with your Classic Sales Counselor or Loan Officer; perhaps they can provide some additional insight on what may seem to be minor and/or redundant requests.

Verifying the Final Sales Price

Prior to the Loan Processor working up your file, they will verify the final sales price. Make sure that the Purchase Agreement and all Addenda have been sent to the lender. This assists the lender in determining the exact loan amount.

> **Later Changes May Require Resubmission**
>
> If any changes occur which will affect the sales price or loan amount after this time, the loan may have to be resubmitted, which could delay final loan approval, or additional items may have to be paid for in cash.

Loan Approval

During your first meeting, your Loan Officer will help complete your loan application. After an in-file credit review has been completed, they will issue a **pre-qualification letter**.

> **This Is What Starts Your Home**
>
> The pre-qualification letter allows Classic to start your new home while the final loan approval is still pending.

You will also discuss what additional items may be needed for complete qualification to close the loan.

Timing

Several weeks after your first meeting with the Mortgage Company, you should receive loan approval. If any of the information requested has not been returned to the mortgage company in a timely manner, the time frame will be longer.

> **Talk Before You Buy**
>
> Please discuss any major purchases with your Loan Officer before purchasing the items.

Contingencies

Loan approvals sometimes carry **"conditions of approval"**. The sale of a previous home or proof of funds are two typical examples.

Please be sure to discuss any concern you may have about such conditions with your Loan Officer and obtain any requested documentation as soon as possible.

Once all contingencies are met, final loan approval can be obtained.

Related

- **Loan Processing** — the verifications that precede approval.
- **Design Studio Selections** — note that Classic reserves the right to place a hold on your selections until your loan has been approved and all contingencies are released.