



*New construction homebuyer guide*

# Buy with confidence

Brought to you by:

**Together we'll go far**





## Buying a newly built home?

It can be exciting. There's nothing quite like the experience of settling into a home that's built to your tastes and needs.

And we're here to help you finance the home of your dreams.

This guide is designed to give you a step-by-step overview of the financing process so you can have peace of mind as you focus on building your new home.

# Possible benefits of new construction

There are benefits to purchasing a new home, as outlined below. However, you should carefully weigh the options and considerations, including the benefits of an existing home, before deciding if a new home is right for you.

## 1. Do it your way:

Give your home a personal touch. Everything from floor plans and paint colors to faucets and fixtures, are yours to select.

## 2. More space:

Built with today's owner in mind, new construction floor plans typically offer more closet, garage, and storage space than older existing homes.

## 3. Improved safety:

Hard-wired smoke detectors and alarm systems with battery-powered backup are often among amenities available for your family's safety and security. Homes built today must also meet strict code standards. New construction materials have eliminated or reduced asbestos, lead, VOCs, and formaldehyde emissions.

## 4. Energy efficiency:

With today's heating and cooling systems, better insulation techniques, and improved window construction, homes are more energy efficient than they've ever been.

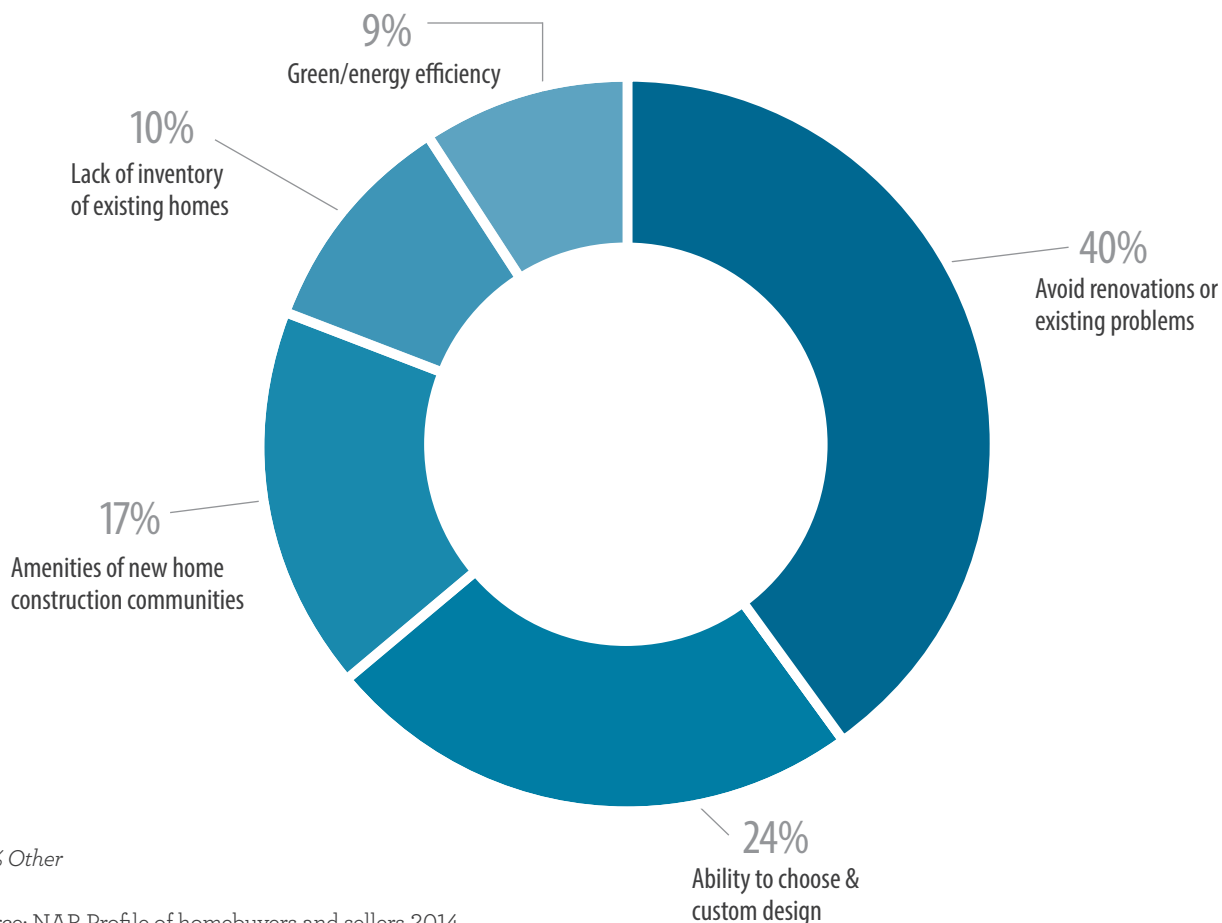
## 5. Community amenities:

Many new communities provide lifestyle amenities such as playgrounds, pools, tennis courts, hiking and biking trails, and more.

## 6. Less maintenance:

Brand new appliances and some new home builders may include warranties for their products. This means you can enjoy your time and money on things other than repair bills.

## Top reasons cited for purchasing new construction homes



\*15% Other

Source: NAR Profile of homebuyers and sellers 2014



## Helping you finance your new home

More families have chosen Wells Fargo than any other lender for their new construction home loan needs — and with good reason. We've simplified new construction financing from the ground up. And you can take advantage of special programs like:

### **Builder Best<sup>®</sup> Extended Rate Lock program**

Protect yourself against rising interest rates. This program requires a non-refundable extended lock fee<sup>1</sup> and enables you to lock in an interest rate for a set period — up to 24 months for certain loans. If rates increase during the construction process, you remain protected through your rate lock period. What if interest rates decrease? Take advantage of it. You may seek to exercise a one-time float down to the current lower rate.<sup>2</sup>

### **PriorityBuyer<sup>®</sup> preapproval**

A great way to build with confidence is to know how much you've been approved for. A **PriorityBuyer** preapproval provides you with an estimate of the loan amount you may qualify for — and a price range of homes you may want to consider for purchase. It is not a commitment to lend, but a tool to assist you in the home shopping process.<sup>3</sup>

1. If the property appraisal report does not satisfy the Lender's requirements or the Lender denies the application as not creditworthy, the extended lock fee is refundable. In all other events, the extended lock fee is non-refundable. The extended lock fee is based on the lock period and the rate lock option that is selected. The program is allowed with qualified products with lock features ranging up to 24 months.

2. Exercising the one-time float-down option is not allowed within 30 days of the original lock. The float-down option is available within the earlier of 60 days of loan closing or lock expiration date. The float-down option allows a change to any lender product or program or re-lock to the current available interest rate. Change of loan product or program, change in loan-to-value ratio, or float-down to current available interest rate will require underwriting approval.

3. A **PriorityBuyer** preapproval is based on our preliminary review of information provided and limited credit information only and is not a commitment to lend. We will be able to offer a loan commitment upon verification of application information, satisfying all underwriting requirements and conditions, and property acceptability and eligibility, including appraisal and title report. Preapprovals are subject to change or cancellation if a requested loan no longer meets applicable regulatory requirements. Preapprovals are not available on all products. See a home mortgage consultant for details.

# Steps to financing your new home

Creating a smooth financing process is what we strive for. To help you better understand the process, we've laid it out—step by step—so you know what to expect along the way. And a home mortgage consultant will be with you every step of the way to answer your questions.



## Initial consultation, application, and home search

- Meet with your Wells Fargo Home Mortgage consultant to discuss your needs.
- Your home mortgage consultant will explain your options, help you fill out an application and find out a mortgage amount you may qualify for or get underwritten credit approval. These will help as you begin to work with your builder.
- You may be asked to provide the information below after you apply for a home loan, or during some part of the loan application process.
  - Most recent two years' W-2s
  - Most recent year-to-date pay stub (less than 30 days old)
  - If self-employment income is used to qualify: Complete personal federal tax returns (all schedules)
  - Most recent two years' completed personal tax returns
  - Most recent two months' bank statements (must include all pages, even if there are blank pages, showing 30-day history from all asset accounts, including checking, savings, 401(k) and IRA)
  - If you own rental properties: copies of leases for all rental properties owned less than one year; most recent personal federal tax return (complete) with Schedule E
  - Complete copy of Bankruptcy Papers, if bankruptcy within past seven years
  - Copy of Divorce Decree/Separation Agreement if applicable
  - Credit Explanation Letter signed by borrowers for any accounts paid more than 30 days late in the past 24 months
  - Copies of receipts for any deposits made to the builder (if applying after home is chosen)
  - Construction contract signed by you and your builder (if applying after home is chosen)
- Search for your home (if home isn't already chosen).
- Work with your builder to determine the options and upgrades you want, keeping in mind the loan limits and guidelines.
- After you've submitted your loan application and identified a property, if your loan is eligible, we'll send you an email invitation to sign onto **yourLoanTracker**<sup>SM</sup> where you can securely upload documents and enjoy real time access to the status of your loan application.
- Receive and review your initial Disclosure Package. This package will be provided to you within three business days after receiving your completed application, and includes your Loan Estimate, which will help you understand the estimated closing costs and fees associated with your loan.
- Receive a welcome call from your home loan processor who will work with you to process your loan.
- Provide acknowledgement that you intend to proceed with your home loan and pay applicable fees.
- Provide all requested documents to us using eUpload (if eligible), mail, or fax.
- Sign and return to us all required disclosures from the initial Disclosure Package using eSign (if eligible), mail, or fax.
- We'll order an appraisal to confirm that the loan amount is supported.
- We'll send you an initial conditional commitment letter. Approval of your loan will depend on the results of the property appraisal and any additional required documents we may need from you. Given the amount of time new home construction can take, many times credit, income, and assets are re-verified and documents that were provided at the beginning of the loan application will be requested again.



## Financial and property review

- Submit any additional documents using eUpload (if eligible), mail, or fax.
- Once your appraisal is approved, and we receive all outstanding documents from you, we'll conduct a final review of your information. If your loan application is approved, we'll send you a final conditional commitment letter, which details the loan amount you're approved for.
- We'll order title work on your behalf. The title company may send you a questionnaire to ensure the information they have been provided is correct. Please complete and return.
- Together, we'll schedule your final closing date.



## Prepare to close

- You'll receive your Closing Disclosure no later than three business days before your loan closing date by mail, or if your loan is eligible, you can conveniently access it using **yourLoanTracker**. It's very important that you carefully review your Closing Disclosure as soon as possible to ensure you understand the details of your loan and to verify the information is correct. If any changes are identified, we may need to send you a new Closing Disclosure, and you'll have another three days to review the updated documents before we can close your loan.
- We'll work with you to confirm your homeowners insurance policy, contact the title company to verify the property title, and notify you of the amount of money you'll need to bring to closing, if any.



## Attend your closing

- We'll confirm your final closing date.
- Your settlement or closing agent will give you a Closing Package, which includes all the details of your loan and important disclosures you'll want to carefully review. Be sure to ask questions if there's something you don't understand.
- Be prepared to read and sign multiple documents.
- Bring a cashier's check with you to pay for any closing costs.

Tips to help you avoid difficulties and delays during the financing process.

### DO

- Keep all credit accounts current, such as mortgages, car payments and credit cards
- Keep copies of all paycheck stubs and any statements on bills being paid
- Make payments on all accounts on or before the due date

### DON'T

- Quit your job or get another job
- Authorize anyone to make an inquiry on your credit report
- Change bank accounts or transfer money within your existing bank accounts
- Make counter deposits at the bank for more than \$500 that aren't part of your income
- Co-sign on a loan
- Take on any additional debt, such as buying a new car
- Apply for credit
- Charge a large amount on existing credit cards

### Contact information and important notes:

My home mortgage consultant: \_\_\_\_\_

My home loan processor: \_\_\_\_\_

My closing date: \_\_\_\_\_

My closing location: \_\_\_\_\_

Cash needed for closing: \_\_\_\_\_

Other: \_\_\_\_\_



Learn more about the home financing process by watching this short video at: [wellsfargo.com/mortgageprocess](https://wellsfargo.com/mortgageprocess).

We're committed to providing you an outstanding experience. If you feel you aren't getting the service you need, please contact us at [wellsfargo.com/findcontact](https://wellsfargo.com/findcontact) or 1-877-510-9896, so we can address your concerns right away.

## Work with a leading lender

Wells Fargo Home Mortgage consultants are trained to pay attention to your goals, help you understand your options, and clearly explain how different loan programs work so you can make informed decisions. Count on us to provide help and information every step of the way — as you plan, when you purchase, and even after you own.

And over the years, as your needs change, we'll be there to help you wherever you live or plan to move. With the resources and capabilities to serve customers in all 50 states, we look forward to working with you throughout a lifetime of homeownership.

Wells Fargo Home Mortgage  
Phone: 1-877-937-9357  
<http://www.wellsfargo.com/mortgage>

Restrictions may apply. Contact your Home Mortgage Consultant for details. Credit is subject to approval. Some restrictions apply.  
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