

## Cover Sheet - Loan Status Disclosure

**B**oth the seller and the buyer should be focused on this form. Why? Because sellers are suspending their effort to sell after they accept an offer and buyers must know whether they qualify for a sufficient loan. Neither of you want to learn several weeks later that the buyer is not qualified. Documented financial pre qualification is a basic necessity.

Don't get hung up on using this particular form. Many lenders provide their own loan qualification form. Any statement signed by the loan officer will be sufficient so long as it identifies the following essential elements: the purchase price, loan amount, loan term (for example 15 yrs, 20 yrs, 30 yrs.), the maximum interest rate and the monthly payment for which the buyer is qualified.

When a prospective buyer visits a loan officer, the loan officer will review the buyer's income, debt, and credit history, With that information the loan officer can provide a certification of the buyer's qualifications.

A standard Loan Status Disclosure form follows at page 6. Sellers, if a prospective buyer does not have proof of qualification on a similar form, signed by a loan officer, then you should copy this form and give it to the buyer. Ask the buyer to take the form to the loan officer, and then return a completed copy, signed by the loan officer, before you accept the buyer's offer.

If the buyer does not have proof of loan qualification but you don't want to wait for proof before you accept a buyer's offer, then add the following to your acceptance: "seller accepts this offer contingent upon buyer returning proof of loan qualification signed by his/her loan officer within 2 business days." With this language added, if the proof of qualification is not returned on time, you can put your home back on the market if you would like.

You cannot complete an adequate Purchase Agreement without the information required in this form. However, the presentation of proof of qualification of the buyer is NOT a valid reason to leave the financing contingency blank in paragraph 14 of the Purchase Agreement. Pre-approval is reassurance of qualification, but it is not a guarantee the home will appraise for the agreed price, or that the buyer's loan is cleared for closing. Therefore, you should complete paragraph 14 (the financing contingency) of the Purchase Agreement even if the buyer is pre qualified.

## Loan Status Disclosure Form

Borrowers/Buyers Name(s): \_\_\_\_\_

Current Address: \_\_\_\_\_

Street address

City or Town

State

Zip code

Purchase Price dollar amount pre qualified, pre approved, or approved for:

Maximum Sale Price: \$ \_\_\_\_\_, Loan-to-value ratio: \_\_\_\_\_ %

Loan Amount \$ \_\_\_\_\_ Maximum interest rate: \_\_\_\_\_ %

with a total monthly payment not to exceed \$ \_\_\_\_\_

The current status of pre-qualification or application status of the borrowers/buyers is:

**Pre-qualification, WITHOUT credit review\*:**

The borrowers/buyers listed on this form have INQUIRED with our firm about financing to purchase a home and the documentation they provided regarding income and down payment has been reviewed by the loan originator listed below. It is the opinion of said loan originator that the borrowers/buyers should/would qualify for the terms listed in the attached letter.

**Pre-qualification, WITH credit review\*:**

The borrowers/buyers listed on this form have INQUIRED with our firm about financing to purchase a home and the documentation of income, down payment and **credit report** have been reviewed by the loan originator listed below. After careful review, it is the opinion of said loan originator that the borrowers/buyers should/would qualify for the terms listed in the attached letter.

This Pre-qualification is  **WITH** or  **WITHOUT** Automated Underwriting approval.

**Pre-Approval\*:**

The borrowers/buyers have APPLIED with our firm for a mortgage loan to purchase a home and the loan application has been approved by an Automated Underwriting System issued or accepted by FNMA, FHLMC, HUD or Nationally recognized purchaser/pooler of mortgage loans, and a conditional commitment has been issued. See attached commitment.

**Approval\*:**

The borrowers/buyers have APPLIED with our firm for a mortgage loan to purchase a home and the loan application has been reviewed by the actual lender's underwriter and conditional commitment has been issued. See attached commitment.

*\* Please note that nothing contained herein constitutes a loan commitment or guarantee of financing and is used for disclosure purposes only. See actual commitment letter for specific conditions/requirements of the lender. All approvals are subject to satisfactory appraisal, title, and no material change to borrower(s) financial status.*

Information on mortgage company issuing the pre-qualification, pre-approval or approval:

Originating Company's Name: \_\_\_\_\_ Date \_\_\_\_\_

Company Address: \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_  
Street address City or Town State Zip Code

Company Phone: (\_\_\_\_\_) \_\_\_\_\_ Fax (\_\_\_\_\_) \_\_\_\_\_

Loan Originator's name: \_\_\_\_\_ Date: \_\_\_\_\_

Loan Originator's signature: \_\_\_\_\_