

New Construction Loan Checklist

You may need to provide these documents during your construction loan application process. If you have a question about a document, print this checklist and write the question in the *notes and reminders* space below. See *documents and definitions* to learn more about these terms.

Income verification — salaried

- Pay stubs for the most recent 30-day period for each applicant
- Most recent W-2 statements for each applicant

Income verification — self-employed

- Complete, signed federal tax returns for the last two years, including schedules and statements (If your company is incorporated, provide corporate returns as well.)
- A copy of an extension to file, if applicable
- Year-to-date profit and loss statement if after June 30

Other income sources

- Verification of secondary income — alimony, child support, disability or retirement income, or separate maintenance agreements
- Copies of any leases and two years of federal tax returns on any rental properties you own

Deposit verification

- All pages of checking and savings account statements from the most recent 30-day period
- All pages of asset account statements from the most recent 30-day period (Internet screen prints generally are not acceptable.)
- Gift letter or evidence of the sale of your previous home, if applicable to your situation
- Verification of large deposits

Construction and builder documents

- Construction plans and specifications
- Fully executed purchase/construction contract for all work
- HUD1 settlement statement from the purchase of the land if the purchase occurred within the past 12 months
- Deed for land if owned for less than 12 months
- Name, phone number, and address of builder and preferred settlement agent — title company, attorney, or escrow agent
- Certification for any private well or septic system
- Verification of deposits to your builder and/or land seller, such as a copy of a certified check
- Verification of Wells Fargo or affiliate deposit account

Wells Fargo Home Mortgage will order a full appraisal of your property. Any post-appraisal change orders may cause a delay in construction loan closing and the start of construction.

Notes and reminders

Documents and definitions

Asset/bank statements

Statements from personal and/or business checking, savings, brokerage, retirement and money market accounts that are requested in order to verify assets, income, or the sources of large deposits, excluding paychecks. Typically, borrowers are asked to send statements from the previous two or three months.

Federal tax returns (1040s)

May be requested, along with accompanying schedules, to verify income derived from a variety of sources, including:

- Self-employed income, contract income
- Employee business expenses, including automobile allowance
- Rental income
- Pensions, Social Security or retirement income
- Royalty payments, interest or dividend income
- Seasonal income/ unemployment compensation
- Capital gains, notes receivable
- If employed by a relative, family business, or someone involved in the transaction

Gift letter (gift statement)

Written verification that gift funds are coming from an appropriate source and in an appropriate manner. For example, it helps to ascertain that the gift is not an inducement to purchase a certain property. Appropriate sources are typically relatives, fiancé/fiancée, or a domestic partner. A gift from any other source is considered an inducement to purchase and may require a reduction in the sales price. A gift letter should include:

- Donor's name, mailing address, and phone number
- Amount of gift
- Name of recipient (must be the borrower)
- Donor's relationship to the borrower
- Subject property address
- Location of funds, either in borrower or donor's account; depository name, address, and account number
- Donor's and borrower's signatures

HUD 1 settlement statement

A form used at closing that gives an account of the funds received and paid at the closing. Can be requested to verify the receipt of proceeds from sale of the buyer's current home, as well as in some refinance situations.

Pay stubs

Documentation of compensation from employer, either monthly or bi-weekly. Online pay stubs must be signed by a company representative.

Profit and Loss (P&L) Statement

A summary of the revenues, costs, and expenses incurred during a specific period of time. Such a statement demonstrates the ability of a company to generate profit by increasing revenue and reducing costs.

Purchase contract

A signed agreement between the buyer and seller describing all the terms of a real estate purchase transaction. Also known as a sales contract.

W-2s

Wage and Tax Statement. A borrower may be asked to provide a W-2 from the most recent year or two years to verify monthly income.

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