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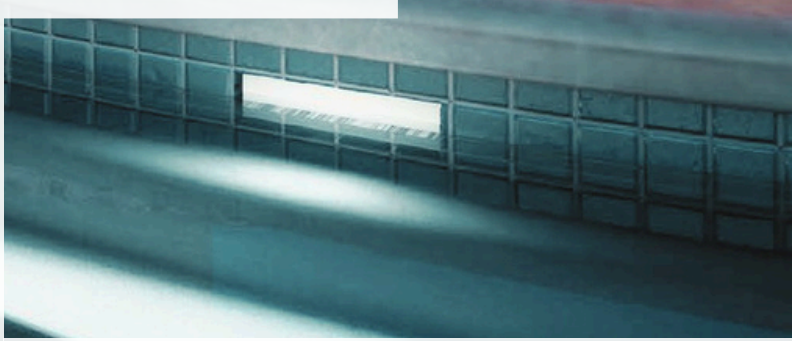
Preparing for your

PREAPPROVAL AND MORTGAGE APPLICATION



PURCHASING A HOME IS EXCITING. But before you can begin your home search, you must first consult with a mortgage lender so they can verify your creditworthiness, employment status, income, and assets. Once you receive a preapproval letter stating how much you can afford to pay, you can begin working with a trusted real estate agent to find your dream home.

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PREPARE YOUR DOCUMENTS AHEAD OF TIME

Assets
Be prepared to provide documentation for all your assets, including trust income, investments, 401(k) plans, IRAs, CDs, brokerage accounts, and any other significant cash reserves.

Bank statements
You'll need to submit up to three months of bank statements so the lender can verify that you have enough money for your down payment, the closing costs, and, depending on your lender, up to six months' worth of housing costs reserves.

Down payment
The lender will need to verify where your down payment is coming from, so you'll have to show proof of these funds, whether it's through money saved in the bank, cash from an investment, or other cash reserves. In addition, if a family member or friend is giving you money, they will need to supply a gift letter to the mortgage company stating the money will not have to be repaid.

Lease copy
If you've been renting, the loan officer will require you to provide a copy of your lease agreement, the monthly rent amount, and verification from your landlord of your on-time payments for the past twelve months.

List of current debts and expenses
You will need to submit a list of all your liabilities, including student loans, child support or alimony payments, outstanding credit card debt, personal or auto loans, medical bills, and lines of credit. This will help the lender assess your ability to successfully pay your mortgage on time each month for the life of the loan.

Proof of employment or job offer letter
Be prepared to submit copies of your signed tax returns from the past two years along with pay stubs from the last thirty days to show you are employed. If you're in between jobs, you can use a verified job offer letter to show proof of pending employment.

Self-employment documents
If you're self-employed, the lender will need to verify your status. They will likely ask for several items, such as proof of your business insurance and business license, proof of membership in a professional organization, or emails or letters from existing clients.

Proof of identity
A copy of a valid driver's license, passport, social security card, or government-issued ID will be required to prove your identity when submitting your loan application.

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GATHER ADDITIONAL INFORMATION

Additional sources of income

If you have an extra source of income, such as alimony, child support payments, disability, retirement benefits, or a pension, the lender will want to include it in your mortgage application.

Other property ownership

If you own additional properties, you'll need to disclose detailed information, including the property value, loan type, lender names and account numbers, monthly payments, unpaid balances, and other expenses associated with owning them. You will also need to divulge how the property is being used, whether it's as a second home, a rental, or an investment.

Supplementary records

In addition to the required documentation, your lender may ask you to submit other records that could have a bearing on your loan application, such as a divorce decree, bankruptcy, or foreclosure. Also, if you're a noncitizen, you can still qualify for a mortgage, but the lender must verify your residency, immigration, and employment status.

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MORTGAGE APPLICATION DOCUMENT CHECKLIST

Use this checklist to help gather and keep track of the documents your lender will need. Keep in mind that many lenders have their own criteria, so additional documentation may be required as you move through the loan process.

Provide Copies of the Following Applicable Items:

- ☐ Copies of two current IDs (driver's license, social security, passport, military, birth cert.)
- ☐ Two most recent paystubs in the last 30 days
- ☐ Last two years Federal Tax Returns, W2's & 1099's
- ☐ Two Most Recent Bank Statements (all pages on all accounts)
- ☐ Current 401K, Money Market, CD, Stock or Investment account statements (if applicable)
- ☐ Provide ALL Employer HR contact info for the last 2 years employment history
- ☐ Residence History for the last 2 years (include last 12 months landlord info)
- ☐ Annual Award Letter &/or Benefits Check (social security, retirement, disability, etc.)
- ☐ Letter of Explanation for Delinquent Credit Ratings (if applicable)
- ☐ Veterans - Copy of DD214 and Certificate of Eligibility
- ☐ Refis- Most Recent Property Tax Bill & Mortgage Statement (for all properties & mortgages)
- ☐ Refis - Copy of Home Owner's Insurance Declaration Page & Agent's contact Info
- ☐ Refis - Adjustable Rate Loans - Copy of 1st Mortgage Note, Note Riders / Addendums
- ☐ Refis - Adjustable Rate Loans - Copy of 1st Mortgage Note, Note Riders / Addendums

If Prior Bankruptcy, Foreclosure or Divorce

- ☐ Copies of Bankruptcy Filing and Discharge Papers
- ☐ Letter of Explanation for Bankruptcy
- ☐ Letter of Explanation for Foreclosure
- ☐ Copy of Divorce Decree
- ☐ Copy of Court Order & 6 months payment history if paying/ receiving child support (this is needed to verify payments are paid or received on time)

Self-Employed Borrowers or Landlords:

- ☐ Business taxes for the last two years
- ☐ Profit and Loss Statement for the last two years
- ☐ Copy of Partnership Agreement or Articles of Incorporation
- ☐ 12 months bank statements for all accounts
- ☐ Copy of 2 most recent paycheck stubs if drawing a salary
- ☐ Proof of business for the last two years (copy of business license, etc.)
- ☐ Copy of rental or lease agreement(s) on all rental properties

CONCLUSION

Although the mortgage application process may seem overwhelming at first glance, you can ease the stress by obtaining the necessary documents in advance and checking off each item as it is collected. And when you're ready to buy, be sure to contact a real estate agent for help with the purchasing process.

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