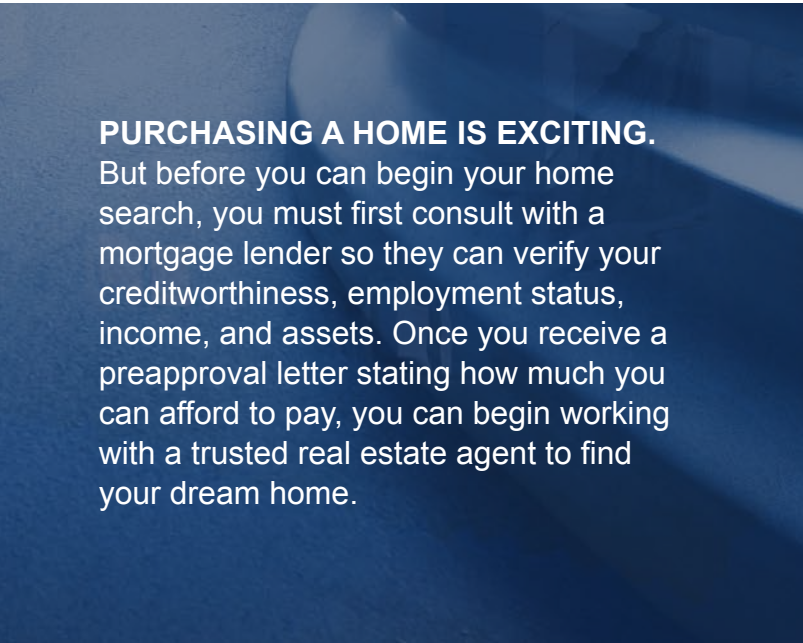




*Preparing for your*  
**PREAPPROVAL  
AND MORTGAGE  
APPLICATION**



**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.

# 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.





# 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.



# 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.

## Personal

- Driver's license/government ID/passport
- Social security card
- Divorce decree (if applicable)
- Veteran status (VA loan qualifier)
- Work visa or permanent residence card (if applicable)

## Employment/income

- Pay stubs from the previous thirty days
- Federal income taxes from the past two years
- W-2s from the past two years
- 1099s from the past two years (commission income)
- Bonus/overtime income
- Proof of employment letter (if changing jobs)
- Profit and loss statement from the past two years (if self-employed)
- Balance sheet from the most recent quarter (if self-employed)
- Pensions/military benefits
- Alimony/child support income
- Disability payments
- Other sources of income

## Assets

- Copy of bank statements for both checking and savings accounts (two most recent)
- Proof of down payment and earnest money
- Investments, money market, and retirement statements (401(k), IRA, etc.)
- Gift letter
- Copy of check or wire transfer for gift funds
- Additional monetary reserves

## Liabilities

- Student loan statements (current or deferred)
- Auto loan statements
- Credit card statements
- Alimony/child support payment schedule

## Property

- Current lease agreement (if applicable)
- Second or investment home loan, home equity loan, or line of credit
- Bankruptcies/foreclosures





# 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.

