

MORTGAGE PRE-APPROVAL CHECKLIST

Preparing for a home purchase is an exciting endeavor. Remaining organized through the process can not only help speed it up, but help with receiving favorable loan terms. Below, we've provided a handy checklist of items that may be applicable during the pre-approval process for a mortgage.

- **Copies of Drivers Licenses** - Providing proof of identity helps prevent fraud. All buyers on the loan will typically be required to provide at a minimum, their driver's licenses.
- **Mortgage Statement (if current homeowner)** - If you currently own a home with a mortgage, your lender will want to know how much you're currently paying each month, remaining balance, and terms. Regardless of whether you plan on keeping the current home, the lender will want to know these details as it's an important aspect of evaluating your "risk".
- **Statements for ALL Outstanding Loans (student loans, personal loan, credit cards, etc)** - The lender will also want to know what debt obligations you have and the amount you pay monthly. These factor into the important debt/income ratio lenders will rely on in the evaluation process. The highest debt/income ratio that a lender will typically approve a mortgage for is 43%. Working on reducing debt prior to applying is key to receiving favorable terms.
- **Bank Statements** - Checking and savings account statements will help reveal to the lender the amount of cash you may have available for a downpayment.
- **Retirement Account Statements (IRA's, 401(k)'s, 403(b)'s, etc)** - While not ideal to use retirement assets for a home purchase, the lender does use the assets to help evaluate your overall financial situation.
- **Investment Account Statements (Individual, Joint)** - These accounts could potentially be used to help pay the mortgage and/or used for a downpayment.
- **Pay Stubs** - Reveals to the lender that your income is what you say it is. Typically, 30-60 days worth of pay stubs is required.
- **Property Tax Bill (if current homeowner)** - Included in the debt/income ratio.
- **Tax Returns (Form 1040)** - Helps to verify social security, employment and income. Typically, 2 years of prior tax returns are necessary.
- **W-2 Forms** - Prior 2 years are typically required to verify income.
- **Profit & Loss Statements (if self-employed)** - Prior 2 years are typically required to verify self-employed income.