

REALESTATE

INFOGUIDE

Helpful Real Estate Information For New Home Owners And Investors



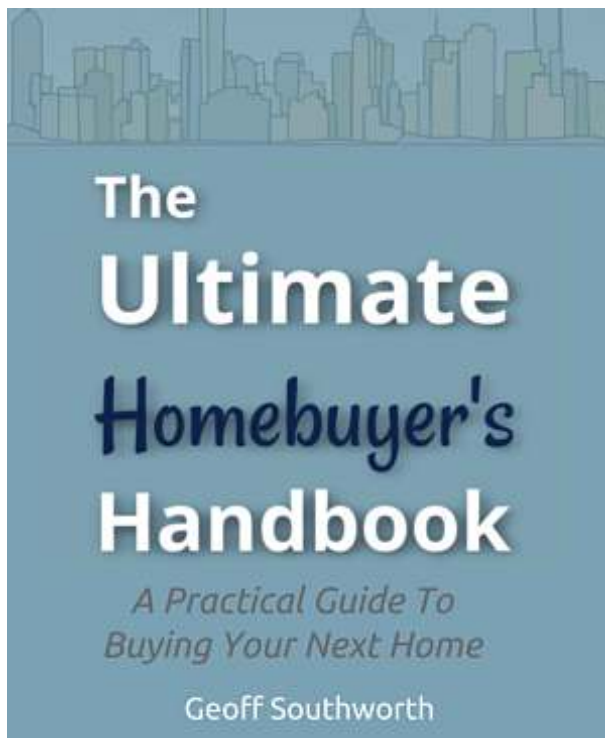
Loan Document Checklist

Before you get started...

This checklist is related to my article: <https://realestateinfoguide.com/21-questions-to-ask-your-loan-officer/>

If you haven't read that post yet, go do that now. "21 Questions to Ask Your Loan Officer" will help you determine the right loan for you and clarify any questions or misunderstandings about the loan you will be given.

This checklist will help you make sure that you have the necessary documents needed when you are ready to go apply for a home loan.



You can learn more about applying for a home loan, along with everything else you need to know about home buying in my latest book, ***The Ultimate Homebuyer's Handbook.***

It's my practical guide to buying a home whether you are a first time home buyer or simply in the market to buy your next home.

Take the confusion and uncertainty out of buying a house by learning ALL you need know and take control of your biggest purchase. By being a step ahead, you can avoid losing out on your dream home!

What You Need In Order To Apply For A Home Loan

1. Tax returns

Mortgage lenders want to get the full story of your financial situation. You'll probably need to sign a Form 4506-T, which allows the lender to request a copy of your tax returns from the IRS.

Lenders generally want to see one to two years' worth of tax returns. This is to make sure your annual income is consistent with your reported earnings through pay stubs and there aren't huge fluctuations from year to year.

2. Pay stubs, W-2s or other proof of income

Lenders may ask to see your pay stubs from the past month or so. Your tax returns help give them a clear idea of your overall financial health, while pay stubs help them gauge your current earnings. If you're self-employed or have other sources of income (such as child support), you may need to show your lender proof through 1099 forms, direct deposits or other means.

3. Bank statements and other assets

When assessing your risk profile, lenders may want to look at your bank statements and other assets. This can include your investment assets as well as your insurance, such as life insurance.

Lenders typically request these documents to make sure you have several months' worth of reserve mortgage payments in your account in case of an emergency. They also check to see that your down payment has been in your account for at least a few months and did not just show up overnight.

4. Credit history

In order to assess you as a borrower, lenders often pull your credit report — with your verbal or written permission.

According to Bruce Ailion, a real estate agent in Atlanta, you may need to explain any blemishes on your credit report. Blemishes might include a previous short sale or a foreclosure.

“You should be prepared to write a statement that explains negative items on your credit report,” Ailion says. “This helps a lender evaluate what kind of risk you are. Lenders may look at one-time unavoidable circumstances differently from habitual delinquency.”

□ 5. Gift letters

Your friends and family might help you buy a house by giving you money. If that’s the case, you’ll need to provide a written confirmation the money is indeed a gift and not a loan. The documentation should list their relationship to you as well as the amount of the gift.

□ 6. Photo ID

You’ll likely need to provide a photo ID, such as a driver’s license. This is simply to prove you are who you’re claiming to be.

□ 7. Renting history

For buyers who don’t already own a home, many lenders will request proof that you can pay on time. They may ask for a year’s worth of canceled rent checks (check that your landlord has cashed). Or, they might ask your landlord to provide documentation showing that you paid your rent on time. Your renting history is especially important if you don’t have an extensive credit history.

Bottom line...

Your lender's goal is to assess you as a borrower and ensure you can make your payments on time. As such, you'll need to provide them with documents that paint an accurate picture of your creditworthiness.

The typical homebuyer will have to provide information about their assets, debts, income and credit history. However, the exact documents lenders need could vary from person to person.

- Identification (usually a state ID, possibly your social security card)
 - Proof of income
 - Employer contact information
 - Contact information (telephone and address)
 - Most recent tax returns (some lenders may ask for several years' worth of tax returns)
 - Proof of assets that relate to ability to pay, such as a 401(k) or other investment assets
 - A completed mortgage application
 - Information regarding all of your bank and credit accounts
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- A signed purchase agreement with the seller
 - W-2s for all employment going back two years
 - Pay stubs for the last 30 days
 - Bank statements for the last 60 days
 - Tax returns going back two years
 - Proof of homeowners insurance
 - 1099 forms if you are self-employed
 - Documented dividends, stock earnings and other sources of income
 - Proof of bonus income
 - Pension statements
 - Securities documents such as stocks, bonds and life insurance policies
 - Social Security or disability income award letters, if applicable

Some lenders may request written verification of your salary and position, printed on your employer's company letterhead. They may also send a verification of employment form for your employer's human resources department to complete.