

What They'll Ask

Documentation for Your Mortgage

By George Runkle

Lenders go to great lengths to lessen their risks. At times, it feels like you are being treated like a possible criminal. Other times it may seem like your loan is the first that your loan processor has laid eyes upon. In either case, often hard-to-obtain documents are requested at the last minute, sometimes putting the house sale -- not to mention the loan commitment -- in jeopardy.

To make the process a little easier, I have listed some common documents needed to obtain a mortgage. Having these on hand can speed up your approval.

1. **Bank statements** from last three months. It is important to the lender to see how you've been moving money around. If you made any big deposits in that period from sale of stocks or personal possessions, be prepared to provide documentation.
2. **Documentation of funds.** Have account statements for the last three months from any brokerage account, DRiP plan, or whatever you intend on withdrawing money from for your down payment.
3. **Recent paycheck stub.** This will show that you haven't taken any advances on your pay, and are getting paid what you said you are.
4. **Offer letter.** If you are relocating to a new location and job, have a copy of the offer letter, plus a letter saying you've begun work at that location. Your salary needs to be included in the letter.
5. **Credit information.** How much do you owe and to whom? This information can be found on your credit report, but go ahead and tell them up front. It will save you a lot of heartbreak to know how much you can really qualify for. Be sure to check your credit report before you apply for the mortgage to make sure there are no errors.
6. **Paper trail.** Keep paperwork on any and all funds you move around, such as stocks cashed in, etc. You need to be able to prove to the lender that you didn't borrow the money under the table. I sold my 1964 Thunderbird and had to make out a receipt. Then the lender was going to check out the Blue Book value. It's not in the Blue Book, so I sent the lender a page of '64 T-Bird ads out of Hemmings Motor News to show that the price I got was fair. If the price I sold the car was out of line with its worth, the lender would suspect I borrowed the money from somebody under the guise of selling my car.
7. **Tax returns and W-2s.** Have your tax returns and W-2s from the past two years handy. I only needed to show my tax return for the last year and my W-2s for the past two years. However, they could easily ask for two years tax returns.

8. **Canceled checks** from any previous mortgage. A lender asked for canceled checks from me in only one of my moves. The rates had jumped 2% after my loan commitment, and I suspect the mortgage broker was trying to get out of it. They asked me for one year's copies of canceled checks from the mortgage. I didn't have them because everything I owned was in storage. We had to drive to Perth Amboy, New Jersey to get a printout of our mortgage from the bank that held it. It was a horrible neighborhood, and I got a flat tire on I-95. That's another story. Anyway, be ready for this (the possibility of having to provide canceled checks and getting a flat on a dangerous road).

9. **Employer's address and phone number.** They need this for employment verification.

10. **A copy of the sales agreement for the house that you sold.**

11. **A copy of the sales agreement for the house that you are buying.**

Keep on the lender, make sure the appraisal is done right, and call the processor regularly. Be polite, just ask how everything is going and if you need to submit anything else. Make sure you are reachable. The biggest mistake you can make is to assume everything will go as it's supposed to and that you don't need to worry.