

# Documents Needed by Most Mortgage Lenders to Get Pre-Approved to Purchase a Home

## Do I Really Need to Be Pre-Approved?

Pre-approval helps you set realistic expectations about how much you can afford when shopping for a new home. Knowing this information helps you save time in your search for property you may be interested in and limits disappointment. A preapproval letter also makes you a more attractive home buyer to the seller because it shows that you're a legitimate buyer with the necessary financing.

## How Long Does Pre-Approval Take?

Having the documents ready when shopping for a mortgage lender will help expedite the pre-approval process. This collection of documents is sometimes referred to as a "Green File". If you have all the necessary documents collected in advance, you can often get pre-approved on the same day or within a few days.

## Do All Lenders Require the Same Documents?

While the documents needed for pre-approval are different from lender-to-lender, these are the most commonly requested documents based on our years of experience working with home-buyers.

## What are the Documents Required by Most Mortgage Lenders?

### 1. Identification Documents

Lenders will need to verify that you are who you say you are. They will need...

- Your driver's license, social security card or other form of identification
- Recent residences and tenure at each

### 2. Credit History

Lenders will need evidence that you can pay your mortgage on time and in full. A credit history helps determine your risk level by analyzing the number or types of credit accounts you have open.

- Credit Report and Scores (retrieved by the lender with your authorization)
- Rental history

### 3. Employment and Income Documents

Lenders need to verify that you will be able to repay the loan you will take out to purchase the home. They will need...

- Pay stubs from the past 30 – 90 days.
- Tax returns and W-2s from at least the past two years.
- Employment information (current and past)
- Business records, if self-employed.
- Any additional income sources, such as bonuses, child support, disability, pensions, etc.

#### 4. Assets

Assets serve as additional funds that you have available, if needed, to complete the purchase of your new home.

- Account statements from the past 2-3 months, such as 401k, IRAs, CDs, mutual funds, other investments, retirement funds.
- Information on other real estate if you have other properties

#### 5. Debts

Lenders will calculate your debt-to-income ratio

- Loan statements, such as auto loans, credit cards, personal loans, student loans, etc.

\*\*If you've identified the mortgage companies you are going to work with for pre-approval, ask them for a list of their required documents. This list is fairly comprehensive, but there may be additional or fewer things needed.

#### **Should I shop for mortgage lenders?**

Lenders will try different approaches to pre-approve you to purchase a home and will contact different financial institutions to get you the best interest rate.