



YOUR PRE-MORTGAGE

APPLICATION CHECKLIST



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Applying for a mortgage is a key step in purchasing a home. Being well-prepared can streamline the process and improve your chances of approval. This checklist will guide you through the essential preparations before applying for a mortgage.

1. Review Your Credit Report:

- ✓ Obtain a copy of your credit report from major credit bureaus and check for any inaccuracies. Dispute any errors as they can affect your credit score and, consequently, your mortgage terms.

2. Assess Your Credit Score:

- ✓ Know your credit score, as it will significantly impact your mortgage interest rates. A higher score usually translates into lower interest rates.

3. Calculate Your Budget:

- ✓ Determine how much you can afford to spend on a home. Consider not only the mortgage payments but also property taxes, insurance, homeowners association fees, and maintenance costs.



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4. Gather Financial Documentation:

- ✓ *Proof of Income:* Recent pay stubs, W-2 forms from the past two years, and proof of any additional income.
- ✓ *Bank Statements:* Copies of your bank statements for the last few months to demonstrate financial stability and savings.
- ✓ *Assets and Investments:* Documentation of assets like investments, retirement accounts, and other property.
- ✓ *Debts and Liabilities:* A list of current debts, including credit card debts, car loans, student loans, and any other outstanding obligations.



5. Employment Verification:

- ✓ Prepare documents that verify your employment status and income stability. This could include employment letters and recent pay stubs.

6. Save for Down Payment and Closing Costs:

- ✓ Ensure you have enough saved for the down payment. The typical amount is 20% of the home's purchase price, although some loans may require less.
- ✓ Also, account for closing costs, which typically range from 2% to 5% of the loan amount.

7. Research Mortgage Options:

- ✓ Familiarize yourself with different types of mortgages (fixed-rate, adjustable-rate, FHA, VA, etc.) to find the one that best suits your needs.

8. Get Pre-Approved:

- ✓ Consider obtaining a mortgage pre-approval. It gives you an idea of how much a lender is willing to finance and shows sellers that you are a serious buyer.

9. Understand Your Debt-to-Income Ratio:

- ✓ Calculate your debt-to-income ratio, which is your monthly debt payments divided by your gross monthly income. Lenders use this ratio to determine your ability to manage monthly payments.

10. Keep Your Finances Stable:

- ✓ Avoid making large purchases or taking on additional significant debts before applying for a mortgage. Financial stability and consistency are key during this time.

CONCLUSION

Preparing for a mortgage application involves a thorough review of your finances and an understanding of what lenders look for in a borrower. By following this checklist, you can approach the mortgage application process with confidence, knowing that you have done the groundwork to present yourself as a reliable candidate for home financing.

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