



## How Does the Mortgage Application Process Work – Part III

This is the third part in a series aimed at helping first-time buyers understand the process they will have to undergo to obtain a mortgage. The first article discussed the preliminary work to be done, like checking out your credit score and shopping around for a lender. The second articles described the details of the application interview and becoming pre-approved. This article breaks down the segments of the actual mortgage application.

### THE APPLICATION

Once you select a home loan program, the loan officer or lender will most likely help you to fill out the actual loan application, or she may simply do it for you, asking you for the answers to the form questions. This is where all those important financial documents that you collected are needed. Your application will contain questions about the following:

#### Property Information

Your mortgage lender is loaning you money at a fairly low rate compared with other market loans. This is because the loan is tied to the house you are buying as collateral. That means if anything happens that keeps you from repaying the loan, the lender can repossess your house and sell it to recover his money. For this reason, lenders are very cautious to make sure that the property is worth the selling price. After you submit your application, he will have an appraiser measure the true value of the home. For the application though, you will need to provide a complete, signed copy of the sales contract. You will also need to provide information showing whether you, the borrower, or the seller is responsible for closing costs and other fees. You will probably also be asked to disclose the full address of the property, its age, and the name and contact information of the real estate agent(s) handling the exchange.

#### Personal Info

The typical loan application will ask you to include:

o Social security numbers for yourself and any other co-borrowers

o Your age and marital status

o How much schooling you have had

o How many dependents you have

o Your residence addresses for the past seven years.

o The name and address of your landlord or mortgage lenders of the past two years.

#### Income & Employment History

Your lender will also need to have a documented trail of your work history for at least the last two year. You should be prepared to supply the name and address of your employer(s), information and documents about your salary, bonuses, and commissions. Most lenders will need to see paycheck stubs and W-2 tax forms.

#### Assets



Loan applications usually require detailed listings of your assets. Be sure to bring copies of statements from all your bank accounts and any other savings/retirement/investment accounts. Sometimes you are also asked to list information about your cars on the application including the value of each. They may even ask you to provide a dollar amount for the value of all your other tangible possessions.

#### Debts

Lenders will also ask you to itemize your debts, so be prepared to supply them with credit card statements or student loan statements, as the case may be. Do not try to fudge on this or any other section of the application. Tell your lender about any previous bankruptcies or credit problems. Your credit and debts will be checked against your credit report by your lender. If any discrepancies are discovered after the loan closes, you could be prosecuted for mortgage fraud.

#### Signatures & Fees

Every loan application requires you to sign, indicating that you have been honest in the information you supplied and that you consent to your lender pulling your credit reports. Most lenders will also require you to pay an application fee at the time it is submitted. This amount may vary, but may be as much as \$500.

Look for the last part of this series which will describe what happens to your loan application after it is submitted.