

Taming the paper tiger

One of the most common complaints our mortgage consultants hear from home buyers today surrounds the amount of paperwork required to secure a loan, particularly if they have not purchased a home in more than 5 years.

As lending has become more scrutinized in recent years, lenders are taking additional steps to insure that borrowers are qualified financially to receive a mortgage. The paperwork scrutiny is not intended as an invasion of privacy, but rather, a guarantee to the lender that the borrower will be able to repay the loan.

And even though it's often regarded as inconvenience, it's actually a benefit to the borrower, in knowing that they are qualified financially to meet the terms of repaying the loan each month without hardship.

Some of the documentation is the same as it ever was. Some is new, or the time frame for information is longer.

Here is a list of what you should start with. But don't be surprised if additional information is requested along the way.

- **Proof of income** (varies by how you earn your money – salaried, hourly, self-employed, contract, commission – but usually includes pay stubs for last 30 days and tax information for last 2 years)
- Last 2 years of **IRS Form W-2**, Wage and Tax Statement
- Last 2 years of **signed Federal income tax returns**
- Last 2 months of **bank statements for all asset accounts** (all pages – even if no financial information appears on the page) including IRA, 401K and retirement accounts. Be prepared to document any non-payroll deposits.
- Last 2 years of **employment history**, include names, addresses and phone numbers
- Last 2 years of **residency history**, including landlord contact information
- Explanation of any **new credit inquiries** (request for credit, inquiry by another lender, etc.) and any derogatory credit activity (late or missed payments, etc.), no matter how long ago it occurred.
- Explanation **letter regarding any unique situation** (divorce, relocation, medical) that affects your finances

Buying a home – whether it's your first or your last – is one life's most important decisions. Gathering the paperwork might be inconvenient, but the end result is well worth a little time and a few paper cuts.

For more information about paperwork required for a loan, contact an Allen Tate Mortgage consultant.