

Checklist and tips when applying for a mortgage loan



What is the Mortgage Loan Application Process?

One of the most important steps in acquiring a home is qualifying for financing. Even before you find the perfect home for your family, it is advisable to reach out to a mortgage lender to see how much house you can afford. The best plan is to have an interview with a qualified loan representative who can assess your financial capabilities, and advise you as to your borrowing strength; how much they will lend, what their loan terms will be, and how much money you will need to come up with for the real estate closing and ongoing monthly expenses. This article provides the best guide for preparing to meet your loan officer for the loan application interview.

[Click to download the Foreclosure.com Mortgage Loan Checklist](#)

What Affects the Mortgage Approval?

The job of loan officers, underwriters, and processors is to assemble and analyze the documentation necessary to qualify a mortgage loan application for approval. There are four main elements to assessing the qualification of a loan application:

- Income – from all sources, household income including salaries, bonuses, interest and dividend income, Social Security, and other verifiable sources.
- Assets – cash available, liquid assets (marketable securities), gifts, equity from previous residence.
- Credit – your payment history as reported to credit repositories and reflected in your credit score.
- Property – single family, multifamily (condo or co-op), used home or new construction, neighborhood data.

Your loan profile, based upon these criteria, will determine how much you can borrow, how much down payment you will need to make, which loan program(s) you qualify for, and what the terms of your loan will be. As any of these elements stand out as exceptionally strong, the better the terms of your loan approval will be, including the interest rate, closing costs, and the amount you can borrow. A weaker profile will place limitations on your borrowing choices.

What Can I Do to Prepare for the Loan Interview?

The best source for this information is the [Mortgage Loan Checklist](#). This checklist gives step-by-step details as to the documentation you will need for the loan interview, and offers excellent advice as to what questions to ask of the loan officer. You will want to be prepared with documentation related to income (tax returns and pays stubs), and assets (bank and investment statements). You will also want to be ready with questions of the lender. You want to ask the lender what loan programs are available, what interest rates they charge, and how much your closing costs will be. Make a list of these questions ahead of time so you can come out of the interview a much better educated consumer. The purchase of a home is the largest financial transaction most people will ever make, and being prepared can save many thousands of dollars at closing and over the life of the loan.

What is a Mortgage Approval?

After you have supplied your lender with all the documentation it has requested, and after the lender has processed and verified all this information, it will be in a position to issue its approval. This approval is called a Mortgage Commitment. In that commitment letter the lender will specify the terms of the loan it is offering, including the amount, the interest rate, and an estimate of closing costs. This commitment letter will be accompanied by a number of documents and disclosures detailing your rights and obligations. You will also receive booklets and guides that will help explain the technical terminology. The better prepared you are with your knowledge of these terms, the better prepared you will be to have a successful and rewarding mortgage loan experience.

We recommend that you use the [Mortgage Loan Checklist](#) as a guide to the application process. This checklist outlines a step-by-step approach to preparing for the loan interview. It will not only help to keep you organized, but it will also explain what documentation you should take to the loan interview, and just as important, supply you with the right questions to ask of the lender. Being prepared ahead of time will assure you of the best possible mortgage loan experience.