Utah State University Extension — electronic publishing

HOME OWNERSHIP FACT SHEETS

Completing A Mortgage Loan Application

Leona K. Hawks, Professor, Extension Housing Specialist
Tawnee McCay, Family Life Center Director

FL/HO-02 March 2002

Information Needed To Complete A Mortgage Loan Application

You will need this information when making the application for your loan. If you take all of these with you to the mortgage lender, it will save time and the need of an additional appointment. If you are married, it is helpful to have your spouse present to sign papers, etc.

1. Purchase contract for the house.
2. Complete names, addresses, and social security numbers of borrowers.
3. Photocopies of driver's licenses or other picture identification.
4. Photocopies of latest bank statements.
5. Photocopies of last months pay stubs.
6. Photocopies of last two years W-2 forms.*
7. Name, address, and account numbers of checking and saving accounts in banks, savings & loans, credit unions, etc.
8. Name, address, and account numbers of all credit cards in which you owe an outstanding balance.
9. Name, address, and account numbers of all other creditors.
10. If you or your spouse have been divorced, a photocopy of the divorce decree.
11. If you have previously had a house foreclosed or have given a deed in lieu of foreclosure, information and papers are needed.
12. If you have taken out bankruptcy, information and papers are needed. Most bankrupt persons cannot obtain a home loan until credit has been re-established over a reasonable period of time (24-36 months).
13. If employed by your present employer for less than two years, the name, addresses for the past two years are needed.
14. If you have been at your present address for less than two years, previous addresses for the prior two years are needed.
15. Other income information from rentals, alimony, child support, interest, dividends, etc. (if you wish to use this income to qualify).
16. Schedule of other real estate owned...
    A. Address of property.
    B. Type of property.
    C. Amount of mortgage or liens and type of property loans (conventional, FHA, VA, etc.).
    E. Gross rental incomes (photocopies of leases or rental agreements).
    F. Mortgage payment for property.
    G. Taxes, insurance, and maintenance costs for property.

*NOTE: State of Utah housing money loans require tax returns for the last three years.

The Four C's of Credit

When lenders review your mortgage loan application they consider the "four C's" of credit—capacity, credit history, capital, and collateral. Before applying for a mortgage, it is a good idea to evaluate your credit. If you do not have good credit it will be more difficult to get a mortgage.

Capacity

Will you be able to repay the debt? Lenders ask for information about your employment: what is your occupation, how long have you worked there, and how much do you earn? Lenders also want to know your monthly expenses. What are your payments per month on these loans? How long before they are paid off? Other considerations are how many dependants you have, whether you pay alimony or child support, and the amount of any other obligations.

Credit History

Will you repay the debt? Lenders always check your credit history. They look for information including how much do you owe, how often you borrow money, if you pay your bills on time, and if you live within your means. Lenders also look for signs of stability such as how long you have lived at your present address and how long you have worked at your present job.

Capital

Do you have enough money for the down payment and closing costs? Do you need a gift from relatives? Will you have money left after you purchase a home, or will you spend your last penny at closing?

Collateral

Will the lender be completely protected if you fail to repay your loan? Is the property you are buying sufficient to back up your loan?

Other Considerations

If you have had credit problems in the past, it is best to be completely truthful with the lender. Explain to the lender that, for example, a time of late payments was caused by some sudden hardship, such as illness or unemployment, which cut off or reduced your income. It will be better when they see your credit report if you have already explained what happened. Try to show the lender that those problems are behind you. You can also build a nontraditional credit report, using how you have paid your rent, utilities, or phone bill as a source of payment history.

Adapted from: A Guide to Homeownership, FannieMae

Utah State University is committed to providing an environment free from harassment and other forms of illegal discrimination based on race, color, religion, sex, national origin, age (40 and older), disability, and veteran's status. USU's policy also prohibits discrimination on the basis of sexual orientation in employment and academic related practices and decisions.

Utah State University employees and students cannot, because of race, color, religion, sex, national origin, age, disability, or veteran's status, refuse to hire; discharge; promote; demote; terminate; discriminate in compensation; or discriminate regarding terms, privileges, or conditions of employment, against any person other wise qualified. Employees and students also cannot discriminate in the classroom, residence halls, or in on/off campus, USU-sponsored events and activities.

This publication is issued in furtherance of Cooperative Extension work. Acts of May 8 and June 30, 1914, in cooperation with the U.S. Department of Agriculture, Jack M. Payne, Vice President and Director, Cooperative Extension Service, Utah State University (EP/DF/03-02)