



# Home Financing Tips and Pre-Approval Checklist



**PRESENTED BY:**



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# Home Financing Tips

## Prior to Obtaining Pre-Approval

01.

### Check Your Credit Report

Obtain a free copy of your credit report from each of the three major credit bureaus (Equifax, Experian, and TransUnion), review them for any errors or discrepancies and negative items that are beyond the timeframe that they should remain on your credit report. Dispute any inaccuracies to ensure your credit report is as accurate as possible, including any changes made based on the tips below.

02.

### Pay Your Bills on Time

Late payments can have a negative impact on your credit score. Make sure all of your bills, including credit cards, loans, and utilities, are paid on time.

03.

### Reduce Credit Card Balances

High credit card balances relative to your credit limits can hurt your credit score. Aim to keep your credit card balances below 30% of your credit limits.

04.

### Avoid Opening New Credit Accounts

Opening new credit accounts can temporarily lower your credit score. Avoid applying for new credit cards or loans in the months leading up to your mortgage application.



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# Home Financing Tips

## Prior to Obtaining Pre-Approval, continued

05.

### **Don't Close Existing Credit Accounts**

Closing old credit accounts can reduce your available credit and potentially lower your credit score. Keep your existing credit accounts open, even if you're not using them regularly.

06.

### **Pay Down Existing Debt**

Lowering your overall debt can improve your debt-to-income ratio, which is an important factor in mortgage approval. Focus on paying down existing debts, such as student loans, auto loans, and personal loans.

07.

### **Don't Co-Sign Loans**

Co-signing a loan for someone else can increase your debt obligations and impact your creditworthiness. Avoid co-signing any loans before applying for a mortgage.



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# Home Financing Tips

## Between Pre-Approval and Closing

01.

### **Avoid Major Purchases**

Making large purchases, such as buying a new car or furniture, can increase your debt-to-income ratio and affect your mortgage approval. Wait until after closing to make significant purchases.

02.

### **Keep Your Financial Situation Stable**

Lenders will re-verify your employment and financial situation before closing. Avoid changing jobs or making other significant financial changes during this time.

03.

### **Continue Paying Bills on Time**

Maintaining a consistent payment history is crucial during the mortgage process. Continue to pay all of your bills on time to avoid any negative impact on your credit score.

04.

### **Don't Apply for New Credit**

Any new credit inquiries can raise red flags for lenders. Avoid applying for new credit cards or loans until after closing on your home.



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# Pre-Approval

# Checklist

## IDENTIFICATION

- Have a government-issued photo identification ready

## INCOME & ASSETS

- Last two years of federal tax returns ready to present to the mortgage lenders
- Last two years of corporate tax returns if applicable
- Last two years of W-2 or 1099 statements
- Paystubs from the previous 30 days
- Name and address of all employers for the last two years
- If you're a business owner, you will need to provide profit and loss statements
- Alimony or child support income documentation
- Prepare an asset statement, providing the lender with information about your current assets including bank accounts, retirement accounts, and investment portfolios
- Information about any existing mortgages
- Home insurance policy information
- Divorce or separation agreement, including alimony or child support payment terms in which you receive income

## LIABILITIES

- List of all current loans: name, address, account numbers, balances, and monthly payments
- If you currently own a property, have your property tax statements available
- The lender will want to look at your credit score. Be prepared to explain any late payments, recent credit inquiries, collections, or judgments
- Bankruptcy papers, if filed within the past seven years



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