

Documentation Required for Real Estate Mortgage Loans

Prepare Yourself to Save Money on Your Real Estate Mortgage Loans

Whether you want to buy your first home or many investment properties to build wealth, this checklist will help you save money on loan costs.

Besides your credit score and the other five qualifications you must meet to finance a real estate mortgage loan, you need to gather papers and documents. Speed up your financing and make your life easier. Organize your papers into a three-ring binder or file system. You won't need all of the documentation listed below. However, the more information you gather, the more likely you will be to get the best loan rates. Keep in mind that all of these documents may not be needed for all types of loans.

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1. Proof of Income

Include copies of your last two pay stubs or other proof of employment and income verification. If you are receiving fixed income like trust income or social security, then include the beneficiary letter stating how much you get.

For self-employed, you will need to prove that you have been in the same line of work or business for two or more years.

If self-employed, show a copy of your business license for two or three years to show you have been in that business for at least two years. If you don't have these, then show whatever you do have to evidence you have been in business for at least two years in the same line or business field. You may also ask a CPA to amend your income tax returns for the previous two years and then write a letter verifying that you've been self-employed for at least two years.

2. Tax returns

Provide tax returns for the last two years or at least the last two years of W2's and/or 1099s if you don't want to disclose tax returns.

If you're self-employed, the mortgage company may require your personal and business tax returns for the previous two years and your company's year-to-date Profit and Loss Statement. If you own a business, you may need a Financial Business Statement prepared by an accountant.

3. Bank account records

Gather your account numbers, address of your bank branch, along with checking and savings account statements for the previous two-to-twelve months. You only need the last two months' bank statements in most cases. Most lenders will only need twelve months bank statements when you are trying to get a "full doc" loan (with the best rates) instead

of stated income for a self-employed individual. Talk to your loan officer about whether twelve months of bank statements will help you get a better rate.

Include all bank accounts, savings accounts, retirement accounts, and investment accounts. Include any account that you sign for, even if your spouse also signs on the account, and even if your spouse does not apply for the loan with you. Financial assets like these are considered important by lenders as a reserve, particularly now that property values are not rising as quickly.

4. Driver's license and social security card photocopies

5. Proof of housing payments

Whether you own or rent, you must document your housing payments. Credit reporting agencies list mortgage payments. Provide copies of your mortgage statements or a copy of your lease agreement with twelve months' of checks showing rent payments on time.

If you rent your home from a professional management firm, they can verify that you have paid rent on time. If you rent from a private party, most lenders (though not all) will require you to show canceled rent checks for twelve months.

6. Major assets (other real estate owned, automobiles, boats, antiques, stocks, etc.).

You don't have to include individual stocks if you own shares in a mutual fund or hedge fund. Just provide the latest fund statement. Include vested cash value of whole-life or universal life insurance policy, if any. (Cash value is not the same as the face value. Cash value is what you would get from the insurance company right now, if you surrendered the policy while still alive.) If there are antiques or other collectibles, provide only the total collection value; you don't have to itemize.

7. List of debts (car loans, furniture loans, student loans, and credit cards)

Even though the debts will be on the credit report, you must be aware of all of your debts so that you can tell if the credit report has mistakes. Include any debts that you have co-signed for, like when you co-sign for a child's car.

8. Divorce settlement papers, if applicable, no matter how far back in time

9. Delinquent or inaccurate debts or credit report items

If you paid a collection, judgment or lien (especially a tax lien or other lien against your house), include proof of payment.

10. An irrevocable gift letter if you are receiving a monetary gift from a relative.

11. Purchase agreement (for new purchase).

Provide a copy signed by both parties, including all the signed disclosures.

12. Items needed for a refinance

Furnish copies of your note and deed of trust, home insurance declaration page, copy of your last property tax bill.

13. If you own investment real estate in your name, you need rental leases for each of your properties, plus the items listed in #12 for each of your properties.

14. Bankruptcy

Supply all pages and schedules for any bankruptcy filing within the last seven years, and the discharge sheet, for any type of bankruptcy (Ch 7, Ch 11 or Ch 13). Bankruptcy must be discharged before the date of the loan application.

Preparation Leads to Financial Freedom

Talk to your loan officer to see which documents you need to copy and send. Prepare your credit and your real estate mortgage loan documents so you can buy your dream home and even multiple investment properties.

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