

# How to Know if You Qualify for a Home Mortgage Loan

By TAG LENDING GROUP

ON AVERAGE 6 IN 10 PEOPLE ACTUALLY DO QUALIFY FOR MORTGAGE LOANS.

While the majority of people looking for mortgages can qualify, many people can't, for various reasons.

---

HERE ARE SOME OF THE MOST COMMON REASONS WHY WOULD-BE BORROWERS FACE REJECTION:

## CREDIT:

**Credit scores too low:** How low is too low? A score less than 580 is unacceptable by most lender standards.

**Maxed credit card threshold:** Is your balance more than 30% of the allowable line? Pay it down.

**Multiple credit inquiries:** Do they drop your score? Not always but limit yourself to mortgage- only credit pulls within a **45-day period**.

[Source](#)

## DEBT:

**Paid-in-full debt:** Does your credit report support this? If not, lenders will use debts reported even if balances are zero.

**Co-signer obligations:** Did you lend your score to someone? If so, plan to provide 12 months of canceled checks showing they make the payments to the creditor.

**Debt that cannot be offset:** Do you have another housing liability payment or a consumer loan for a vehicle? You will need double the income to offset each dollar of debt unless it can be paid off.



**EXAMPLE:****Borrower:**

*"I do not want to pull my credit since it's a hard inquiry"*

**Realtor/Loan Officer Answer:** (Paint the Picture)

- The reason it is important to pull credit at this stage in the game is to know exactly what we are dealing with. We need a road map to our destination; we need a business plan to determine what the end goal is. It is never too soon to pull credit and it will only prepare us for what is ahead!
- It is like going to the doctors to get diagnosed before surgery.
- I had a customer that waited to pull credit against my recommendation and in the end, it ended up costing us another 60 days to close and I do not want that to happen to you.

**INCOME:**

**Not showing income:** Are you self-employed? Not showing enough income under Schedule C reduces your borrowing power. It is best to reduce consumer debts in such situations.

**Un-reimbursed business expenses/losses:** Taking these on your tax return could reduce your borrowing power. (Meals, Travel and Entertainment, etc.)

**Occupational status:** Has your occupational status changed in the past two years? If so, it is better to go from self-employed to a full-time W-2 employee, not the other way around.

**EXAMPLE:****Borrower:**

*"I do not make enough to purchase the property I really want to be in"*

**Answer:**

**Realtor/Loan Officer**  
**(Paint the Picture)**

**Non-Occupant/Co-Occupant:** Income is not sufficient to purchase a property in the amount of \$350,000...? Add a Non-Occupant, Co-Borrower, Parents, Grandparents, Aunt, Uncle, Brother, Sister to the loan.

**ASSETS:**

**Un sourced funds/cash deposits:** Plan on using cash for your transaction? Not so fast; all monies must come from some kind of a bank account and show a clear chain from A to Z.



**Using the down payment:** Plan on tapping into your down payment funds and reimbursing yourself later? Don't do it. Keep your down payment intact for mortgage loan financing throughout the process.

**Transferring money:**

Moving money from different accounts during the loan process? Be prepared to show full bank statements of every account the money touched.

**FHA/VA = 1 Month Bank Statements**

**Conventional = 2 Months Bank Statements**

A reputable mortgage professional should be able to look at your credit, debt, income, and assets and make a determination of whether you qualify for a mortgage.

However, you should be willing to send your mortgage lender financial documentation including two years of tax returns and W-2's, bank statements and pay stubs to support your loan qualification.

**EXAMPLE:**

**Borrower:**

*"I do not have enough money in order to close on a home"*

**Answer:**

**Realtor/Loan Officer  
(Paint the Picture)**

**Gift Funds:** Do you have a family member who can "gift you funds" in order to make this deal work?

Did you know you can gift funds on a Conventional, FHA/VA loan the entire down-payment?

We would just need a paper-trail from the donor to borrower to verify and cross reference the documentation in order to utilize these funds.

**LET'S TAG TEAM THIS DEAL!**

