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# Collecting Your Documents for Mortgage Loan

When you apply for a home loan, in most cases you will have to provide documentation of several aspects of your financial situation. The more documentation you have of good credit and financial assets, the better your loan and interest rate will be. This is because the lender's risk is smaller when you provide more documentation or "proof" that you'll be able to afford your mortgage.

There are several options however. They range from full-documentation loans to the "no-doc" loans that require little verifiable information Below are some descriptions of the options and the type of borrower that best fits the documentation requirements.

**No-Documentation Loans** does not require income or asset documentation. It is for borrowers that do not have current incomes, assets, jobs, or businesses or do not want to share this information with their lender. These borrowers should generally expect to pay 1 –1.5% higher interest rates than other loans and may be required to contribute a down payment that is at least 5%-30% the value of the home loan.

**No Income/No Assets (NINA) Loans** are similar to no-doc loans but borrowers do need to provide documentation of a job or business venture.

**Stated Income/Stated Assets Loans** do not require either income or assets to be documented, but they do have to be disclosed and the source of the borrower's income must be documented.

**Stated Income/Verified Assets Loans** require the documentation of all assets but income only needs to be disclosed. Borrowers must have sufficient income but are unable to give full documentation for any number of reasons.

**No Ratio Loans** allow borrowers to have a higher ratio of debt to income than with other loans. This is because the lender believes the borrower can devote a large portion of income to mortgage payments, can quickly eliminate debts, or can rely on family support for payment help. With this loan, income and assets will be verified, but income will not be used against the borrower in qualifying for the loan.

**Full Documentation Loans** require that borrowers provide income verification for the last 2 years from the same place of employment. These borrowers must also earn enough income to meet loan requirements. Assets will also be verified.

**Alternative Documentation Loans** are basically the same as Full Documentation loans but they are designed for quicker processing as they only require bank statements, W-2s, and paycheck stubs. Full documentation usually requires verification from an employer and the borrower's bank.

These descriptions should help you figure out what category you belong to and what documentation you'll need to provide. In general, try to collect as much documentation as possible. The following list includes all the basic paperwork you should bring with you to verify your income and assets:

Past two (2) years W-2 statements Pay stubs covering the last (30) thirty days Three most recent monthly bank statements Most recent transaction summary of 401K, IRA, or Mutual Fund Accounts Photocopies of any stocks or certificates of deposits Copy of the purchase and sale agreement If you are currently renting….either 12 months canceled rent checks or the name and address of your current landlord If divorced…a fully executed divorce decree For a refinance...a copy of the deed, and most recent tax bill A letter of explanation for any known credit problems

For self employed borrowers, employees in sales, commission-based income, or rental real estate owners:

Two (2) years signed personal tax returns - including all schedules If self-employed through a corporation, last two years corporate returns as well as a year-to-date profit and loss statement and balance sheet

If you consider collecting documents too much of a hassle, you can apply with fewer documents and pay more for your loan. For those that prefer money savings to time savings, gathering documents for your loan is a smart move.