

Documentation you will need to provide includes:

* Proof of income: Your two most recent payroll check stubs or electronic deposit receipts showing year-to-date earnings. Also provide copies of the last three months’ bank statements.
* Tax returns: Copies of your W-2s (or 1099s) and tax returns for the past two years.
* Payment history: Download a 12-month mortgage payment history, or provide checks showing 12 months’ of mortgage payments.
* Bankruptcy history: Copies of bankruptcy discharge papers, including a list of creditors and a written explanation for petitioning for bankruptcy protection.
* Relationship history: Copies of any divorce decrees.

Common triggers that increase lender scrutiny are:

* Large bank deposits: Lenders must confirm the funds in your bank account come from bona fide sources, such as wages or an inheritance. If the deposit is substantially larger than a regular paycheck, be prepared to explain its source.
* The location and type of home being purchased: Lenders want to ensure you will be occupying — not leasing or flipping — the home you’re financing. Your commute to work and the size of your family should be reasonably accommodated by the location and size of the property. Work from home? Provide verification from your employer.
* Undisclosed debts: Avoid making large purchases in the three months prior to making your loan application, and also while your loan application is in process. A new payment may change your credit and affect mortgage closing.
* Income inconsistency: Any changes to income, such as transition from 1099 to W-2 employment, must be documented and verified. Earning more than the average person in your occupation will also raise a red flag. Lenders regularly check with the IRS to verify income.

Your Name

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Prepare for the third degree!!

Applying for a mortgage??