

# What Lenders Want to See

## **1) Income History**

Two years of consistent income. If self-employed, three tax years.

Income must be verifiable.

## **2) Proof that you pay bills on time**

Two years of positive bill paying history from credit report or alternative credit references (rental history, utility bills...)

Bankruptcy must have been discharged for at least two years

## **3) Low amount of debt**

Debt-to-Income Ratio not over 38%.

Assets to cover down payment/closing costs.

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Remember...lenders do not like to take risks. This means if you lack the income to make the payments on the amount you want to finance, the bank WILL NOT approve you for a loan. Don't take it personally. Lenders will not loan you money based on faith or your good word; you MUST have everything documented. If you had credit problems in the past, write a letter of explanation as to why you were having a hard time and why things have changed. Lenders are not there to do you personal favors. A bank will not bend over backwards to make your loan work. Again, banks avoid risk. Again, don't take it personally. Banks require the same documentation from everyone and have basic underwriting guidelines that everyone must meet. Not qualifying is very frustrating, but it just means that you might need to take some more time before you are ready to buy a home. Remember, being prepared to make house payments is better than overestimating what you can afford and defaulting on your loan.