



The 5 Things You MUST Do Before Applying for a Mortgage

A Complete Step-by-Step Preparation Guide for Any Loan Type

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1. REVIEW YOUR CREDIT REPORT AND STRENGTHEN YOUR SCORE

Your credit profile impacts your interest rate, loan program eligibility, monthly payment, and overall approval strength across all mortgage types.

What You Should Do:

- Pull all three credit bureaus (Experian, Equifax, TransUnion).
- Review and correct errors like wrong balances, incorrect late payments, or accounts you don't recognize.
- Pay down credit card balances to under 30 percent of the credit limit.
- Avoid new credit inquiries or opening new accounts.
- Bring any past-due accounts current.

Why This Matters:

Higher scores lead to better rates, easier approvals, and more loan options across Conventional, FHA, VA, USDA, Jumbo, and Non QM programs.

Pro Tip:

Avoid closing old credit cards — it may lower your score. If needed, a lender may be able to do a Rapid Rescore for quicker improvements.

2. GATHER ALL REQUIRED INCOME, ASSET, AND IDENTIFICATION DOCUMENTS

Being organized leads to a smoother approval, faster pre-approval letter, and a stronger offer when you find the right home.

Income Documents:

- Last 30 days of paystubs
- Last 2 years of W-2s
- Full tax returns for the last 2 years if self-employed
- Year-to-date profit & loss (if self-employed)
- Documentation for bonuses, commissions, overtime, rental income, etc.

Asset Documents:

- Last 2 months of bank statements (all pages)
- Retirement or investment account statements
- Gift letter + supporting documentation if receiving funds
- Proof of sale of any assets used for down payment

Identification Documents:

- Government-issued ID (driver's license or passport)
- Permanent resident card (if applicable)

Other Important Documents:

- Divorce decree (if applicable)
- Child support or alimony documentation (if applicable)
- Court orders or legal agreements that affect income or debt obligations

Important Reminders:

- Avoid large, unexplained deposits — every dollar must be documented.
- Keep down payment funds seasoned in one account for at least 60 days.
- Do not move money between multiple accounts unless advised.

Pro Tip:

- A clean, organized documentation packet gives sellers confidence in your ability to close.

3. MAINTAIN STABLE EMPLOYMENT AND UNDERSTAND HOW INCOME IS EVALUATED

Lenders look for stable, predictable income that is likely to continue.

Avoid These Before Applying:

- Switching industries
- Going from W-2 to 1099 or contractor work
- Starting a new business
- Reducing hours
- Taking long periods of unpaid leave
- Major changes to pay structures

If You Must Change Jobs:

- Stay in the same field or industry.
- A move to higher pay within your field is generally acceptable.
- Consistency is key — lenders must verify the likelihood of continued employment.

Pro Tip:

Always check with your lender before making employment changes. Even small changes can delay or affect loan approval.

4. MANAGE YOUR DEBTS AND IMPROVE YOUR MONTHLY EXPENSE PROFILE

Your debt-to-income ratio (DTI) is one of the biggest factors in loan approval. Lower debt = stronger approval.

Steps You Should Take:

- Pay down credit card balances
- Pay off small loans if recommended
- Avoid financing cars or opening new credit accounts
- Reduce recurring payments and subscriptions
- Do not co-sign for anyone

How Debt Reduces Buying Power:

- A \$500/month auto loan can reduce your home qualifying amount by \$75,000–\$90,000.
- High credit card balances lower your score and raise your interest rate.
- New loans count against DTI immediately — even before the first payment.

Pro Tip:

Do not pay collections without lender guidance — sometimes paying them can lower your score temporarily.

5. ESTABLISH YOUR BUDGET AND KNOW YOUR COMFORTABLE MONTHLY PAYMENT

Before you apply, determine what payment truly fits your lifestyle and financial goals.

Know These Numbers:

- Your ideal monthly payment
- Your maximum comfortable payment
- Down payment funds available
- Closing cost budget
- Whether seller credits may be needed
- A general purchase price range that fits your life

Ask Yourself:

- Do I want extra savings left after closing?
- Will I need additional cash for furniture, repairs, or moving?
- Am I comfortable with property taxes, insurance, and potential HOA increases?
- Does this payment align with my long-term financial goals?

Pro Tip:

Just because a lender approves you for a number doesn't mean it's the right number for your lifestyle.

Ready to Take the Next Step?

Whether you're buying a home, refinancing, or just planning ahead, I can help you put together a clear and personalized mortgage strategy.

SCHEDULE YOUR FREE 15-MINUTE STRATEGY CALL: 📞📞📞
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