4 THINGS TO KNOW

BEFORE APPLYING FOR A MORTGAGE

LOW DEBT-TO-INCOME RATIO (40% OR LESS)

DTI is basically the amount of your gross monthly income that goes toward paying your debts (credit card, student loans, car loans, etc.). Always pay your bills on time and try to pay more than the minimum. Having a DTI ratio of 40% or less is beneficial, but there are also loan products available for higher DTI ratios as well.

STEADY EMPLOYMENT (2+ YEARS)

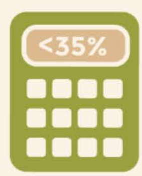
Whether you're an astronaut or an auto mechanic, it doesn't matter – as long as you've had consistent full-time employment without declining income. Gaps in your employment history may need to be explained during the underwriting process. Lenders will likely request the last 2 years of tax returns to verify employment, calculate income and evaluate your situational stability.

GOOD CREDIT SCORE (680+)

When a lender is deciding whether or not to let you borrow money, they need to be sure you have the ability to pay it back. For lenders, your credit score is an indicator of risk and is a determining factor in the interest rate you receive.

CREDIT CARD CAPACITY (35% OR LESS)

Your credit line is the maximum amount you're allotted on your credit card. Ideally, you want to remain at 35% or less of this total. If you exceed 50% utilization of the maximum credit line available and do not pay the balance down, then this could negatively impact your credit score.



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