

Mortgage Criteria

The 4 C's of Mortgage Lending: Four main areas lenders look at when making loan approval decisions.



Credit

Credit scores and history

Capacity

Monthly income and ability to repay

Cash

Down payment/closing costs/prepaid items/
Reserves if required

Collateral

Appraised value and minimum property standards



Patty McLain

Loan Officer | NMLS #460419

pmclain@bayeq.com

pmclain@bayeq.com

M - 612.801.6339

F - 763.201.5687

bayeq.com/patty-mclain

HOME LOANS
bay equity

20965 S. Diamond Lake Rd, Suite 104, Rogers, MN 55374

BE Educated. Watch my **FREE** homebuyer videos at: **HomeBuyerEducationOnline.com**



This piece of information was prepared for general informational purposes only. This information does not constitute as legal, tax, or financial advice. It cannot replace the advice of competent legal counsel or a tax advisor or finance professional licensed in your state. This information is provided "as is" without warranties, expressed, implied, or statutory. Any and all implied warranties of merchantability or fitness for a particular purpose are hereby disclaimed. This is not a commitment to lend or extend credit. Restrictions may apply. Rates may not be available at time of application. Information and/or data are subject to change without notice. All loans are subject to credit approval. Not all loans or products are available in all states. Bay Equity LLC, 28 Liberty Ship Way Suite 2800, Sausalito, CA 94965; NMLS ID#76988. Minnesota Residential Mortgage Originator License #MN-MO-76988.1; Minnesota Residential Mortgage Servicer License #MN-MS-76988.2; Wisconsin Mortgage Banker License #76988BA; NMLS consumer access: www.nmlsconsumeraccess.org

Mortgage Criteria



Credit: Credit Scores and Credit History

- Middle of 3 credit scores
- Payment history
- Length of credit history
- Number of trade lines
- Balance-to-limit ratios
- Major derogatory or public records, collections/judgements/tax liens
- Bankruptcy/Foreclosures (see chart on waiting periods)

Capacity: Monthly income and ability to repay

- Debt to income ratio not to exceed 50% of Gross monthly income
- Debt: is money you have borrowed and have to repay. I.e. monthly payment on student loans, car loans and minimum payment on credit cards
- 2 years on the job or job related is best
- Predictability/Reliability
- Bonus/commission/self employment must have 2 year average

Note: FHA loans may limit you to a specific housing to income ratio of around 37% as well as the total debt to income limit of 45%. With good credit and/or a larger down payment, higher debt to income ratios may be considered.

Cash:

- Down payment 0% to 3% or more
- Closing Costs: Lender, Title, Government, Third Party, Realtor Broker Fee if applicable
- Pre-paid items: taxes and insurance and interim interest
- Reserves (if required)
- Can I get a gift from a relative?
- Can I borrow against an asset?
- Do I qualify for down payment assistance?

Collateral:

- **Appraisal:** Third party determines value based on comparable sales and makes sure property meets minimum property standards based on loan product
- **Home Inspection:** Determines condition of property. Optional, but highly recommended.



Patty McLain

Loan Officer | NMLS #460419

pmclain@bayeq.com

M - 612.801.6339

F - 763.201.5687

bayeq.com/patty-mclain

HOME LOANS
bay equity

20965 S. Diamond Lake Rd, Suite 104, Rogers, MN 55374

BE Educated. Watch my **FREE** homebuyer videos at: **HomeBuyerEducationOnline.com**



This piece of information was prepared for general informational purposes only. This information does not constitute as legal, tax, or financial advice. It cannot replace the advice of competent legal counsel or a tax advisor or finance professional licensed in your state. This information is provided "as is" without warranties, expressed, implied, or statutory. Any and all implied warranties of merchantability or fitness for a particular purpose are hereby disclaimed. This is not a commitment to lend or extend credit. Restrictions may apply. Rates may not be available at time of application. Information and/or data are subject to change without notice. All loans are subject to credit approval. Not all loans or products are available in all states. Bay Equity LLC, 28 Liberty Ship Way Suite 2800, Sausalito, CA 94965; NMLS ID#76988. Minnesota Residential Mortgage Originator License #MN-MO-76988.1; Minnesota Residential Mortgage Servicer License #MN-MS-76988.2; Wisconsin Mortgage Banker License #76988BA; NMLS consumer access: www.nmlsconsumeraccess.org