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# THE WALL STREET JOURNAL.

ECONOMY

## How to Improve Your Chances of Landing a Mortgage

### *Loan Officers Share Tips on Qualifying*

By KRIS HUDSON

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With today's tighter borrowing standards, landing a home mortgage can be an endeavor fraught with landmines for first-time buyers.

So The Wall Street Journal asked two loan officers—Brian Witty, senior loan officer at DFW Texas Mortgage in Plano, Texas, and Tom Ninness, director of area production for First California Mortgage Co. in Greenwood Village, Colo.—to share tips on how first-timers can better prepare to run the mortgage gantlet.

Here are their thoughts:

#### *Start preparing early*

Mr. Ninness previously told clients to start gathering their paperwork 30 days before they start a home search. Now he advises starting 90 days prior. That allows time to check credit scores, uncover any surprises and rectify them. It also gives borrowers time to learn what lenders might require them to explain, such as any large deposits in their bank accounts aside from their regular pay or any other checks of their credit within the past 120 days.

#### *Polish your credit score*

A handful of points can be the difference between a reasonable interest rate and a pricey one. A borrower typically needs a credit score of at least 740 to get the best rates, Mr. Ninness says, as higher scores mean better creditworthiness. Borrowers sometimes can improve their credit score by examining their credit report to discover old charges that they need to dispute and have removed before applying for a mortgage. Mr. Witty notes that any debt collections leveled against a buyer, other than medical-bill collections, must factor into the loan-approval process even if the borrower isn't paying the charges while disputing them.

#### *Be ready to explain any gift*

Lenders require proof of a blood relationship between the borrower and anyone providing that borrower a gift of money to cover part of their down payment on a government-backed mortgage. The lender also can require proof that the donor has the financial resources to provide the gift.

## *Defer student loans for FHA-backed mortgages*

Student-loan payments, regardless of whether they are deferred, will factor into determining how much a borrower can get in a conventional mortgage. However, those payments won't factor into determining the size of a Federal Housing Administration-backed mortgage if the borrower gets the student-loan payments deferred for at least 12 months past the closing date of the new mortgage.

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