

# Declined Again? Don't Give Up!

It's been two weeks since your lender told you: "Your loan approval is coming any day now". Guess what – you have a problem!

Yet you were told your credit score is acceptable, your debt-to-income ratio is comfortably below 43%, and your savings will satisfy the down payment, reserve and closing cost requirements...



Well, unfortunately it didn't register with your lending officer that you are renting the home you are buying, and that in lieu of rent you are paying for utilities and capital improvements (plus you paid cash for almost all of your housing expenses, and do not have much of a checking account paper trail). And, by the way, the landlord is in default with her lender who is about to foreclose on the home you want to purchase! [Yes, this is a real example]

Without proper explanation, the ultimate buyer of your loan (Fannie Mae) would most definitely conclude that you do not have an arm's length or independent relationship with your landlord. More importantly, this loan will require too much effort for most lenders, especially if you do not have an established working relationship with them.

By: (i) properly and clearly documenting your receipts, (ii) demonstrating the legality and reasonability of your tenancy, (iii) evidencing proof of your residency, and (iv) ensuring you have an adequate letter of explanation acknowledged by yourself and your landlord, you should be able to get the loan – and avoid having to move your family elsewhere.

***Here's the Point:*** Lenders are always looking to increase their market share – not by compromising their principles, but by prudently underwriting *a well-presented and well-documented loan request.*