

Why is there so much paperwork mandated by lenders for a mortgage loan application when buying a home today? It seems that they need to know everything about you and require three separate sources to validate each and every entry on the application form.

Many buyers are being told by friends and family that the process was a hundred times easier when they bought their home ten to twenty years ago.

There are two very good reasons that the loan process is much more onerous on today's buyer than perhaps any time in history.

- 1. The government has set new guidelines that now demand that the bank prove beyond any doubt that you are indeed capable of paying the mortgage.**

During the run-up in the housing market, many people qualified for mortgages that they could never pay back. This led to millions of families losing their homes. The government wants to make sure this can't happen again.

- 2. The banks don't want to be in the real estate business.**

Over the last seven years, banks were forced to take on the responsibility of liquidating millions of foreclosures and also negotiating another million+ short sales. Just like the government, they don't want more foreclosures. For that reason, they need to double check (maybe even triple check) everything on the application.

Bottom Line

Instead of concentrating on the additional paperwork required, let's be thankful that we are able to buy a home at historically low rates.

Credit: <http://www.keepingcurrentmatters.com/>



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