

Loan Application Review Worksheet

Income

Your income shows how much money you earn on a regular basis. Lenders use it to measure your ability to make monthly payments. They usually require pay stubs, W-2 forms, or recent tax returns as proof. A higher, stable income increases your chances of approval and may qualify you for better interest rates.

Length at Job (Employment History)

Lenders look for job stability as an indicator of financial reliability. Someone employed steadily at the same job or in the same field for several years is viewed as lower risk. Frequent job changes or gaps in employment can make lenders more cautious.

FICO (Fair Isaac Corporation) Score

The FICO score is a three-digit number that summarizes your credit history. It ranges from 300 to 850, with higher scores representing stronger creditworthiness. It's based on payment history, debt levels, length of credit history, new credit, and credit mix. A good score (usually 670 or above) helps secure lower interest rates and easier approval.

Debt-to-Income (DTI) Ratio

This ratio compares how much you owe to how much you earn. Formula: $\text{Total Monthly Debt Payments} \div \text{Gross Monthly Income} = \text{DTI}\%$. Lenders prefer DTI ratios below 36–43%, depending on the loan type. A high DTI suggests you may be overextended financially.

Collateral

Collateral is an asset pledged to secure the loan. If you don't repay, the lender can take the collateral (like a car or home). Examples: a car for an auto loan or property for a mortgage. Secured loans (with collateral) usually have lower interest rates than unsecured loans.

Down Payment

A down payment is an upfront portion of the purchase price paid in cash. Larger down payments reduce the lender's risk. For example, a 20% down payment on a mortgage can eliminate the need for private mortgage insurance (PMI). A higher down payment often leads to better loan terms.

Co-Signers or Guarantors

A co-signer agrees to take responsibility for the loan if the borrower fails to pay. Having a co-signer with strong credit and stable income can improve approval chances. This is common for young or first-time borrowers who lack credit history.

Summary Table:

Factor	Purpose
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Income	Ability to repay
Employment History	Stability and reliability
FICO Score	Creditworthiness
Debt-to-Income Ratio	Financial balance
Collateral	Security for repayment
Down Payment	Reduces lender risk
Co-Signer	Added repayment guarantee