Decline Risk Self-Audit

Nine common reasons loans get declined. Check whether any of them describes you.

Almost every decline traces back to the same root cause: a decision made without knowing it had a mortgage consequence attached, discovered too late to fix. Knowing the list in advance is most of the prevention.

1. New business, insufficient history

Income from a business open less than roughly two years often cannot be used yet, no matter how strong it looks.

Does this describe my situation, or something I am currently planning?

☐ Yes ☐ No ☐ Not sure Plan

2. Recent entity change

Converting from one structure to another shortly before applying can make an established business look brand-new on paper.

Does this describe my situation, or something I am currently planning?

☐ Yes ☐ No ☐ Not sure Plan

3. Declining income with no documented explanation

A drop that is simply “business was slow” generally does not get an exception.

Does this describe my situation, or something I am currently planning?

☐ Yes ☐ No ☐ Not sure Plan

4. Aggressive deductions filed without a mortgage-planning conversation

Entirely legal, but capable of reducing qualifying income below what is needed.

Does this describe my situation, or something I am currently planning?

☐ Yes ☐ No ☐ Not sure Plan

5. Large, unexplained deposits close to application

Undocumented sourcing is one of the most common last-minute stalls.

Does this describe my situation, or something I am currently planning?

☐ Yes ☐ No ☐ Not sure Plan

6. Commingled business and personal accounts

Makes income and assets harder to verify and trace.

Does this describe my situation, or something I am currently planning?

☐ Yes ☐ No ☐ Not sure Plan

7. New credit or major purchases during the process

Changes debt-to-income ratios and can trigger fresh documentation requests.

Does this describe my situation, or something I am currently planning?

☐ Yes ☐ No ☐ Not sure Plan ____________________

8. Inconsistent financial statements

A P&L, balance sheet, and bank activity that do not tell the same story invite deeper underwriting review.

Does this describe my situation, or something I am currently planning?

☐ Yes ☐ No ☐ Not sure Plan ____________________

9. Missing or extended tax filings without a documented plan

Not automatically disqualifying, but it needs to be addressed head-on.

Does this describe my situation, or something I am currently planning?

☐ Yes ☐ No ☐ Not sure Plan ____________________

ANYTHING I FLAGGED ABOVE

What I will raise with my loan officer, and when

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> *Run any upcoming financial decision past your loan officer before it happens, not after.*

Prepared by ____________________ Date ____________________