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US Mortgage Underwriting Interview Questions

25 common questions with sample answers

A practical guide for candidates preparing for US Mortgage Underwriting interviews. Includes common questions, what hiring teams look for, and sample answer frameworks.

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How to use this guide

This guide covers 25 common interview questions for US Mortgage Underwriting roles. For each question, you will find what the interviewer looks for and a sample answer framework. Adapt these to your own experience.

Important note

Interview questions vary by employer and role level. This guide covers common conceptual and scenario-based questions. Use it as a starting point, not a complete script.

1. Conceptual questions

These questions test your understanding of the mortgage industry and underwriting fundamentals. Answer concisely, showing you understand both the concept and its practical application.

Q1. Walk me through the US mortgage lifecycle.

What they look for: Clear understanding of the end-to-end loan journey.

Sample framework: Start with loan application (1003), move through processing, underwriting, conditions, clear-to-close, and finally closing/funding. Mention key documents at each stage and the role of the underwriter.

Q2. What are the main loan types you are familiar with?

What they look for: Awareness of conventional, FHA, VA and other products.

Sample framework: Conventional (conforming to Fannie Mae / Freddie Mac), FHA (government-backed, lower down payment), VA (for veterans), and non-conforming/jumbo loans.

Q3. What is DTI and why does it matter?

What they look for: Understanding of Debt-to-Income ratio.

Sample framework: DTI compares monthly debt obligations to gross monthly income. Front-end (housing) ratio and back-end (total) ratio. Most conventional loans target $\leq 43\%$ back-end DTI.

Q4. Explain LTV and CLTV.

What they look for: Understanding of Loan-to-Value ratios.

Sample framework: $LTV = \text{loan amount} \div \text{property value}$. CLTV includes all liens. Higher LTV = higher risk. Conventional loans often cap at 80% LTV without mortgage insurance; FHA allows up to 96.5% LTV.

Q5. What is AUS and which systems are you familiar with?

What they look for: Knowledge of Automated Underwriting Systems.

Sample framework: AUS evaluates loan files against guidelines. Two main systems: Fannie Mae's Desktop Underwriter (DU) and Freddie Mac's Loan Product Advisor (LPA).

Q6. What is the role of Fannie Mae and Freddie Mac?

What they look for: Understanding of Government Sponsored Enterprises (GSEs).

Sample framework: Fannie Mae and Freddie Mac are GSEs that buy conforming loans from lenders, providing liquidity to the mortgage market.

Q7. What documents do you review during underwriting?

What they look for: Practical familiarity with the loan file.

Sample framework: 1003 application, credit report, income docs (W-2s, paystubs, tax returns), asset statements, appraisal, title commitment, and AUS findings.

Q8. How do you assess a self-employed borrower?

What they look for: Understanding of self-employed income analysis.

Sample framework: Review 2 years of personal and business tax returns. Calculate income from Schedule C, K-1s, or 1120/1120S. Look for stable or increasing income.

Q9. What red flags would you look for in a loan file?

What they look for: Risk awareness and attention to detail.

Sample framework: Large undocumented deposits, recent credit inquiries, employment gaps, income that doesn't match industry norms, property flips, and inconsistent information.

Q10. What is the difference between a condition and a denial?

What they look for: Understanding of the underwriting decision process.

Sample framework: Conditions are requirements that must be met before clear-to-close. Denial means the loan does not meet guidelines; the borrower receives an adverse action notice.

2. Scenario-based questions

These questions present realistic situations. Structure your answer using STAR (Situation, Task, Action, Result) or a clear problem-solution-outcome format.

Q11. A borrower's DTI is 47%, just above the 43% guideline. How would you handle this?

Sample framework: Check if the loan is eligible for AUS approval — many GSE loans allow higher DTI with strong compensating factors. Look for reserves, low LTV, or strong credit. If not eligible, discuss options with the loan officer.

Q12. You notice a large \$25,000 deposit in the borrower's bank statement that isn't documented. What do you do?

Sample framework: Large undocumented deposits are a common red flag. Require a letter of explanation from the borrower and source documentation. If the source cannot be verified, the funds may need to be removed from available assets.

Q13. A borrower is a W-2 employee but also has a side business. How do you calculate income?

Sample framework: Use W-2 income as primary. For the side business, review 2 years of Schedule C / business returns. If the business shows a loss, it may reduce qualifying income.

Q14. The appraisal comes in \$15,000 below the purchase price. What are the options?

Sample framework: Options include: renegotiate price with seller, borrower makes up the difference in cash, cancel the contract, or order a second appraisal. LTV is calculated on appraised value, not purchase price.

Q15. How would you prioritise your pipeline if you have 20 files due this week?

Sample framework: Prioritise by closing date (soonest first), then by complexity. Flag any files missing documentation. Communicate with loan officers on any files at risk of missing closing dates.

3. Behavioural questions

These questions assess your work style and communication. Use the STAR method: describe the Situation, the Task, the Action you took, and the Result.

Q16. Tell me about a time you caught a critical error in a file.

Sample framework: Describe the file, the error, how you caught it, and the outcome. Highlight your diligence and the positive result.

Q17. Describe a time you disagreed with a loan officer on a decision.

Sample framework: Focus on professional communication. State your position based on guidelines, listen to their perspective, and escalate if needed.

Q18. How do you handle pressure during busy periods?

Sample framework: Describe your time management approach — prioritisation, communication, and knowing when to ask for help.

Q19. Tell me about a time you had to learn a new guideline quickly.

Sample framework: Show your ability to learn and adapt. Describe how you approached learning and how you applied it.

Q20. How do you ensure accuracy in your work?

Sample framework: Describe your review process — checklists, peer review, double-checking calculations.

4. Questions to ask the interviewer

At the end of the interview, you will usually be invited to ask questions. Asking thoughtful questions shows your interest:

- What does a typical day look like in this role?
- What loan systems (LOS, AUS) does the team use?
- How is the underwriting team structured?
- What are the key metrics the team is measured on?
- What does the training and onboarding process look like?
- What are the biggest challenges the team is facing right now?

Final tip

Practice your answers out loud before the interview. Mock interviews with feedback are one of the most effective preparation tools. VertexIT's US Mortgage Underwriting program includes role-specific mock interviews as part of the placement assistance.

This guide is an educational resource from VertexIT. Interview questions and expectations vary by employer. Speak with a VertexIT counsellor for personalised interview preparation. Visit vertexit.in or WhatsApp +91 97036 86514.