

2026-10-12

Gen RE

'People in the US need to wake up': As a mortgage loan officer, I rejected applications from wealthy couples. Here's why.

Story by Quentin Fottrell 2026-10-12

Dear Quentin,

This is one of the best letters that I have read in my lifetime (We lived within our means: I earned \$30,000 as a pastor and still retired comfortably). I used to be a mortgage loan officer. I would get a couple that each made six figures but would have difficulty qualifying them for the loan amount, they wanted because of their consumer-debt load.

Conversely, I would have a blue-collar "Joe Six-Pack" who made substantially less but saved and saved and saved, and who got the loan he needed for a house. People in the U.S. need to wake up and not be compulsive: Quit buying things you really don't need. It's that way with the federal government as well, and based on that, we'd better get real quick or we're going to have a financial crisis that makes the Great Recession of 2008 look like a picnic.

With

Saver, Not a Spender

Dear Saver,

With the 30-year mortgage rate hitting 7.3%, your letter comes not a moment too soon.

About your time as a mortgage loan officer: I'm sure there were many hardworking people whose applications you hated to have to decline, but I also suspect that you probably remember the applicants who should have looked great on paper — with six-figure-plus incomes, good prospects and steady jobs but, alas, also with lavish spending habits, car loans, student loans (through no fault of their own) and credit-card debt. That last one is a doozy. You're not wrong that millions of wide-eyed and, perhaps, naive homebuyers see their applications rejected every year.

Having a high income, as you rightly point out, is not the same as having financial security or discipline. Likewise, a low income does not mean that you can't retire and enjoy that chapter of your life in comfort. There are four horsemen of the financial apocalypse: income, spending, debt and savings. You can earn \$200,000 a year and still be financially fragile if every red cent is committed to credit-card debt and sustaining an extravagant lifestyle, or you can build a financially secure life by living below your means while earning a fraction of that amount.

Note!

Be careful about comparing household finances to government finances, even if it's tempting to do so.

①

A word to the wise: Be careful about comparing household finances to government finances. It's a tempting comparison to make, but you're not comparing apples to apples. A family cannot print dollar bills (not legally, anyway), impose taxes on their neighbors or borrow in their own homegrown currency in the same way the federal government. American families earn and spend dollars, but the federal government is the issuer of those dollars. That, in theory, gives the government more fiscal flexibility than the average household.

Incurring national debt, something the country has done since its inception, can help Uncle Sam pay for necessary services and investments, from national defense and Social Security to infrastructure, education and scientific research. But excessive borrowing can increase interest costs, compound inflationary pressure when the U.S. economy is already under stress and leave future generations of Americans with fewer options. The national debt now exceeds \$40.2 trillion. As Satyajit Das, a former banker, wrote on MarketWatch recently, government debt, higher energy prices and trade wars all pose a threat to a rising stock market.

Amen to the pastor's message. For those who did not read the letter you cite, a retired pastor wrote to The Moneyist to report that he had retired comfortably after earning \$30,000 a year for most of his working life. His wife, a stay-at-home mom and homemaker, earned around \$13,000 a year working in local schools. The pastor did not say whether he benefited from living in a grace-and-favor parsonage. That would have been a major expense to escape, and he would not have needed the services of a loan officer.

Related: 'I'd rather be on a beach in Bali': My husband resents my \$8 million net worth. Should I pay for his retirement?

Many of the wealthiest Americans pay lower tax rates than the average person. To see if I could also use some of those billionaire strategies to cut my taxes, I teamed up with celebrity CPA Bruce Seckendorf to test elite tactics like "buy, borrow, die" on a regular salary.

Reasons mortgages are denied

He, in turn, was responding to a letter from yet another reader (I'm 77, pay rent and live off Social Security, but I help homeless people), a retired senior citizen who reported that he was living month to month from his Social Security income — that is, he was getting by on modest means. After he paid his rent and bought his groceries and put money aside for his utilities, he said that he still found the resources to help homeless people. "Nobody should have to go without food in this country," he wrote.

According to data from 4,768 banks, credit unions and mortgage companies, 18% of mortgage applications were denied in 2025. That's based on figures released under the Home Mortgage Disclosure Act, from the Federal Financial Institutions Examination Council and the Consumer Financial Protection Bureau. Specifically, 929,064 out of 5.2 million applications were denied. The

rejection rate was closer to 30% during the 2008-09 recession. For a prospective home buyer, it's one thing to get outbid — it's quite another being given a red card by your lender. *Note*

Some 18% of mortgage applications were denied last year, far lower than the 30% during the 2008-09 recession.

A 2025 report by the American Credit Union Mortgage Association, a national nonprofit trade group, delved into these application figures and concluded that credit unions reported significantly lower denial rates than other lenders. In 2025, credit unions had a denial rate of just over 18% in part due to stronger member guidance through the qualification process, compared with roughly 32% for banks and 49.6% for independent mortgage brokers, with analysts pointing to strict loan-to-value limits and tough bank and consumer-protection regulations. *Note*

Sure, some people overspend and perhaps are destined to remain renters (at least for now), while other prospective homebuyers have their applications denied for more surprising reasons, some of which they can address. Wells Fargo outlines the most common reasons a mortgage application may be declined, such as a low credit score, high debt-to-income ratio (your original point), insufficient income, a property value that doesn't support the requested loan amount or an employment history that is either too short or inconsistent. *Note*

Looking to buy? The more feedback you get from the lender, the better. "There is no 'magic score' to qualify for a home mortgage, but a high score may qualify you for a higher loan or better interest rate," Wells Fargo says. "If you're interested in improving your credit score, you can take steps like paying your bills on time, keeping a low balance on your credit card and not applying for new credit. Continuing to build your financial literacy and learning about all the ways you can improve your financial situation could help you qualify for a loan in the future."

Income and debt are only part of the answer. Save more, spend less and invest the rest.

Related: I'm 71 and still working. I earn \$108,000 a year. Am I doing the right thing?

By emailing your questions to The Moneyist or posting your dilemmas on The Moneyist Facebook group, you agree to have them published anonymously on MarketWatch.

More columns from Quentin Fottrell:

My wife never went back to work after raising our kids. Do I have to share my retirement savings 50/50?

'I'm never selling': I'm 47 and buy bitcoin with every dollar I earn. Am I crazy?

'I don't want to die on the sales floor': I'm 67 and earn \$19.50 an hour at a big-box store. When can I finally retire?

Check out [The Moneyist's private Facebook group](#), where members help answer life's thorniest money issues. Post your questions, or weigh in on the latest Moneyist columns.

By submitting your story to Dow Jones & Co., the publisher of MarketWatch, you understand and agree that we may use your story, or versions of it, in all media and platforms, including via third parties.