What NOT TO DO After You Apply for a Mortgage

Congratulations! You applied for your loan and maybe you finally found the house of your dreams. You made a bid, had it accepted by the seller, and went through the mortgage application process. It looks like you'll qualify. The closing is only weeks away, and you are feeling pretty good.

It's smooth sailing from here, right? Probably. However, more than one buyer has had the wind taken out of his sails at this point in a real estate transaction. If at all possible, steer clear of the following "NO-NOs" until AFTER you have gone to settlement.

#1 Not-To-Do: No Major Purchase of Any Kind

This includes furniture, appliances, electronic equipment, jewelry, vacations, expensive weddings and automobiles, of course.

#2 Not-To-Do: Don't Move Money Around

When a lender reviews your loan package for approval, one of the things they are concerned about is the source of funds for your down payment and closing costs. Most likely, you will be asked to provide statements for the last two or three months on any of your liquid assets. This includes checking accounts, savings accounts, money market funds, certificates of deposit, stock statements, mutual funds, and even your company 401K and retirement accounts.

If you have been moving money between accounts during that time, there may be large deposits and withdrawals in some of them.

The mortgage underwriter (the person who actually approves your loan) will probably require a complete paper trail of all the withdrawals and deposits. You may be required to produce cancelled checks, deposit receipts, and other seemingly inconsequential data, which could get quite tedious.

Perhaps you become exasperated at your lender, but they are only doing their job correctly. To ensure quality control and eliminate potential fraud, it is a requirement on most loans to completely document the source of all funds. Moving your money around, even if you are consolidating your funds to make it "easier," could make it more difficult for the lender to properly document.

So leave your money where it is until you talk to a loan officer.

#3 Not-To-Do: Do Not delay requested documents.

Asking you to produce lots of paper needed can make you be annoyed at your lender but the truth is he/she is just doing his/her job properly. So in order to avoid any problem and to make sure that your loan will be process correctly and immediately, you have to completely submit all the documents that are being required by the lender. So the best thing to do is not to move your money even if you are consolidating your funds, this can help the lender process your document properly and immediately. It is the right thing to do to leave your money where it is until you have talk to a lender. And one more thing, do not change banks until you haven't applied for a mortgage.

What NOT TO DO After You Apply for a Mortgage

#4 Not-To-Do: Do Not quit, change or leave your job.

Changing jobs should not be done before applying for a mortgage. There are employees that are not affected with changing jobs but there are those who are. If part of your income comes from commissions, you should not change your jobs before purchasing a home. You have to know that the lender will calculate your income, the average commissions for the last two years of work. If you change jobs, there will be an uncertainly of your future earnings from commissions, you won't be having any track record in order to produce the average commission, so the lender can't be certain with your income. So changing your jobs can create a negative impact with your desire to buy a home

#5 Not-To-Do: Do Not lease a new car.

This should go under the general heading of “no new debt”. It is highlighted here because, for some strange reason, many buyers do run right out and lease a new car during the intervening time between mortgage application and closing! As with any debt, this will change your “back-end ratios”, and may cause you not to qualify for your mortgage.

#6 Not-To-Do : Do Not be difficult to reach.

The loan officer or processor may need to reach you for additional information or documents. Check your voice mails and emails often. Check your junk email file also. Communication is the key to a smooth closing.

#7 Not-To-Do: Do Not stop paying your bills. Pay all your bills on time including rent or mortgages.

#8 Not-To-Do: Do Not pack too soon.

What NOT TO DO After You Apply for a Mortgage

Well, go ahead and pack your clothes and pictures. But, do not pack away your bank statements, tax returns, or other important paperwork. Most especially, do not pack away your checkbook! More than one buyer has had closing delayed while a friend or relative hurried over with additional funds because the checkbook was in the moving van.

#9 Not-To-Do: Do Not throw.

This includes pay stubs, bank statements, or other financial documents.

#10 Not-To-Do: Do Not spend your money needed for closing.

In short, do nothing that negatively impacts your ability to qualify for your mortgage loan, or initiates a new round of paperwork.

WHAT To-Do : Call us at 703-349-1084 or visit us on the web at www.guardianmtginc.com