

## DO's and DON'Ts

### When applying for a mortgage

- DO** get pre-approved with your lender before you view homes. Your lender will tell you what you can afford, and this will prevent you from looking at “too much” home.
- DO** discuss various loan product options with your lender and make sure you understand what cash you'll need to make the purchase: down payment, closing costs, earnest money, home inspection.
- DO** make sure you understand PITI (your monthly payment) which includes principle on the loan (P), the interest on the loan (I), property taxes (T), and homeowner's insurance (I). Your lender can calculate these for you.
- DO** remember the home you are buying must appraise for the loan to be secured.
- DO** keep originals or be able to access all employer/bank sites, pay stubs, bank statements, and other important financial documents.
- DO** provide your earnest money from your own personal account or acceptable gift funds. Talk to your loan office for additional clarification. This will present a very difficult problem if not managed properly in the beginning.
- DO** make sure your Realtor® provides all purchase documents to the lender; a professional will not have to be asked to do this.
- DO** Notify your loan officer if you plan to receive gift funds at closing, they are acceptable only if certain criteria are met. Advances from credit cards for down payment/closing costs are not acceptable.
- DO** notify your loan officer of any employment changes such as recent raise, promotion, transfer, change of pay status, for example salary to commission.
- DO** be aware that employment verification could occur just prior to closing.
- DO** be aware that a new credit report could be pulled just prior to closing.
- DON'T** Close or open any asset accounts or transfer funds between accounts without talking to your loan officer about the proper documentation required for your loan. For example, before transferring all funds from your savings to your checking, check with your loan officer.
- DON'T** Deposit any monies outside of your automated payroll deposits, particularly cash or sale of personal property, without notifying your loan officer. Many guidelines require substantial documentation as to the source of these deposits.

**DON'T** Change jobs/employer or quit your job without inquiring about the impact this change might have on your loan

**DON'T** co-sign for a loan for anyone as this can change your credit report

**DON'T** Make major purchases prior to or during your contract, such as a new car, furniture, appliances etc. as this may impact your loan qualification. Don't even apply for any revolving accounts of any kind unless your first discuss with your loan officer.

**DON'T** Open or increase any liabilities, including credit cards, student loans or other lines of credit during the loan process as it may impact your qualifying loan amount

**DON'T** use charge cards excessively or many any LATE payments as this could lower your credit score

**DON'T** spend money you have set aside for closing as having enough money for your down payment and closing costs is critical and so are reserves. Spending this money prior to closing could result in loan denial.

**DON'T** omit debts or liabilities from your loan application; be honest. Everything is checked and double-checked so you don't want to jeopardize your loan. This includes child support payments.

**DON'T** pay off any large collection account or charge offs prior to closing as this could impact your credit score. Check with your lender first. If you want to pay off old accounts, do it after closing and make sure you validate that the debt is yours and that the creditor agrees to give you a paid in full or a letter of deletion.

**When in doubt - ask your loan officer!**

If you have the slightest doubt about anything during the loan process – ask your loan officer FIRST! Once the deed is done, it can't be un-done and surprises, unless they're happy ones, are not what you want when you are trying to close on your new home.