

Avoid These 7 Mistakes When Applying For A Mortgage

Here are 7 mistakes to avoid when you are preparing to get a home mortgage. These items cause problems when you want to move forward with the loan approval process:

1. **Don't move money from one bank account to another.** These transfers show up as new deposits and can complicate the application process, as you must then disclose and document the source of funds for each new account. The lender can verify each account as it currently exists. You can combine your accounts after your loan transaction if needed.

2. **Don't box up information needed for the mortgage application.** Vital financial papers such as tax returns, end-of-year pay stubs, W-2 or 1099 forms and divorce decrees should not be shipped with your other belongings. Copies may take weeks to arrive, and could delay the closing date for your mortgage.

3. **Don't change jobs.** A new job might involve a probation period, which may need to be satisfied before income from the new job can be used to qualify for your mortgage.

4. **Don't pay off old collection accounts without first checking with your Mortgage Officer.** You may accidentally hurt your credit score depending on the type and age of the collection.

5. **Don't lease or buy a car or other vehicle.** Lenders carefully examine your debt-to-income ratio. A large new payment such as an auto lease or purchase can hurt those ratios and stop you from qualifying for a home loan.

6. **Don't try to combine your credit card bills before or during the mortgage approval process.** The Mortgage Officer can advise you if this needs to be done or if you should wait.

7. **Don't buy any expensive, big ticket items before your mortgage is funded.** If the new purchases increase your monthly debt payments, they may stop you from getting the loan, or reduce the funds you need to meet closing costs.