

Five Things to Avoid Before Buying a Home

July 2010

Many new homeowners make the mistake of rushing out to buy things for their new home as soon as the seller accepts their purchase offer. If you are borrowing money to purchase your new home, there will be lender requirements and one of the major factors in the requirements is ratios regarding debt to income. Some things to avoid while in the negotiation process, prior to closing on your new home:

- 1) Don't make an expensive purchase – financing furniture, appliances, jewelry, or other major purchases with a store credit card or even your own personal credit card could jeopardize your credit worthiness.
- 2) Don't change jobs – lenders like to see a consistent job history. Generally, changing jobs will not affect your ability to qualify for a mortgage loan – especially if you will be making more money or if you are purchasing your home due to job re-lo. But for some people, getting a new job during the loan approval process could raise concern and affect your application.
- 3) Don't switch banks or move money around. As your lender reviews your loan package, you will likely be asked to provide bank statements for the last two or three months on your checking, savings, money market accounts, and other liquid assets. To eliminate potential fraud, most loans require a thorough paper trail to document the source of all funds. Changing banks or transferring money to another account, even if it's just to consolidate funds, could make it difficult for the lender to document your funds.
- 4) Don't disregard your lender requirements. You may have been pre-approved for the loan, but your cooperation with your lender is far from over. In order to process your loan, you will need to meet certain requirements. Your lender will need copies of bank statements, W-2s and other paperwork. We are back to "full doc" loans where documentation is critical in getting your loan funded. It is up to you to get the required information to your lender as soon as possible. Most lenders will give you a check-list of their requirements as soon as escrow is open. Make this a priority.
- 5) Don't be late in any payments. If you do miss a payment during the loan process, this could "pop up" during the final "prior to funding" quality control check and could jeopardize the loan. Be extra careful to pay on time during the loan process.

Visit our website at www.cyndielders.com



We realize that selling or buying a home is a major and emotional investment. We specialize in leading you through the process with the highest level of personal and professional service.

Cyndi and Bob Elders

949-275-6581 949-637-3529

DRE #01310480 and 01766376

Visit our