

# What not to do during the loan process

As a buyer, you are justifiably filled with excitement about the largest purchase you will ever make. But slow down ... and contain your excitement just a bit. There are pitfalls you must avoid on the road to homeownership, as they may impact your loan approval.

- **Don't open any new credit accounts before or during the mortgage loan application process.**
  - Any new debt can negatively affect your credit score and may affect your ability to qualify for the loan you want.
  - Buyers beware: Lenders may pull another credit report 3-5 days prior to your closing to ensure no new credit has been established.
- **Don't move money around in your checking/savings accounts.**
  - Most of the time, deposits into a checking/savings account must be verified by source and can become a problem if the source is not acceptable, i.e. cash is not considered an acceptable source of funds because its origin cannot be verified.
  - Consult with your lender regarding how to document gift funds from a relative, prior to making your deposit.
- **Don't change jobs or the way you are compensated.**
  - A change in your job, unless it is with the same company and is a salaried position, can jeopardize your loan approval. Lenders are looking for job history and consistency of employment as they evaluate your loan request.
  - Don't make a change from salaried to commission. Commission or bonus income must be averaged over a two-year period and you must have a history of earning income this way.
  - Don't make a change from a full-time employee to a contract employee, even in the same company. Contract employees are subject to either a minimum three-year contract or a two-year history of contract employment.

This mortgage loan application process can take a month or two, so be careful to not make any moves that could jeopardize your loan approval. A little patience during these final weeks will result in a smoother, quicker closing – and the joy of homeownership.

**For more information on *what not to do* when you're buying a home, contact your Allen Tate Mortgage Consultant.**