

# What not to do before buying a home

**Don't be irresponsible with your credit.** It's important to keep your credit score steady throughout the home-buying process. You should continue to pay your bills on time and responsibly. You should also avoid inquiries on your credit report. Don't open new credit accounts, even if you don't plan on taking on new debt.



**Don't change jobs.** If you change jobs after your mortgage has been approved, it may have no effect on your mortgage financing, especially if you will be earning more money. There are however some things to remember. You cannot be on probation. You must have passed your probation to qualify for a mortgage. If your employment status does change, please notify your broker as soon as possible.

**Be careful before you consolidate any debt.** Debt consolidation can be tempting when you finally start looking at buying a home. Consolidation may not improve your credit in the way you expect, so be sure to read all the fine print.



**Don't move your money around.** When you are being approved for your loan, your lender will ask to confirm the source of the funds for your down payment. Although you might think moving money around will make this easier, it may raise some red flags and not save you any paperwork.

**Don't start banking at a new institution.** Your bank may have made you angry or upset. Or maybe you saw a great offer from a competing bank that you just can't pass up. Well, you do need to pass it up, because changing banks before getting your loan can disrupt everything.



**Avoid buying a car.** Without a doubt buying a car while also purchasing a home is a common mistake. Unfortunately, purchasing a car can throw a wrench into your home buying plans. Your loan pre-approval was based on the state of your credit and your debt load at the time of pre-approval before you bought a car. Adding the debt that the car purchase will bring may make you unable to get the loan for your home.

**Don't buy furniture or household goods on credit.** Taking on new debt, even for furniture or other household related items, will change the state of your credit and may throw up a flag for the lender that leads to the loss of your loan approval.

**Avoid making large deposits into your bank account.** Money that appears suddenly in your bank account makes lenders uneasy. In fact, they prefer for you to have the money that is going to your down payment in the same account for at least two months.



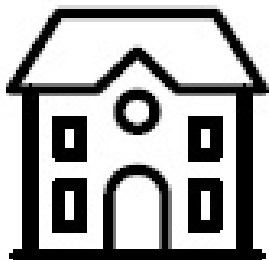
**Avoid lying or stretching the truth on your mortgage application.** You may have no intention of lying about your finances when you fill out a loan application, but the point needs to be stated regardless. Lying on a loan application is fraud, and if the lender finds out that you misled in any way, you will almost certainly lose your loan.

**Don't let anyone make inquiries into your credit.** When the mortgage company sees that inquiries are being made, it may assume you are trying to take out more debt – even if you aren't. While one or two queries may not be enough to lose your financing, there is no reason to take unnecessary risks when you are so close to getting your home.



**Don't spend the money you were going to use on closing costs.** For many home buyers, the period surrounding the home purchase is one of financial scarcity. Money may be tight right now, which can make the money you saved to cover closing costs tempting. But avoid spending it.

**Avoid being a co-signer for anyone.** Even though you aren't the one making the payments, your credit is still being inquired about and it will increase YOUR debt to income ratio



**Don't overextend yourself.** When buying a home, lots of lenders will gladly give you what they think you can afford on paper. What you qualify on paper, however, doesn't necessarily mean what you'll be comfortable living on day to day. Some buyers make the mistake of really overextending themselves. They end up becoming a slave to their home. If going out to a nice dinner from time to time is something you have been accustomed to be more conservative with your house purchase.



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