

What NOT to do After You Apply for a Mortgage

It's smooth sailing from here, right? Probably! However, more than one buyer has had the wind knocked out of their sails at some point in a real estate transaction by the mis-steps described below. If at all possible, steer clear of the following "NO-NOs" until **after** we close escrow.

Do not take on new debt. I know that the temptation is strong because you're excited about a new home and purchasing new furniture, new appliances, new home accents, etc. And of course all these companies are offering easy terms with 0% interest and no money down. The problem is that lenders will often re-pull your credit and a slew of new purchases will both decrease your credit score (possibly affecting your interest rate) and increase your "debt-to-income" ratio (affecting how much of a loan you can qualify for).

Do not change jobs. If at all possible, try not to make a career move during the time between your mortgage application and the closing on the home you are purchasing. But, you ask, "What if it's a BETTER job, for MORE money, in a DIFFERENT field?" Still, try and wait until **after** closing. One of the factors mortgage companies consider is length of present employment; they are partial to stability and job security. At the very least, changing jobs initiates the need for more paperwork, and may delay your closing.

Do not pack too soon. Well, go ahead and pack your clothes and dishes. But do not pack your bank statements, tax returns, or other important paperwork. Most especially, do not pack your checkbook! More than one buyer has had closing delayed while a friend or relative hurried over with additional funds because the checkbook was in the moving van. It just may cause you more headache.

In short, do nothing that negatively impacts your ability to qualify for your mortgage loan or that initiates a new round of paperwork. If you have any doubts about doing something that may affect your ability to qualify for your mortgage loan, please consult me for a quick discussion before you do it.

These suggestions are merely that—suggestions. I'm not saying flat out that bad things will necessarily follow if you do any of the above. They are offered as cautions. Many buyers seem to view the mortgage application procedure as a static action, a snap shot of their financial lives at a given moment in time. It's not. It's an on-going process that takes into account everything you do right up until the day of closing.

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