

10 Commandments During the Mortgage Process

- I Thou shall NOT change jobs, become self-employed/commissioned or quit your job.**
Paystubs are needed covering a 30 day period at your present job. If you leave a salaried job and become self-employed/commissioned you would typically have to wait 2 years. Employment verifications are always done within 5 days of closing.
- II Thou shall NOT co-sign a loan for anyone.**
Any changes to your credit report or status could negatively affect your ability to close your loan. Co-signing any type of car loan, student loans or other loans will result in inquiries to your credit and additional financial obligations.
- III Thou shall NOT buy a vehicle (or you may be living in it).**
Applying for credit to purchase a vehicle will result in an inquiry to your credit report. This will decrease your score, decrease the amount of money you can qualify to borrow and make it more expensive to do so.
- IV Thou shall NOT use charge cards excessively or make ANY late payments.**
Excessive use of credit cards can have negative effects on your score. Inquiries alone may lower it and balances greater than one third of the available credit limit can also lower your credit rating. Any late payments will lower your score significantly regardless of the amount due.
- V Thou shall NOT spend money you have set aside for closing.**
Having enough for down payment and closing costs is critical, but so are reserves after closing. Spending this money prior to closing could result in a denial.
- VI Thou shall NOT omit debts or liabilities from your loan application.**
Be very honest about all of your debts and liabilities early in the loan process. Everything is checked and double checked so they will likely turn up at some point and could jeopardize your loan.
- VII Thou shall NOT buy furniture, appliances or household items before closing.**
Large purchases causing deductions in your bank account, inquires on your credit report or additional debt on your credit cards could cause your closing to be delayed or denied. You must wait until after you close.
- VIII Thou shall NOT originate any inquires into your credit.**
As mentioned before, multiple inquires on your report will decrease your score. Credit is always refreshed within 7 days prior to closing and inquires will result in more documentation being required which may delay your closing.
- IX Thou shall NOT make large deposits without first checking with your lender.**
Abnormal deposits or large deposits other than regular payroll into checking, savings or any financial account must have sources verified and will result in more documentation being required.
- X Thou shall NOT pay off any collection accounts or charge offs prior to closing.**
This will most likely decrease the credit score immediately due to the date of last activity becoming recent. If you want to pay off old accounts, do it after closing and make sure that you validate that the debt is yours and that the creditor agrees to give you a paid in full or even a letter of deletion.