

Mortgage Process: Do's & Don'ts

Your mortgage loan application process can be easier with a little bit of advance planning. Your post-application process can also be smoother when you keep in mind what activities can slow down your closing.

Do's when you plan to apply:

Keep an ongoing paper trail

You'll need to maintain ongoing documentation related to income, employment verification and current debts/obligations -- keeping your W2s, tax return documents, pay stubs and bank statements handy.

Provide money deposit receipts

This includes an earnest money deposit from your personal bank account or gift funds. Gift funds are acceptable only if certain criteria are met -- reach out to your loan originator for clarification here.

Maintain employment and income

You'll need to show stability through the mortgage application period. This process goes much smoother if you keep your income steady and avoid major changes. Pay raises/promotions are exceptions to this expectation, though

Create a savings plan

Buying a house is exciting, yes, but focusing on saving during this period is key. You'll need funds for an earnest money deposit, down payment and/or closing costs, and major purchases could impact your credit. Pay your bills on time and be mindful of spending habits.

Understand credit pulls

Your lender may pull a new credit report just prior to closing to check for new debt. If your recent credit activity raises a concern, you may be asked to explain.

Ask questions and communicate

At any point in the process, your team is there to help you and answer any question that might come up. Trust their expertise, communicate effectively and often, and learn what you can about the loan process to set yourself up for success.

Don'ts after you apply:

Close or open bank accounts

Before you open, close, or transfer money across accounts, check with your Loan Officer on how this may affect your qualification or documentation. Changes could result in a delay for the loan origination.

Make large bank deposits

If you deposit any money outside of your automated payroll deposits, especially cash, check with your Loan Officer on the documentation you will need to provide to verify their sources.

Change jobs, employer or employment

You can change jobs, as well as amend any tax returns, but you'll need to make your Loan Officer aware because it may impact your qualification and documentation. If shifts do occur, you may need a new loan approval.

Make major purchases

This involves large spending prior to or during the contract period. It's tempting to get new furniture, a car or house appliances, but these purchases will hurt your savings, debt-to-income ratio and credit utilization.

Open a new line of credit

This also includes closing credit lines, co-signing on loans, or making major purchases on credit cards.

Panic, stress or isolate

Your team wants you to be successful, knowledgeable and confident during this process. Whatever your finances, be sure to include all debts and liabilities on your mortgage application. Keep the lines of communication open and trust they want you to get across the finish line.

Homeownership doesn't have to be a dream. Mortgage insurance can get you into a house faster with less than a 20% down payment. Talk to your loan officer to learn more about the value of MI.