Dear Home Buyers ...

This is your *What Not to do Checklist*

Take our advice and follow this 17-point homebuyer checklist, so you don't lose your financing while under contract.

Don't Buy a Car

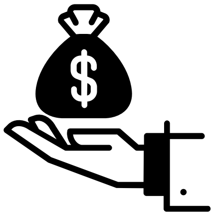
It's an exciting time to dream of living in your new home and driving up in that new car. But buying a car before you've closed on your home can end up killing both of those dreams. Until the lender has fully vetted your finances, making big purchases can disrupt your debt-to-income ratio and boot you out of qualification for your home loan. Wait until you close on your home to go shopping for that new car.

Don't Buy New Furniture

It's tempting to start shopping for funiture for your new home as soon as you go under contract. But if you go out and spend too much money on things to put in your new home, you could run the risk of losing the house. Try to keep your spending in check until after the closing day to avoid increasing your revolving debt.

Don't Make Large Cash Deposits

The last thing you want is to make any large cash deposits into your bank account while the lenders are still trying to vet your financial stability. When you make a cash deposit, it raises questions and eyebrows for the lenders. If you have a large amount of cash that you need to put in the bank, try to make those deposits before you start your home search. Otherwise, contact your lender and ask them for advice.



Don't Exaggerate your Income

IYou don't want to mislead your lender when they ask about your income, your sources of income, or anything that might affect your ability to qualify for your mortgage loan. Be upgront and as honest as possible. No one likes a bad surprise at the end of the transaction. Be as forthcoming as you possibly can with all of your financial information so that your lender can go to work for you.

Don't Apply for Credit

When your lenders are working on verifying your income, your debt-to-income (DTI) ratio, and your ability to repay your loan, they prefer to look at a snapshot of your financial situation. If you apply for additional credit, whether that's for a gas card, store credit, or a new Visa card, you're just throwing a wrench into their process. And you could throw your DTI off, which might disqualify you from the mortgage loan.

Save Enough Money for Closing

Make sure that you're saving money for your closing costs. The worst case scenario would be you get to the closing table, you're ready to sign your note, and get the keys to your new home, but you don't have enough cash to close. A good amount to save is around 10% of the purchase price of the home. Set that money aside and don't spend it.

Don't Overextend Yourself

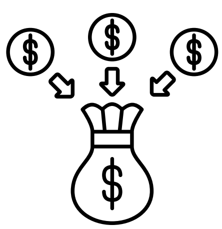
This may seem obvious, but don’t get crazy with your credit cards. Remember, the lenders are evaluating your overall credit, so try to keep your debt to about 30% of your credit limit at all times, if not less. This goes back to your DTI. When you stretch yourself thin and your debt creeps higher than that 30% mark, lenders start to see trouble, and you could charge yourself right out of your contract to buy a house.

Don't Co-sign for Anyone

It doesn't matter if it's your brother or sister, your aunt, your cousin, or your closest friend, don't co-sign anything when you're trying to qualify for a mortgage. When you co-sign for anything–from a rental application to a car note–you're putting yourself on the hook for anything that might go wrong, which could kill your dreams of home ownership in a flash. Anyone who needs your credit worthiness to get a new apartment will need to wait until you close on your home.

Don't Get Behind on Your Payments

Qualifying for a home loan is no small thing, and it's typically a longer process than many people think. This is not the time to skip a payment on your existing car note or your light bill. Those payments keep your credit score up. If you miss any of these payments, it could quickly affect your credit score negatively. So, keep those payments going.

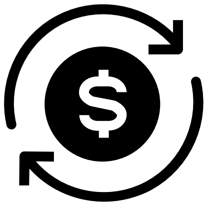


Be Cautious When Consolidating Debt

It's tempting to want to clean up your debt through consolidation. When you first start working with a lender, they will coach you through any process you need to get into a better position to qualify for a mortgage. But don't go outside of their advice. Ask your lender about consolidation before you do anything with any outside company. Sometimes moves like consolidation can affect your credit score negatively, and that could set your timeline back by months.

Don't Change Careers

This is a big one, especially if you're moving to another area. You may need to change jobs, but don't change careers in the middle of buying a new home. The reason is when you change jobs within the same career field, you can count the last couple of years as income. You're making a lateral move. But when you change careers, it's like you're starting over. None of your previous income counts toward your new career, and that could really hurt your chances of getting into a new house.

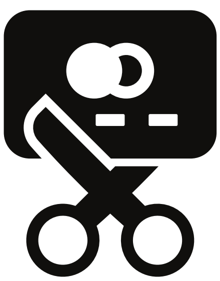


Don't Shift Around Your Finances

It may seem silly, but once your lender starts working on qualifying your finances for your loan, don’t move things around. Keep your money right where it is until after closing. You don’t want to appear to be hiding money or trying to throw underwriters off. Put it in its spot and don’t mess with it until closing day.

Don't Change Banks

This goes hand-in-hand with moving your money. Don’t change banks in the middle of qualifying for a loan. Your lenders don’t want to go searching for your money after they have started working on your loan. If you don’t like your current bank, wait until after you’ve closed on your home to migrate to a different one.

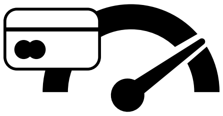


Don't Close Credit Cards

Believe it or not, closing a credit card can negatively impact your credit score. In essence, you’re losing some of your credit ceiling when you close a credit card which, in turn, upsets your DTI ratio. Anything that negatively impacts your credit score could cost you your dream home.

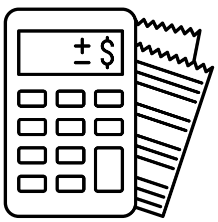
Don't Increase Credit Limits

Yes, closing a credit card lowers your overall credit limit, which is bad. But opening a new credit card also has a negative impact on your credit. When you apply for credit cards or credit increases, your credit takes a hit. That negative impact could last for more than 30 days, which could keep you from getting your home loan.



Don't Max Out Your Credit Cards

Just like peas and carrots, this tip goes along with not over-extending yourself. Don’t overuse your credit cards. When you use your cards to the credit limit, you’re eating into your DTI. Lenders don’t like it when people max out their credit cards. It’s a sign that their potential borrowers aren’t smart with their credit and could be an indicator of someone who could possibly default on their home loan. Keep your credit usage to a maximum of 30% of your credit limit and try to pay it off each month.



Don't Open New Accounts

When you apply for any credit accounts, your credit score gets a hard inquiry. Those hard pulls, as they’re called, stay on your credit for as long as two years and can keep you from qualifying for any loan, especially a home loan. Don’t apply for any credit accounts, including small loans, credit cards, or store credit accounts. Avoid those hard pulls until after you’ve signed your closing documents, received your keys, and the loan is fully funded.

Cheers to a smooth transaction

& A SUCCESSFUL CLOSE!