



Suggestions for What NOT to Do to Prepare for a Mortgage Application

The internet is chock full of information on how to obtain a mortgage. There are graphics and flow charts to illustrate all the steps in the process from making a budget to closing the transaction. After years of originating residential loans, I have made a list of things you should avoid doing if you are considering a home purchase or refinance ... and especially if you have a loan in process!

Don't quit your job

It's not the end of the world if you leave a job to earn more money in your same industry ... but this isn't the time to quit working as a banker and become a dance instructor. Don't quit a salaried job to take a commission-based position. In some cases, an underwriter wants to wait for the first paycheck of a new job so leaving a gap in employment is inadvisable, too.

Don't "cross your fingers" with credit

Pull your credit report – you can get one free one each year. If there is something that looks bad, do everything you can to get it resolved before you apply for a new loan.

Don't hope for the house

If you are getting divorced and you think the house should go to you, confirm it ahead of time. You don't want to spend a ton of time looking for documents and uploading bank statements only to have a judge award the property to your ex.

Don't buy something crazy

I used to say "don't buy something crazy on credit" but then I had a client pay cash for a boat because it was such a great deal. Underwriters like to see you have money in reserves – and some lenders *require* reserves to make a loan.

Don't switch banks

Banks are good at advertising ... but since you can expect a mortgage lender to look at your statement and spending history carefully, wait and follow up on that great offer after closing!

Don't lie by omission

When it's time to complete the Universal Residential Loan Application, don't forget about things like second liens, credit accounts, other real estate you own. Even if you own a lot with nothing on it, we have to add in the property taxes.



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