



Avoid financial changes during the loan process

Once your loan package has been sent to the lender, there are a number of things you should avoid doing that may change your financial picture. Remember, the lender is looking for stability and consistency. If you want the best interest rate, keep that in mind. Here are a few things to consider:

The lender wants to see what your source of down payment is.

Your lender will most likely ask you to provide proof of your liquid assets. This includes bank statements of checking and savings accounts, verification of investments, and any other liquid assets. Some of the things they ask for may seem trivial, but if you are planning to buy a new home, it's important to have all documentation readily available. If the lender asks for cancelled checks or deposit receipts to meet certain conditions, you want to be able to find these things quickly to avoid delaying the closing of your loan. Make sure your paper trail is easy to document, and don't move money from one account to another.

Major purchases will count against you.

Perhaps you're thinking about buying new appliances for the new home. This is not the time to do it! Avoid making major purchases on jewelry, appliances, furniture, vacations, or anything with a significant price tag.

Buying or leasing a car is a huge purchase that can negatively impact the way a lender views your financial status. This is a big-ticket item that dramatically affects your debt-to-income ratio. You may have room in your budget to purchase a new car, and think this is a worthy investment if you're looking for a home further from your work, but by tacking a car payment onto your existing debt you reduce the amount you will qualify for in a home loan. A \$400 a month car payment can reduce your loan limit by as much as \$50,000!



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If you change jobs, you may be asked to document the change.

If you are changing jobs to increase your income, that's a no-brainer for the lender. If you have an erratic work history to begin with, another job change will make it look worse for you.

If you are an hourly wage employee, most likely a job change will have no effect on your ability to qualify for a loan. If you have a track record of a consistent amount of overtime or consistent bonuses over the last two years, the lender views this favorably.

If you change jobs, there is no way of knowing if the new employer will pay overtime. Many do not! If you work on a salary plus commission or straight commission basis, it has a dramatic affect on your stability. If you are toying with the idea of starting your own business, again, consider doing it after your loan has funded.

Sincerely,

Catherine Sun