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Avoid Changes to Your Financial Profile 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 will 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 is looking 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 for checking and savings accounts, verification of investments, and any other liquid assets. Some of the things they ask for may seem trivial, but keep in mind, if you are planning a move to 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 or open or close accounts.



Major purchases tip the scales against your favor.

Avoid making any major purchases. You might be thinking about purchasing new appliances for the new home. This is not the time to do it. Avoid making any major purchases on jewelry, appliances, furniture, vacations, or anything with a significant price tag until after your loan is closed.

Buying or leasing a car can make a negative impact on the way the lender views your financial status. This is a big ticket item that dramatically affects your debt-to-income ratio. You may feel you have room in your budget to purchase a new car, and think this is a worthy investment if you are looking for a home that will mean a longer commute for you on a daily basis. But by tacking a car payment onto your existing debt, you reduce the amount that you will qualify for in a home loan. A \$400 a month car payment can reduce your approved loan limit by as much as \$50,000. Think about doing this *after* your loan is closed if you really need it.

If you have to change jobs, you may be asked to document why this change occurred.

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 start with, another job change may 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 + commission or straight commission basis, it has a dramatic effect on your stability. If you are considering starting your own business, again, this is something to consider *after* your loan is funded.

Call me directly for a free consultation.

