

While it's exciting to start thinking about moving in and decorating after you've applied for your mortgage, there are some key things to keep in mind before you close. Here's a list of things you may not realize you need to avoid after applying for your home loan.

### ***Don't Deposit Large Sums of Cash***

Lenders need to source your money, and cash isn't easily traceable. Before you deposit any amount of cash into your accounts, discuss the proper way to document your transactions with your loan officer.

### ***Don't Make Any Large Purchases***

It's not just home-related purchases that could disqualify you from your loan. Any large purchases can be red flags for lenders. People with new debt have higher debt-to-income ratios (how much debt you have compared to your monthly income). Since higher ratios make for riskier loans, borrowers may no longer qualify for their mortgage. Resist the temptation to make any large purchases, even for furniture or appliances.

### ***Don't Cosign Loans for Anyone***

When you cosign for a loan, you're making yourself accountable for that loan's success and repayment. With that obligation comes higher debt-to-income ratios as well. Even if you promise you won't be the one making the payments, your lender will have to count the payments against you.

### ***Don't Switch Bank Accounts***

Lenders need to source and track your assets. That task is much easier when there's consistency among your accounts. Before you transfer any money, speak with your loan officer.

### ***Don't Apply for New Credit***

It doesn't matter whether it's a new credit card or a new car, when you have your credit report run by organizations in multiple financial channels (mortgage, credit card, auto, etc.), it will have an impact on your FICO® score. Lower credit scores can determine your interest rate and possibly even your eligibility for approval.

### ***Don't Close Any Accounts***

Many buyers believe having less available credit makes them less risky and more likely to be approved. This isn't true. A major component of your score is your

length and depth of credit history (as opposed to just your payment history) and your total usage of credit as a percentage of available credit. Closing accounts has a negative impact on both of those aspects of your score.

### ***Do Discuss Changes with Your Lender***

Be upfront about any changes that occur or you're expecting to occur when talking with your lender. Blips in income, assets or credit should be reviewed and executed in a way that ensures your home loan can still be approved. If your job or employment status has changed recently, share that with your lender as well. Ultimately, it's best to fully disclose and discuss your intentions with your loan officer before you do anything financial in nature.

### **Bottom Line**

You want your home purchase to go as smoothly as possible. Remember, before you make any large purchases, move your money around, or make major life changes, be sure to consult your lender – someone who's qualified to explain how your financial decisions may impact your home loan.