Tips for a Smooth Mortgage Closing

Once you have been prequalified or approved for a mortgage you might assume you can breathe easy now.

Not yet.

While most of the hard work of building a good credit profile and saving for a down payment and closing costs is behind you, it's important to remember that your lender may recheck your credit just prior to your settlement date and will also verify a few details such as your place of employment to make sure nothing has changed.

* Behaviors that will cause issues with your closing even after you've already been approved *

1. **Don't change your job after applying for a mortgage.** Now is not the right time to become self-employed, change or quit your job.
2. **Don't change banks.** Like your employment, you want your banking history to show stability.
3. **Don't incur any new debt.** This can increase your debt-to-income ratio to an unacceptable level. Financing a new car, furniture, etc. may raise your debt-to-income ratio to a point that you no longer qualify for your mortgage.
4. **Don't be late on any payments or charge excessively.** You need a good track record and show that you can manage your money responsibility.
5. **Don't make large deposits or cash deposits into your bank accounts.** Lenders like the money that will be used for your down payment and closing costs to be sitting in your account for at least two months. Any large deposits that are not payroll will be required to be documented from an acceptable source. Don't make unnecessary transfers in and out of existing accounts; this makes the verification of assets much more difficult.
6. **Don't lie on your loan application.** Sounds simple, right? Don't leave out any assets, debts or liabilities you have or misrepresent your income. It's fraud.
7. **Don't co-sign a loan for anyone.** Even if you're not the one making the payments on that loan, it can increase your debt-to-income ratio. There are scenarios that you don't have to include the co-signed account in your debt to income ratio. Ask us for more details.
8. **Don't have inquiries made into your credit.** Looking for new credit translates into higher risk for lenders. Opening credit accounts within a short period of time represents some risk and your credit score could take a hit. It's probably not a huge factor in calculating your ability to repay a loan but why take a chance at this juncture?
9. **Don't spend your money for closing costs.** Part of the price of financing a loan is the closing costs and you likely have some responsibility for paying them. Make sure you have enough for your share of this obligation.
10. **Don't cash advance your credit card to pay for your down payment.** Taking a cash advance is the same as taking out an unsecured loan. With proper documentation, funds from a secured loan can be used for your down payment. Ask us for more details about using secured borrowed funds for your new mortgage.