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LISA J. GRYBA

What to Avoid Before Buying A Home?

- I. **Don't apply for any new credit or increase your debt**
It may be tempting to apply for a credit card at the furniture store when you are about to become a homeowner, but this will lower your credit score. Also, any new debt may increase the maximum acceptable debt-to-income ratio and keep you from buying the home of your dreams.
- II. **Don't close your credit accounts**
You may think it's time to get your finances in order by closing unused credit accounts or transferring funds from high interest-bearing accounts charging lower interest. While this can be a smart move in principle, now is not the time. It can negatively affect your credit score because your credit score drops when you have a higher usage of debt compared to your limit. It is best to wait until your closing is complete before you make these changes.
- III. **Try not to move your money without a paper trail**
The lender will need to review your most recent bank statements to confirm your down payment and closing costs. So, if you have any large or irregular deposits you will need to provide documentation of where the money came from.
- IV. **Don't be late or skip any payments**
Making your payments on time matters! Late payments show up on your credit score and lower it.
- V. **Don't buy a vehicle**
A vehicle is considered an asset, but the loan/lease is also an added liability. Even if you can easily afford a new car, using up your savings or adding a new loan/lease payment could derail your mortgage application. Wait until after your closing day before you switch to a new vehicle.
- VI. **Don't change jobs**
As tempting as it may be, it could delay your financing. Your lender will verify your employment and pay need pay stubs to prove your income before your mortgage loan closes.
- VII. **Don't spend your savings or investments**
You will need cash on hand on your closing date for your down payment and closing costs. Don't be caught with a short fall!

If you have any questions regarding the above, give me a call!