

DO NOTs During the Mortgage Loan Process...

*The overwhelming excitement of homeownership and being unfamiliar with the loan process can sometimes lead borrowers to unknowingly throw down challenging or irrevocable road blocks during their mortgage loan process. Here are simple reminders to help **avoid delays or rejections** in the mortgage application process.*

Credit Profile: The credit report can be pulled several times during the loan process. Although, the lender has issued the loan approval, sometimes the lender will re-run the credit report prior to funding (closing) of the loan and/or when the loan is sold to an investor.

During the loan process, make sure you:

- **DO NOT** take on new debts or open new accounts such as credit cards, student loans, car loans, etc.
- **DO NOT** increase any balances on your credit cards, loans or other credit accounts.
- **DO NOT** make any late payments on any debts including other mortgages, utilities, rents, loans, credit cards, etc.



Job / Employment: Sometimes the timing of new and better opportunities or events in our lives are out of our hands.

However, during the loan process, it is wise to consider decisions that may negatively impact the process of your mortgage loan.

- **DO NOT** change jobs, even if you encounter a better job. Unless, you are promoted within the same company, then of course go right ahead and get that pay increase. No worries, if you've already been qualified with the former and lesser income prior to the pay increase. A change in jobs during the loan process means your loan will come to a halt because then you have to wait to produce at least one paystub and possibly even 30 days of Year-to-date income from the new employer. The employment will be re-verified, by the lender at closing and possibly again post closing by the investor.
- **DO NOT** quit your job. It's obvious that your loan will most likely be denied if you quit your job, unless your income is not being used to qualify for the loan.

Assets (Any and All Bank Accounts disclosed on your Loan Application): It may seem harmless to anyone to shift money from one account to another...after all they're your own accounts, right? Or so, someone paid you back that personal loan you gave them and they paid you back cash on hand and you just want to deposit the cash in the bank....hold off on that.

During the mortgage loan application process, make sure you:

- **DO NOT** make any deposits other than your payroll unless you can and are willing to document the source of funds.
- **DO NOT** open new accounts unless you can document the funds used to open the account. Note that if funds are used from another account, then the lender will more than likely request statements from that other account.
- **DO NOT** make bank withdrawals that cannot be documented.
- **DO NOT** make transfers between accounts, more so if the transfer originates from an account which is not disclosed on the loan application or from an account which the funds are not being used to purchase the property or towards escrow closing funds.

Closing Costs and Down Payment funds: So you're purchasing your first home and your family is excited for you and they're feeling generous, so they all want to "pitch" in and help you with CASH for your down payment or hand you a CASH "house warming gift".

Hold Off on depositing any CASH into your bank account.

During the loan process, it is best if you:

- **DO NOT** accept cash gifts. Cash cannot be used towards your down payment or closing costs because cash cannot be documented.
- **DO NOT** authorize anyone that is not on the mortgage loan (even if it's your spouse) to write the check (s) and or wire/transfer money from their own accounts towards the initial deposit or closing funds. Unless you are a joint account holder with 100% access to the funds and that account was disclosed on the loan application. Otherwise, the money will be considered a gift and restrictions and/or additional documentation will apply.
- **DO NOT** purchase any money orders or bank checks with cash, because again...cash cannot be sourced, therefore, they cannot be used towards closing costs or down payment.

Most of these DO NOT's may seem quite obvious, but they happen more often than you think.

If ever in doubt about whether you DO or DO NOT do something,

it is always best to contact your Loan Officer for guidance.

One simple change can trigger a delay or denial on your mortgage loan.



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