



Things to avoid before buying a home

Many new homebuyers make the mistake of rushing out to buy things to fill their home as soon as the seller accepts their purchase offer and the lender pre-approves their loan. But there are still a few major hurdles to overcome before the keys are handed out. Here are some things to avoid during the home buying process to assure your transaction

goes as smoothly as possible:

- **Don't make an expensive purchase.** It may be tempting to order that new sofa for your soon-to-be living room, but it's best to avoid making major purchases like furniture, cars, appliances, electronic equipment, jewelry, or vacations until after the closing. Financing that furniture with a store credit card or even one of your own credit cards could jeopardize your credit worthiness during the time it means the most. Using cash to purchase big items can also create a problem because many banks take into consideration your cash reserve when approving your mortgage.
- **Don't get a new job.** Lenders like to see a consistent job history. Generally, changing jobs will not affect your ability to qualify for a mortgage loan - especially if you are going to be making more money. But for some people, getting a new job during the loan approval process could raise some concern and affect your application.
- **Don't switch banks or move money around.** As your lender reviews your loan package, you will likely be asked to provide bank statements for the last two or three months on your checking accounts, savings accounts, money market funds and other liquid assets. To eliminate potential fraud, most loans require a thorough paper trail to document the source of all funds. Changing banks or transferring money to another account - even if its just to consolidate funds - could make it difficult for the lender to document your funds.
- **Don't give a good faith deposit directly to the seller in a FSBO purchase.** As a rule, your good faith deposit belongs to you, not to the seller, until the deal closes. Your FSBO seller may not know that your good faith funds should be applied to your expenses at closing. Get an attorney or other neutral party who can hold the deposit or put it in a trust account until you close on the home. Your purchase contract should dictate to whom the funds go should the transaction fall through.
- **Don't disregard your lender's requirements.** You may have been pre-approved for the loan but your work with the lender is far from over. In order to process your loan, you need to meet certain requirements. Your lender will need copies of your bank statements, W2s and other paperwork. It is up to you to get it to him or her as soon as possible. Failure to submit certain qualifying documents could cause you to lose your loan and the financing you need to buy your home.