10 Things NOT to do When Buying a Home

1. **Don’t change your job before submitting a loan inquiry for a home loan.** Along with that, now is not the right time to become self-employed or quit your job. You want to show lenders stability, which means you’ll be less likely to default on the loan.
2. **Don’t change banks.** Like your employment, you want your banking history to show stability.
3. **Don’t buy a car or truck or any other form of transportation that you have to finance.** Buying one increases your debt-to-income ratio and that’s something loan officers don’t want to see.
4. **Don’t buy furniture on credit before buying your house.** Like financing a car, charging big-ticket items increases your debt-to-income ratio and now is not the time.
5. **Don’t be late on your credit card payments or charge excessively.** You need a track record of responsibility and show that you can manage your money.
6. **Don’t make large or cash deposits into your bank accounts.** Lenders like the money that will be your down payment to be sitting in your account for at least two months – what they call “seasoning” – so that the funds don’t just appear out of the ether.
7. **Don’t lie on your loan inquiry.** Sounds simple, right? But don’t leave out any debts or liabilities you have or fudge your income. It’s fraud.
8. **Don’t co-sign a loan for anyone.** Even if you’re not the one making the payments on that loan, it increases your debt-to-income ratio.
9. **Don’t have inquiries made into your credit.** Looking for new credit translates into higher risk for lenders. But opening credit accounts within a short period of time represents some risk and your credit could take a hit. It’s probably not a huge factor in your calculating your ability to repay a loan but why take a chance at this juncture?
10. **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 the obligation.