**Do’s and Don’ts of the Mortgage Loan Process**

**DO meet with your mortgage banker early.**
Before you start shopping for real estate, meet with a mortgage expert to review your financial situation and develop a solid strategy. Check your credit for any errors or erroneous information that could negatively affect your credit score. Credit score and equity are the primary determinants of interest rate.

**DO pay your bills on time.**
Your credit score is one of the most important factors for loan approval. Stay current on all existing accounts. Don't increase the amounts owed on them.

**DO shop for your homeowner's insurance.**
Your new policy will need to be reviewed by the underwriter. Finalize the insurance as soon as possible.

**DO stay in touch.**
The home loan process is time critical. Be available to answer questions or provide additional documentation. Let the loan officer and processor know if you will be unavailable during any part of the loan process. Email is the preferred method of communication. Check your email often for time sensitive disclosures and requests for more information.

**DO organize your financial documents.**
Keep a file of the following financial documents handy until AFTER closing.
- W2s – last two years for all borrowers.
- Federal Tax Returns – all pages and schedules for the past two tax years.
- Self-Employed – Federal business returns, all pages and schedules for the past two tax years.
- Bank Statements – all pages. This cannot be a screen shot. If you do not get paper statements in the mail, go online and print each document as a full statement with name, address, and account number for identifying purposes.
- Spousal and child support – provide the fully ratified agreements.
- Financial documents have a shelf life. – Don't be surprised if you have to present new bank statements or paystubs available before you will be able to close on a new loan.

**DON'T apply for new credit.**
Do not buy new items on credit (common mistake: new furniture and appliances with 0% interest rate), co-sign for someone, or increase your credit balances. Contact your loan officer immediately if you do. The loan must be restructured and put back through underwriting for approval. It could delay closing.

**DON'T change jobs.**
Employment changes hold up closings. You will need to wait until you have a full 30-days worth of paystubs available before you will be able to close on a new loan.

**DON'T sell items for cash.**
If you sell a car, motorcycle or boat, make sure you get a signed bill of sale, a copy of the check and an appraisal for the item to demonstrate value. Large cash deposits will need to be documented.

**DON'T schedule contractors or movers for the day of closing.**
Every attempt is made to close a purchase transaction on the day stated in the real estate contract. Recently it has become more common for settlements to be delayed due to the increasing complexity of the transactions, so have a contingency plan.

**DON'T manipulate your money.**
All funds have to be tracked and verified. Don't assume no one will check, everything gets checked.
- Changing banks and/or moving money around from one account to another requires extensive documentation.
- Any non-payroll deposits showing on any of your accounts/statements must be verified.
- Gifted funds have a specific protocol that must be followed. Get the facts in advance.
- For closely held companies, any funds from business accounts or loans to a shareholder can be very problematic. Review any plans for use of business assets with your loan officer.

**DON'T be surprised or irritated about the documentation process and redundancy of disclosures.**
Mortgage fraud is rampant. Sophisticated technology and regulatory changes continue to dictate most of what may seem excessive.

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