

10 Financial Actions to AVOID During the Homebuying Process

Minor fluctuations in your credit score can have a substantial impact on your mortgage interest rate and approval when buying a home. To ensure a smooth closing, it's essential to maintain financial stability and avoid actions that can negatively impact your credit or change your financial situation during the homebuying process.



Here are 10 financial activities to AVOID when you're in the process of buying a home:

1. Applying for New Credit

Avoid applying for new credit cards, loans, or lines of credit. Each credit inquiry can temporarily lower your credit score.

2. Running Up Credit Card Balances

Try to keep your balances low and avoid maxing out your credit cards. High credit card balances relative to your credit limit can negatively affect your credit score.

3. Changing Jobs or Careers

Lenders typically prefer stable employment histories, so changing jobs during the homebuying process may raise concerns.

4. Cosigning for Others

Being a cosigner can make you responsible for someone else's debt, affecting your debt-to-income ratio.

5. Making Large Purchases

Refrain from making significant purchases on credit or taking on additional debt while your mortgage application is in process. These actions can affect your debt-to-income ratio and your ability to qualify for a mortgage.

6. Late or Missed Payments

Continue making on-time payments on all your existing debts. Late or missed payments can harm your credit score and jeopardize your mortgage approval.

7. Closing Credit Accounts

This can affect your credit utilization ratio, which is a factor in your credit score. It's generally best to keep your existing credit accounts open, even if you're not using them.

8. Changing Bank Accounts

Avoid making substantial changes to your bank accounts, such as closing or moving accounts. Lenders may need to verify your assets, and changes can complicate this process.

9. Undisclosed Debts or Liabilities

Failing to disclose debts can result in mortgage fraud and legal consequences.

10. Large Cash Deposits

Be cautious about making significant cash deposits into your bank accounts. Lenders may need to verify the source of funds, and unexplained deposits can raise red flags.

**Remember to always consult with your mortgage lender for specific guidance on managing your finances while applying for a mortgage.*



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