

Statement of Understanding

(What NOT to Do After You Apply for a Mortgage)

Congratulations! You finally found the house of your dreams. You made a bid, had it accepted by the seller, and went through the mortgage application process. It looks like you'll qualify. The closing is only weeks away, and you're feeling pretty good.

It's smooth sailing from here, right? Probably. However, more than one buyer has had the wind knocked out of his sails at some point in a real estate transaction by the mis-steps described below. If at all possible, steer clear of the following "NO-NOs" until AFTER you have gone to settlement.

- **Do not take on new debt.** The temptation is strong. There are so many big purchases that people want to make in connection with a move: appliances, window treatments, furniture, etc. When you add to this the fact that, today, everyone offers easy terms and no money down—well, why not just do it? Answer: because you will change what the mortgage industry calls your "debt-to-income ratios" (the relationship of your income to your debt).
- **Do not change jobs.** If at all possible, try not to make a career move during the time between your mortgage application and the closing on the home you are purchasing. But, you ask, "What if it's a BETTER job, for MORE money, in a DIFFERENT field?" Still, try and wait until AFTER closing. One of the factors mortgage companies consider is length of present employment; they are partial to stability. At the very least, changing jobs initiates the need for more paperwork, and may delay your closing.
- **Do not pack too soon.** Well, go ahead and pack your clothes and dishes. But do not pack your bank statements, tax returns, or other important paperwork. Most especially, do not pack your checkbook! More than one buyer has had closing delayed while a friend or relative hurried over with additional funds because the checkbook was in the moving van.
- **Do not lease a new car.** This should go under the general heading of "no new debt." It is highlighted here because, for some strange reason, many buyers do run right out and lease a new car during the time between mortgage application and closing! As with any debt, this will change your "debt-to-income ratios" and may cause you not to qualify for your mortgage.

In short, do nothing that negatively impacts your ability to qualify for your mortgage loan, or initiates a new round of paperwork. If you have any doubts about doing something that may affect your ability to qualify for your mortgage loan, please consult your loan provider before you do it.

These suggestions are merely that—suggestions. No one is saying, flat out, that bad things will necessarily follow if you do any of the above. They are offered as cautions. Many buyers seem to view the mortgage application procedure as a static action, a snap shot of their financial lives at a given moment in time. It's not. It's an on-going process that takes into account everything you do right up until the day of closing.

By signing this Statement of Understanding, I acknowledge that "What Not to Do After You Have Applied for a Mortgage" has been fully explained to me.

Borrower

Borrower