



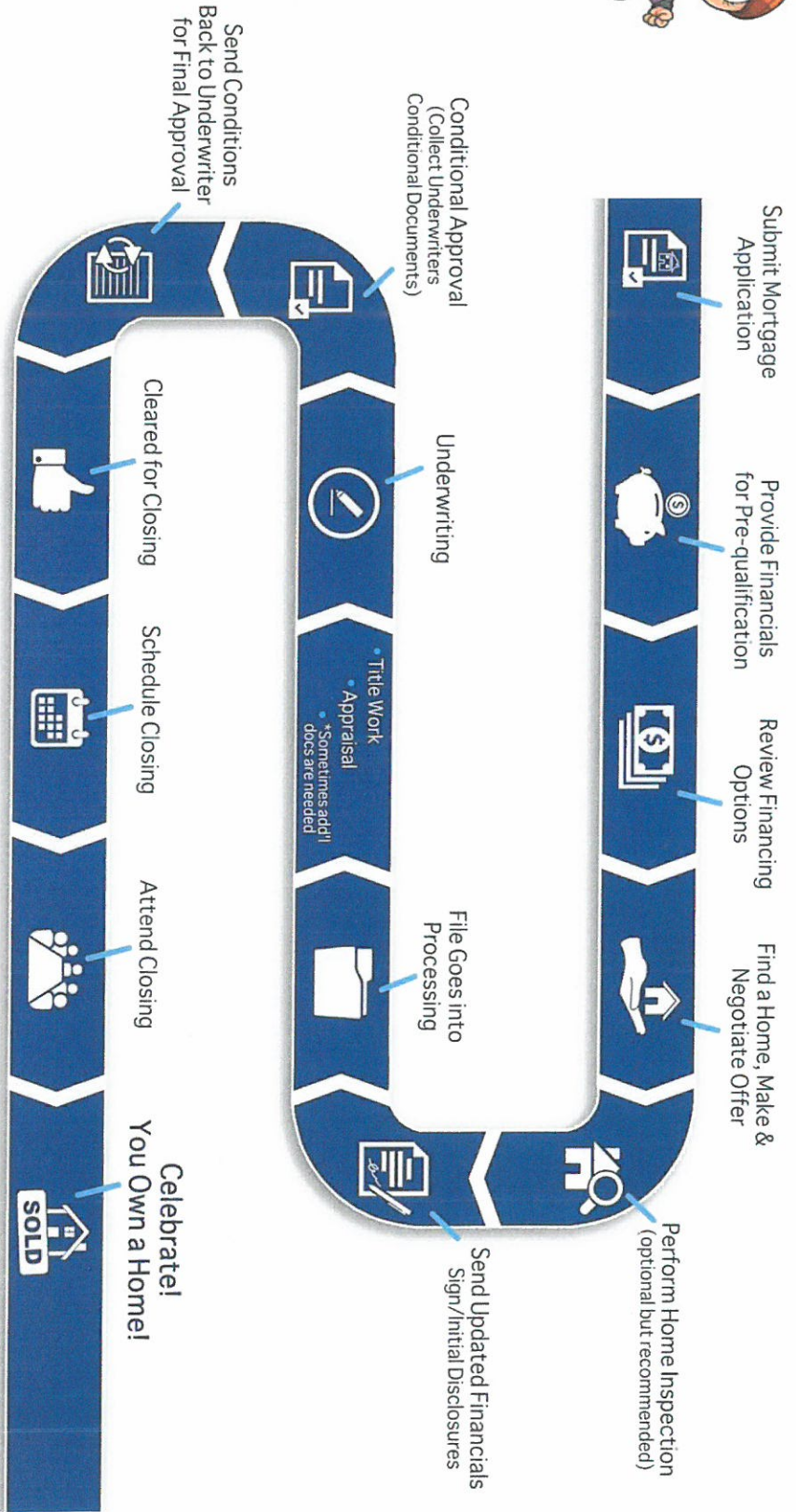
10 Financial Things You Shouldn't Do When Applying for a Mortgage

Thank you for choosing Mortgage 1, Inc. for your home buying needs. Applicants need to keep their finances in shipshape until closing even if you have good credit, so that underwriters won't think twice about your loan.

Here are 10 things to avoid while you're buying a home:

1. **Don't change your job before applying for a home loan.** Also, now is not the right time to become self-employed or to 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.** As with your employment, you want your banking history to show stability.
3. **Don't buy a car that you have to finance.** Buying a vehicle or any other form of transportation through a loan increases your debt-to-income ratio and loan officers don't want to see that.
4. **Don't be late on your credit card payments or charge excessively.** You need a track record of responsibility that shows you can manage your money.
5. **Don't make large deposits into your bank accounts.** Lenders like it when the money for your down payment has been sitting in your account for at least two months – what they call seasoning – so that funds don't just appear out of nowhere.
6. **Don't lie on your loan application.** Sounds simple, right? But don't leave out any debts, liabilities or fudge your income. It's fraud.
7. **Don't co-sign a loan for anyone.** Even if you're not making the payments on that loan, co-signing increases your debt-to-income ratio.
8. **Don't buy furniture on credit before buying your house.** Charging big ticket items increases your debt-to-income ratio. Save your money for the down payment.
9. **Don't apply for new credit cards or prompts any other inquires into your credit rating.** Looking for new credit translates into higher risk for lenders. If the inquiries are related to your mortgage search, that usually doesn't affect your credits score because lenders assume that you're rate shopping. But opening credit accounts within a short period of time represents some risk and your credit could take a hit. Inquires are probably not a huge factor in calculation your ability to repay a loan, but why take a chance?
10. **Don't spend money you'll need for closing costs.** Part of the price of financing a loan is closing costs, and you'll likely have some responsibility for paying them. Make sure you have enough for your share.

Your Path to Home Ownership



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