4 THINGS NOT TO DO AFTER YOUR MORTGAGE PREQUALIFICATION

Getting prequalified for a mortgage is no easy task, so the last thing you want to do is lose sight of your finances in the quiet period.

Quiet period: the time between your prequalification and the closing of your loan.

Any major changes in personal income, assets, or debt during the quiet period can alter the terms of your mortgage offer, or cancel it completely.

Here we outline four things not to do in your quiet period.

Don't apply for new credit.

Your mortgage lender is required to pull a second credit check before the final loan approval. Applying for other credit lines and loans can impact your credit score by increasing your debt-to-income ratio, a key factor lenders consider when you apply for a mortgage. Any changes could alter the terms of the deal or even cancel the mortgage loan deal altogether.

Don't miss credit card and loan payments.

Payment history is one of the key factors in your credit score, and late payments on credit accounts — 30 days or more — can threaten your ability to close.

Don't make any large purchases.

It can be tempting to start buying furniture, appliances, and other pricey household items to prepare for homeownership. But paying cash will dent your savings, and charging substantial purchases will increase your debt-to-income ratio and credit utilization (the percentage of available credit in use).

Don't switch jobs.

This might be out of your control, but it is wise not to actively change jobs during the loan-approval process. A career change could mean an income adjustment and revisions to the amount you are approved to borrow.

Not sure? Ask.

Every financial decision you make during this time period will have an impact, so consult with your loan officer before making a change.

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