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A Message from Ted Rood:

"That's a lot of "to do's" during the mortgage process, but sometimes folks forget the "don'ts". Here's 5 things to avoid in order to keep your loan on track!"

5 Weird Reasons You WON'T Get a Mortgage

If you're hoping to purchase a home soon, there are **plenty of things** to concentrate on. Your loan officer or realtor will probably give you a list of the documents you'll need, and some "to do" items, like check on homeowner's insurance and save your paystubs.

Getting a mortgage, however, isn't **just** about the "do's". While they aren't necessarily "weird," these commonly overlooked **"don'ts"** can easily prevent you from being approved, whether you're planning to buy a house in the coming months or in the process now. Don't let them cost you your new home!

1. **Switching from an employee to a self-employed position**
   The requirements to verify salaried/hourly employees' income are straightforward: W2's and paystubs are often all that's required. Changing jobs, particularly if in the same field with salaried income, isn't an automatic deal killer. Transitioning from an employee to self-employment (aka contractor or "being paid by 1099") is an entirely different matter. Self-employed borrowers' incomes are documented not by recent paystubs, but by IRS verified tax returns for the prior year (or two). An employed borrower who could easily obtain a mortgage today may have to wait 2+ years to qualify the minute he becomes self-employed! Ask your lender BEFORE you consider any employment changes, particularly if self-employment is involved.

2. **Failing to balance your checkbook**
   You may regard overdraft fees as nuisances, mere inconveniences that "just happen". Your lender, however, likely views them as financial irresponsibility. Some loan programs require underwriters review applicants with overdrafts more stringently than those without, regardless of credit scores or debt ratios. If your recent bank statements have overdraft fees, tell your lender UPFRONT, rather than hoping they don't notice. They will!

National Average Mortgage Rates



Mortgage News Daily

	Rate	Change	Points
30YR Fixed	7.51%	+0.01	0.00
15YR Fixed	7.04%	+0.01	0.00
30YR FHA	7.08%	+0.03	0.00
30YR Jumbo	7.52%	+0.02	0.00
7/6 SOFR	7.12%	-0.01	0.00
30YR VA	7.10%	+0.03	0.00

Rates as of: 11/16

MBS and Treasury

	Price / Yield	Change
MBS UMBS 6.0	98.69	-0.01
10 YR Treasury	5.1337	-0.0005
30 YR Treasury	5.4758	0.0000

Pricing as of: 11/16 7:28PM EST

Recent Housing Data

		Value	Change
Mortgage Apps	Nov 4	204.6	+6.23%
Building Permits	Sep	1.4M	+0.43%
Housing Starts	Sep	1.22M	-4.24%
New Home Sales	Sep	676K	-1.17%
Pending Home Sales	Aug	71.2	0%
Existing Home Sales	Oct	3.99M	+0.25%
Builder Confidence	Oct	29	-9.38%

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3. **Applying for new credit and opening accounts during the loan process**
   Transferring a $9,000 credit card balance you're paying 16% interest on to a new, 0% account will lower your payment and help you qualify for the loan, right? Not so much! By making moves like this during the loan process, at a minimum you're risking closing delays. Purchasing that new car you've been eyeing before closing your mortgage (even after your loan is final approved!) may cost you that house. Unless you plan to live in your car, buy it AFTER you're in your new home.

4. **Ignoring small bills**
   "My insurance was supposed to pay that bill, it was only $30!", "I closed that credit card, but they still sent me another bill, so I just ignored it", "I missed the payment cutoff, and they added a late fee, so I just paid double the next month". These may seem like trivial matters to you, but credit bureaus view them far differently. Even with flawless credit, a small collection or late payment (even on a $25 credit card bill) can drop your credit scores dramatically. Don't endanger your loan approval: pay all your bills promptly, whether you think they're fair or not!

5. **Not filing tax returns**
   Taxes are a pain, right? You can always do them later, or maybe the IRS won't notice! Guess what? They will, and so will your lender. Most lenders verify applicants' income with matching IRS tax transcripts. If you haven't filed, there's no transcripts, and you may have just lost that new house. Filed a tax extension? That's OK. Filed a tax extension, missed the extended filing date, so decided to wait until you need a mortgage to file? Not OK, not at all!

We'll discuss more surprising and obscure ways to jeopardize your financing in future editions, but remember, when in doubt, **ask your lender BEFORE** you quit your job, buy a new car, bounce a check, or "forget" to pay a bill!

Responsive service, experienced expertise

I've dedicated my 26 year mortgage career to client education, superior service, and honest answers. The lending landscape has changed dramatically the past few years, and continues to do so. My job is to ensure client partners' loans close quickly, without surprises, and I take that responsibility very seriously. Referrals are a responsibility I appreciate; they're a measure of trust, and that trust must be earned every day, on every referral.

Ted Rood



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