# Dos and Don'ts of Credit During Mortgage Process

Lenders are very thorough when making an assessment of the credit risk they are taking on when funding a loan. Most borrowers are required to go through several steps which allow the lenders to assess that risk. Credit reports are pulled by lenders at least twice (sometimes more often) during the mortgage application and funding process. Generally borrowers credit is checked at the beginning of the application process and again on funding day to insure that there are no adjustments. If the lender sees any discrepancies or negative marks on this second credit pull, they may deny the loan on closing day which may lead to the borrower losing their deposit, possibly losing out on the home purchase, or at the very least delaying the closing process.

In order to avoid complications in purchasing your home, below are some do’s and don’ts that you should follow during the escrow process to save you future headaches:

1. **Keep finances clean by keeping up on your monthly expenses, car payments, current mortgages, credit card payments, ect. And don’t:**
    - Let any payments go late
    - Purchase a new car
    - Apply for any credit cards or other monies/financing including furniture financing, in store credit cards, online credit accounts, ect
    - Apply for other mortgages/refinances, ect
    - Take out any personal Loans or paycheck advances
    - Make any large purchases like furniture, appliances, ect.

2. **Don’t Change Jobs**

Another major mistake is changing jobs. Mortgage lenders examine your employment history to determine if there is a history of steady jobs and income. When the lender needs to verify your employment it is easiest if they can call an employer that can confirm that you have been employed there for a while. Getting that confirmation from a brand-new employer or even a prospective employer complicates the situation and can raise additional questions which then takes more time in the underwriting and verification process. Providing additional documentation on employment to a lender can delay the closing on the mortgage. Oftentimes, a borrower who quits their current job will have to wait a couple of weeks before they can attempt to close again.

3. **Mortgage Rate/Term shopping**

Shop your loan BEFORE submitting it to the lender you want to close with. Often borrowers are shopping their loan around during the escrow process and this can derail your loan from closing and may result in delays/losing the escrow if you can’t close on time. Be sure to finish your due diligence before a loan is locked with your lender so that they don’t see any red flags on your credit when they go to fund your loan.