Home Buying Guide

7 Common Pitfalls to Avoid

Are you ready to buy a home, but don’t know where to start? Relax. our team of professionals have put together a list of the most important things to avoid in the homebuying process.

Let's get started by showing you 7 potential pitfalls when choosing and buying a house – plus, of course, ways to sidestep them.

#1. Don't give a lender reason for concern. Yes, you'll want to start furnishing your new place right away, but avoid the temptation to apply for new credit to do so. Applying for a new card dings your credit score, which won't hurt in the long run, but can give your lender reason to suspect you of potential future default. Plus, if you do open a new line of credit and start making purchases, you'll affect your debt-to-income ratio, jeopardizing that critical number just when you need it to stay put.

#2. Don't close out any lines of credit. It's true, we just advised you not to rack up new debt, and it's true, you shouldn't have a bunch of lenders access your credit report for new accounts, because those credit checks show up. However, that doesn't mean you should rush to close out all your credit cards in an effort to exhibit your trustworthiness as a debtor. Believe it or not, closing accounts sends the opposite message, making your creditworthiness appear diminished.

#3. Don't toss statements, stubs or receipts. It's best to have all your cash in one account before trying to apply for a mortgage. So if you do need to move money around to prove your value, ensure you're keeping track of your receipts and statements. Along the same lines, hang onto pay stubs and receipts for transfers and large purchases, as well as statements from all your accounts.

#4. Don't fall behind on current payments. You might have a lot going on, but now is no time to space out. Missing a loan payment on your current debts could compromise your credit score, something no lender wants to see. Plus, truthfully, if you're late or missing payments for any reason, you should reevaluate your own financial habits before buying a home.

#5. Don't shop for the house you're pre-approved for. When you get preapproved, the number assigned to you may feel encouraging. Even invigorating. As you feel the excitement grow, you could start looking at houses up to your pre-approval figure, and that's just unwise. There are so many other costs involved in buying a house, it's best to leave yourself plenty of wiggle room and shop below your approved price tag.

#6. Don't switch careers. Are you due for a lateral move professionally or even a promotion? You may want to hold off. Employment verification is necessary for settlement, so if possible, talk with your future boss about waiting until you go to closing. This way, your lender can easily prove your employment and stability.

#7. Don't pick your real estate agent on a whim. Property agents are experts in houses, neighborhoods and the homebuying process. But that's not where their expertise ends. They're also skilled sales people, so buyers can be left feeling “sold" themselves, wishing they'd done more research before establishing that realtor relationship. Vet prospective realtors against the testimonials of friends you trust, and you'll be glad you did.

Remember, Coosa Valley Credit Union has you covered with expert advice from the moment you hit "submit" on your online application, all the way until you sign on the dotted line. As always, phone our friendly team with questions.

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