



STERLING [®]
SAVINGS BANK

Home Loan Division

www.sterlinghomemortgages.com

Do's & Don'ts

Helpful Tips for New Homebuyers

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Mortgage Do's

DO Make loan and other debt payments on time, especially over the months leading up to the filing of your mortgage application. It sounds simple, but every 30-, 60- or 90-day delinquency on a loan or credit card is going to reduce the credit score the lender ends up considering as part of the loan file. That score, in turn, will determine how good a loan you get -- if you get one at all.

DO Reduce your credit card balances to 50% or less, don't just close the card. Look at your credit card limits. If you have a limit of \$5,000; try to cut what you owe to \$2500 or less. 30% of your credit scores comes from your overall debt load. Simply canceling a card doesn't do you any good.

DO Get the mortgage first if multiple financial obligations are going to pop up in the near future. Numerous credit inquiries, such as new applications for credit cards, can hurt a borrower's credit score, especially if they're filed in the months prior to the home loan review process.

DO Increase the size of the down payment you're able to make by saving as much as possible, as often as possible. Don't put the savings into something volatile, such as an individual stock. But evaluate money market or other accounts that offer reasonable rates of return, automatic payroll deductions or other financial incentives to save. It depends on how much you have saved already, but it's important to take a portion of each month's income, and set it aside for the down payment and/or closing costs.

Mortgage Don'ts

DON'T make major purchases during or prior to closing (i.e., new car, appliances). This might impact your qualification ratios or necessary reserves. Keep your asset balances -- at a minimum -- to the amounts disclosed to us at the time of application, unless you have received specific directions from us otherwise. Confer with us as soon as possible if you feel you need to pursue any of these changes prior to closing.

DON'T just get pre-qualified for a mortgage, get pre-approved. To get pre-qualified, a borrower need only submit credit, income and debt information voluntarily to a mortgage broker or lender. The resulting estimate of the maximum mortgage and home that's affordable is exactly that -- an estimate. Before they can get pre-approved, however, home buyers must allow their lenders to pull credit reports, check debt-to-income ratios and perform other underwriting steps. That puts a borrower much closer to obtaining a loan and locking in a rate and term.

DON'T change jobs/employers without inquiring about the impact this change would have on the approvability of your mortgage loan. The lender will always do a Verification of Employment with your current employer prior to FUNDING the loan (after you have signed the final loan documents at closing).

DON'T close or open or transfer any asset accounts without asking us about the proper documentation required for our loan file (i.e., if you transfer all the funds in your stock account to your savings account, documentation is required). Discuss with us ANY funds deposited into any asset accounts in excess of \$500 that are not normal transactions (i.e., social security, direct deposits, etc.).