

5 Mistakes

By Home Buyers That Could Jeopardize Your Mortgage



There can hardly be a more important purchase than a new home. Since it will be the place where you spend the most time, everyone wants to find a property they love, that works for them and that they can afford. Thankfully, Calgary and area has lots of options when it comes to real estate, and buyers are rarely left without choice. Locating your forever home is only half of the process, though. You must also be able to finance your purchase.

For many it has taken years of hard work and saving to be able to put down a down payment on a new home. So, once you find what you hope to be your long-time family address, you want to make sure you follow through on all the necessary steps in order to ensure you one day take possession. It takes time and energy to apply for [pre-approval](#) and the process can seem arduous, complicated and very obscure – especially for first-time buyers – but Mortgages By Candice takes the time to simplify the procedure for you and is always available to answer your questions.

There are five common mistakes those in the process of buying a home make during the pre-approval stage that could result in them disqualifying for their potential mortgage. Avoid these errors for a smooth closing!

1. Maxing Out Credit Before Taking Possession

More and more often lenders are performing last-minute credit checks when it comes time to close on your real estate deal. Your credit was checked when you applied for pre-approval, but may also be looked up again come possession day. So, if you have accrued more debt or have missed or were late for a payment on your credit card since you applied for pre-approval, your real estate deal could be threatened. Do your best to stave off making purchases on credit such as furniture or appliances until after closing is complete.

A benefit of using a mortgage broker is that they only check your credit once before sending your application to the lenders they work with. Most people are not aware that each time a separate



lender requests your credit information your credit score is negatively impacted. By using a mortgage broker, you can circumvent this issue, and Mortgages By Candice's multiple lending partners enable you to access the best possible terms, prepayment privileges and interest rates in today's marketplace — something single lenders cannot provide.

If you like, you can check your credit rating on your own without penalty using resources such as [Equifax](#) and [TransUnion Canada](#).

2. Changing Jobs Before Taking Possession

Since your lender took your salary and employment history into careful consideration when deciding the amount of loan you qualify for, it makes sense that a change in either would cause concern on their behalf. Switching jobs while in the pre-approval process can seriously jeopardize your home mortgage loan. In a worst-case scenario, the bank could choose to completely pull your financing. If not, they may delay until you are able to establish that your latest job is secure – especially if you're moving into a new industry.

3. Taking Out Another Loan or Making a Large Purchase



Somewhat similar to point number one, taking out another loan (for example, to purchase a vehicle) while in the pre-approval process can raise red flags for your lender when they check your credit at closing time. By making such a large purchase you have placed yourself in a higher risk group, and therefore the terms of your pre-approval are not valid anymore. Remember, too, to keep any savings you have where they are while negotiating your mortgage. Banks also check your accounts, and will take note of a large sum missing from your reserves.

4. Spending Their Down Payment

It seems silly, but this is a predicament in which many homebuyers find themselves. In Canada, homebuyers are required to provide a minimum of a 20 per cent down payment for an uninsured mortgage, and a minimum of a five per cent needed for an insured mortgage. Insured mortgages are very common, and allow for people to take ownership of a home sooner than they might have been able to. Mortgage insurance is provided through three national providers: [Canadian Mortgage & Housing Corporation \(CMHC\)](#), [Genworth](#) & [Canada Guaranty](#)

Don't forget that you must provide the complete amount of your agreed-upon down payment at closing time. If you have dug into your down payment savings to help cover other expenses, ensure you have the amount replenished before closing, and that you will not need to incur any debt to do so.

A tip for not spending your down payment is to open a separate savings account that you are unable to draw from. There are several high-interest savings accounts of this type you can take advantage of, and make sure to funnel your extra funds there first. You'll be surprised how quickly it will add up!

5. Forget To Budget For Closing Costs

Don't forget to speak with your mortgage broker or banker about closing costs. Figure out how you will be able to cover the expenses ahead of time – don't be caught off guard!

The exact list of closing costs will vary from contract to contract, but they generally include:



- Property transfer fees
- Appraisal fees
- Site survey or title insurance
- Home inspection fees
- Legal fees
- Homeowners' insurance
- Mortgage insurance
- Property taxes
- Mortgage lender/broker fees
- Additional costs (GST)

Closing costs add up to as much as three per cent of the cost of a new home, which equals \$12,000 for a \$400,000 home. They are not consistent across the board, as well, and can vary greatly between contracts. If you are unable to cover these costs when needed, be careful — you could lose your dream home.

Mortgages By Candice – Your Personal Mortgage Professional

Buying a home can be an arduous process, and Mortgages By Candice will be there from beginning to end. We will be completely responsible for your mortgage until closing is complete, and will assist along the way in all other respects. Mortgages By Candice is able to recommend reliable [real estate agents](#), can supply helpful [documentation](#) to walk you through the moving process, and will take the time to explain the ins and outs of all the confusing home-buying [terms and lingo](#). [Contact us](#) today!

