Things NOT to do before Closing Escrow

You're about to buy a home, and are now "in escrow," the homestretch of the home-sale process. During this period, you as the buyer will provide the needed funds for the home (most likely from your lender and with your down payment), the owner will transfer ownership of the property and the sale will be finalized.

Which means that if everything goes right -- all contingencies are met, both the seller and the buyer meet their contractual obligations and your financing to purchase the home is in place -- the home you have been aiming to buy will soon be yours.

But even though closing day is just around the corner, you're not out of the woods yet. There are several missteps a home buyer can take that will put getting a loan, and finalizing the transaction, at risk. Read on to avoid these goofs:

1. **Leaving town or falling off the planet**

   Going on vacation or becoming hard to reach while in escrow is not a good idea, especially if your lender needs to get in touch with you to process your loan. Any glitches in that process can push back the closing date for your home. For the same reason, it's not a good idea to change your cell-phone number right now. It's best that you keep in touch with all necessary people while you are working to close on the property.

2. **Changing jobs**

   When you're looking to close escrow and take possession of a home, you don't want to make your lender uneasy. Changing jobs (or going solo/self-employed) during this time period could certainly make a lender queasy and lead that lender to question whether you'll be able to afford that home. Lenders prefer a steady and consistent job history. If you make a job switch just before closing on a home, it could put everything on hold while your lender re-evaluates your financial position.

3. **Being a big spender**

   You're about to get a new house, so why not whip out your credit cards and buy a new washer/dryer, dishwasher and refrigerator...or maybe, take out a loan for a new car for your new driveway?

   Because these big purchases (and taking on more debt) will throw off what's called your "debt to income ratio" (which measures how much of your monthly income goes toward debt obligations), a ratio lenders consider when evaluating a loan application. You don't want to end up buying items for a home you don't have -- one that you lost because you nixed your chances of securing that mortgage before it went through.

   You might even run into trouble if you pay for these items with cash -- lenders look at how much cash reserves you have when approving a mortgage. And don't think you're off the hook if you lease a car instead of purchasing one -- leasing a new car at this time could jeopardize your standing with your lender as well.

   Instead, try to keep the balances on your credit cards low and don't take on new debt (this includes co-signing on a loan) until after you close on your home.

4. **Paying bills late**

   If you're about to close on your home, stay current on your bills -- you don't want to wreck your credit score just before your loan goes through. Any changes to your credit status could affect the likelihood of closing on your new home, so you want to keep your credit good -- at least until you close on your home.

5. **Opening/closing new credit card accounts**

   Opening up new credit cards or closing old ones just before closing on your new home could negatively affect your credit status, so again, wait until making such moves until your mortgage is secure.

6. **Moving big amounts of money**

   Before that home is definitely yours, don't transfer large amounts into your checking or savings accounts -- check with your mortgage company before doing so. If they see large amounts of money moving around, they may wonder why and raise the red flag. (E.g., they may think you've secured another loan and have more debt obligations than you did when initially applying for the loan.) Again, you don't want anything to delay or hold up your closing.