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HATBORO :: 215.675.4000
LENDING :: 215.675.4424
WARRINSTER :: 215.672.1010
WARRINGTON :: 215.343.0344
JAMISON :: 215.918.2722
hatborofed.com

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Avoid These Mistakes: Common reasons why buyers are denied a mortgage after prequalification

One of the most important steps in the home buying process is obtaining a prequalification letter for a mortgage. Hatboro Federal Savings will be happy to work with you to get you prequalified so you will know what loan is right for you.

Every now and then, buyers are surprised when they go to get their mortgage – Even though you are prequalified, the lender declines to give you a loan.

To avoid finding yourself in this situation, we have identified the common reasons why prequalified buyers are denied:

You Take on Additional Debt

Prequalifications are based upon your situation at the time you go through the prequalification process. Part of the process takes into account how much debt you have at the time of the application. Some buyers fail to realize that even small changes in their debt could have a negative impact.

Prior to making any big purchases or taking on more debt, contact your lender.

You Change Careers

A major factor in getting prequalified is your employment status. Lenders look closely at employment history and income.

A change in employment may not disqualify you for the mortgage, but its best to talk with the lender at the time of prequalification to make sure.

A Negative Hit to Your Credit

Credit scores can change regularly. Even though you have received a prequalification letter, if you do something that affects your score negatively, like missing credit card payments, it may lead to a denial for your mortgage.

Protecting Yourself

Although some things may be beyond your control, it is possible to protect yourself from many of these situations. Educate yourself on how credit scores work, make sure you don't miss current payment obligations, and be diligent about your employment and finances.

If you have any questions, do not hesitate to contact one of our loan officers at 215-675-4424.