

## Credit do's & don'ts during the loan process



Good credit is critical when it comes to obtaining the best interest rates and terms on a mortgage. Here are some credit do's and don'ts when looking for a mortgage.

- **DO** stay current on existing accounts – one 30-day notice can cost you.
- **DO** continue to use your credit as normal – changing your pattern will raise a red flag and lower your credit score.
- **DO** call your loan consultant – call before making any address or credit changes.
- **DON'T** apply for new credit – every time you have your credit pulled by a potential creditor or lender, you can lose points from your credit score. This includes co-signing for a loan.
- **DON'T** max out credit cards – try to keep your credit card balances 30% below their limit during the loan process. If you pay down balances, do it across the board.
- **DON'T** consolidate your debt – when you consolidate all of your debt into one or two credit cards, it will appear that you are “maxed out” on that card and you will be penalized.
- **DON'T** close credit card accounts – if you close a credit card account, it may appear that your debt ratio has gone up. Closing a card will affect other factors in the score, including credit history.
- **DON'T** pay off collections or “charge-offs” – if you want to pay off old accounts, do it through escrow. Request a “letter of deletion” from the creditor.

**Talk with an Embrace loan consultant today.**

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