

# THE TOP 10 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 the top 10 do's and don'ts when looking to secure a mortgage.



1. **Don't Apply For New Credit.** Every time that you have your credit pulled by a potential creditor or lender, you can lose points from your credit score immediately.
2. **Don't Pay Off Collections or "Charge Offs."** If you want to pay off old accounts, do it through escrow, making sure that the debt is yours. Request a "letter of deletion" from the creditor.
3. **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.
4. **Don't Max Out or Over Charge Credit Card Accounts.** Try to keep your credit card balances below 30 percent of their limit during the loan process. If you pay down balances, do it across the board.
5. **Don't Consolidate Your Debt.** When you consolidate all of your debt onto one or two credit cards, it will appear that you are "maxed out" on that card and you will be penalized.
6. **Don't Do Anything That Will Cause A Red Flag To Be Raised By The Scoring System.** This includes adding new accounts, co-signing on a loan or changing your name or address with the bureaus.
7. **Do Join a Credit Watch Program.** Then, you may check your own credit reports regularly (you won't get dinged for a "hard" inquiry). Plus, if something unexpected does show up, you can address it promptly.
8. **Do Stay Current On Existing Accounts.** Like your mortgage and car payments, one 30-day late notice can cost you.
9. **Do Continue To Use Your Credit As Normal.** Red Flags are raised easily with the scoring system. If it appears that you are changing your pattern, it will raise a red flag and your score could go down.
10. **Do Call Your Loan Officer.** Your loan officer may be able to supply you with the resources you need to stop any derogatory reporting to the bureaus. Ask for details.

**Call us today to see how we can help.**

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