# Credit Dos and Don'ts

Good credit is critical to obtain the best interest rate and terms on a mortgage.

### DO

Do Stay Current On Existing Accounts One 30-day late 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 Mortgage Professional First Before making any address or credit changes.

### DON'T

### 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 onto 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 them off, do it through escrow at closing.

## The Steps to a Perfect Loan

A quick overview of what you can expect from your home purchase process.

#### MORTGAGE APPLICATION

At this point in the process you'll need to fill out our online application (credit report included) and provide the following most up-to-date documents:

- 2 months paystubs
- 2 months asset statements
- 2 years federal tax returns
- HR contact information

While you'll likely need to provide more documents, this is a great start.

### HOME SHOPPING

With pre-approval and real estate agent in tow, you begin shopping for your home. Keep in mind that during the pre-approval process estimated taxes, HOAs and assesments and insurance costs were assumed. Should you find a home with homeownership costs that exceed your assumed liability, you'll want to contact your mortgage professional.

### SIGNING THE

After signing the contract, your loan file will be prepared and sent to the underwriter. Submitting the following in a timely manner will ensure a smoother process:

- Executed contract
- Earnest money
- Updated income and asset documents
- Other relevant documents your mortgage team will request

Your mortgage team will order your appraisal, property title, tax transcripts and many other verification reports.

#### CONDITIONAL APPROVAL

Once your loan is submitted and underwritten, you'll get a conditional approval returned.

So what's a conditional approval? This is an approval subject to items an underwriter needs to clear your loan to close. Documentation requests can range from an updated pay stub to a letter from your CPA explaining your self-employed earnings. Every loan scenario is different so requested documents will vary from loan to loan.

#### CLOSING

Once your final documentation is approved and your loan is cleared to close, your closing mortgage team will:

- Confirm your closing date and time
- Prepare your closing package
- Confirm all fees
- Send file to title company to prepare for closing day

Close your loan. Receive your keys. Celebrate!