

HELPFUL DO'S & DON'T'S WHEN APPLYING FOR A MORTGAGE

THE DO'S

- ❖ **DO STAY CURRENT ON EXISTING ACCOUNTS**
Late payments on your existing mortgage, car payment, or anything that can be reported to a Credit Reporting Agency (CRA) can cost you dearly. One 30-day late payment can lower your credit score by 30-75 points. Make your mortgage payments on time but call us before you make any payments scheduled within two weeks of closing.
- ❖ **DO CONTINUE TO USE YOUR CREDIT AS YOU NORMALLY WOULD**
Red flags are easily raised within the scoring system. If it appears you are diverting from your normal spending patterns, it could cause your score to go down. For example, if you've had a monthly internet access service billed to the same credit card for the past three years, there's no reason to drop it now. Make your changes after the loan closes.
- ❖ **DO CALL YOUR LOAN ORIGINATOR**
If you have any questions during the loan process, I am here to help and am just a phone call or email away.

THE DON'T'S

- ❖ **DON'T APPLY FOR NEW CREDIT OF ANY KIND**
If you receive invitations to apply for new lines of credit, don't respond. If you do, that company will pull your credit report and this will have an adverse effect on your credit score. Likewise, don't establish new lines of credit for vehicles, furniture, appliances, computers, etc.
- ❖ **DON'T PAY OFF COLLECTIONS OR CHARGE-OFFS**
From now on, don't pay off collections unless we specifically ask you to in order to secure the loan. Generally, paying off old collections causes a drop in the credit score.
- ❖ **DON'T MAX OUT OR OVER CHARGE EXISTING CREDIT CARDS**
Running up your credit card is the fastest way to bring down your credit score, even by 100 points over night. Once you are engaged in the loan process, try to keep your credit cards below 30% of the available limit.
- ❖ **DON'T CONSOLIDATE DEBT TO ONE OR TWO CARDS**
We don't want you to change your ratio of debt to available credit. You want to keep an active beneficial credit history on your record.
- ❖ **DON'T CLOSE CREDIT CARD ACCOUNTS**
If you close a credit card account, it can easily affect your debt to available credit ratio, which has a 30% impact on your credit score. If you really want to close an account, do so after you close your mortgage loan.
- ❖ **DON'T RAISE RED FLAGS TO THE UNDERWRITER**
The less activity that occurs while your loan is in process the better. Therefore, don't co-sign on another person's loan or change your name and address.
- ❖ **DON'T MAKE ANY ADJUSTMENTS OR TRANSFERS IN YOUR ASSET PICTURE**
Don't change investments, move positions, close/open accounts, or substantially change your asset picture without contacting us first.
- ❖ **DON'T MAKE LARGE UNEXPLAINABLE DEPOSITS INTO BANK ACCOUNTS**
Deposit amounts exceeding past history will be questioned by an underwriter unless documented as a gift.
- ❖ **DON'T MAKE CHANGES WITH YOUR EMPLOYMENT OR INCOME**
Employment stability is a big factor in the underwriting loan process. Quitting/changing jobs or positions within the same company can greatly endanger your entire loan approval. **INFORM US IMMEDIATELY OF ANY CHANGES TO YOUR JOB, POSITION, OR INCOME.**



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