

PIKE CREEK MORTGAGE SERVICES, INC.

Top 10 Credit "Do's and Don'ts" During the Loan Process

Every loan requires that the borrower meet certain criteria. All loan officers qualify you as to which loan criteria you fit. They look at credit score, loan-to-value ratio and so on. The actual lender will pull a credit report for you at closing, and if your credit scores have dropped, you may no longer qualify for the rate that was underwritten and the loan may come back with a higher rate. Some issues that come up during the loan process may cause your loan to be rejected completely. If you have good credit and you know your score, the loan officer can give you an idea which loan package you qualify for based on the information you provide. However, they will not be able to stand by their quote if your credit scores have changed/dropped.

1. **Don't Buy A New Vehicle Or Apply For New Credit Of Any Kind.** Including those "you have been pre-approved" credit card invites that you may receive in the mail. Every time that you have your credit pulled by a potential creditor or lender, you lose points from your credit score. Depending on the elements in your current credit report, you could lose anywhere from 2-50 points for one hard inquiry.
2. **Don't Lie About Anything.** Your loan officer assumes that everything you tell them is true. Be honest with them if they ask you questions that you think have unfavorable answers, they are on your side. Most problems and issues can be worked around with different programs if dealt with early enough in the process.
3. **Don't Close Credit Card Accounts.** If you close a credit card account it will appear to the FICO that your debt ratio has gone up. Also, closing a card will affect other factors in the score such as length of credit history. If you have to close a credit card account, do it after closing.
4. **Don't Max Out Or Over Charge On Your Credit Card Accounts.** This is the fastest way to bring your credit score down 50-100 points immediately. Try to keep your credit card balance below 30% of their available limit at all times during the process. If you decide to pay down balances, do it across the board make an extra payment on all of your cards at the same time. Do not consolidate all of your debt onto 1 or 2 cards for this could also penalize you.
5. **Don't Do Anything That Will Cause A Red Flag To Be Raised By The Scoring System.** This would include adding new accounts, co-signing on a loan, changing your name or address with the bureaus, etc. The less activity on your reports during the loan process, the better.
6. **Don't Quit Your Job,** unless you are starting a new job in the same line of work equal or higher income. Your approval, in almost all cases, is based upon your employment and monthly salary.
7. **Do Save all paperwork to document any large deposits in your bank accounts.** All large deposits must be verified by supporting documentation that explains what the large deposit is, and where it came from. Talk to you loan officer before making any large deposits into your bank accounts.
8. **Do Stay Current On Existing Accounts,** especially your mortgage and car payments. One 30-day late can cost you anywhere from 30-75 points in credit score.
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 Us** if you have ANY questions or feel that you need to break any of these rules. Your loan officer will know best as to whether your actions will affect your approval.

I have read and understand the above information on how to avoid common mistakes that could disqualify me from financing a home. I have also received a copy if this form.

X _____ Date: _____
John Doe

X _____ Date: _____

Customer Copy - Please retain for your Records

2100 Drummond Plaza, Newark, DE 19711 Phone: 302-892-2811 Fax: 302-892-2606