

10 Credit Tips When Applying for a Mortgage

Your credit is critical when it comes to obtaining a lower interest rate and favorable terms on a mortgage. Below are 10 credit tips to review when applying for a mortgage:

1. **Keep Non-Mortgage Credit Inquiries to a Minimum:** While it's important to monitor your credit score, avoid too many credit inquiries for accounts like auto finance or credit cards.
2. **Stay Current:** Even a single late payment within the last 30 days surrounding your application can negatively impact your application.
3. **Keep Balances Low:** Try to keep your credit card balances at least 30% below their overall limits. Maxing out credit cards affects your overall available credit.
4. **Establish New Accounts as Needed:** New credit can negatively affect your credit score. If possible, do not open new accounts for 2-3 months before applying for your mortgage. Also, avoid consolidating balances as this can impact available credit.
5. **Leave Unused Credit Alone:** Don't close any existing accounts. Your available credit makes up a significant percentage of your credit score, even if those accounts aren't currently in use.
6. **Be Careful About Resolving Past-Due Accounts:** Speak to your loan officer before you pay off any past-due accounts during the application period.
7. **Pay Off Accounts in Collections with Escrow:** If you must pay off a "charge-off," do so via escrow. Your loan officer can explain the details of this process.
8. **Get Expert Help:** A credit-repair company may be able to help you eliminate any errors on your credit score or resolve delinquent accounts. Ask your loan officer for recommendations.
9. **Credit Score:** You should always monitor your credit score for unexpected changes. Your loan officer will be happy to go over your tri-merge credit score and its impact on your mortgage options.
10. **Talk to Us:** Your loan officer is here to help. If you're planning on changing addresses or making any credit-related decisions, let us know first!