



## **CREDIT DO'S AND DON'Ts WHEN BUYING REAL ESTATE**

- (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 sold 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% 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 1 or 2 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, changing your name, or changing careers.
- (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.

P.S. I love referrals! There must be someone you know who is interested in buying, selling, or investing in real estate ... or paying off their mortgage in a fraction of the time ... call me!



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