



Credit Do's and Don'ts Before Closing: Coaching Your Clients

Quality Control Initiatives require lenders, BEFORE CLOSING, to check credit to make sure borrowers have not incurred any new debts. If borrowers incur MORE debt, it affects the underwriting ratios, and the loan may need to be re-underwritten prior to closing.

DON'T:

- ⇒ Allow multiple credit checks
- ⇒ Apply for new credit within 45 days of signing a contract
- ⇒ “Shop” for new credit before closing (Furniture, cars, etc.)
- ⇒ Go on a spending spree (using your credit limits) to buy things for your new home.

DO:

The first step is awareness. Understanding how your data is bought and sold without your direct knowledge is important! Yet more important is how to prevent your data from being sold. Here are some tips.

- ⇒ File tax returns and/or extensions
- ⇒ Be prepared to explain or provide documents for all inquiries in the past 6 months on your credit report
- ⇒ Disclose all Debt—even if it did not show up on your credit report
- ⇒ Work with a knowledgeable lender

Just a few tips to avoid surprises, or worse yet, a rejected loan just days before closing!