

Home Buyers Five Credit Mistakes Buyers Can Avoid

1. **Now leaving enough time to fix errors before starting to house hunt.** Please take time to review your credit report before you begin the home buying process. You should do this at least once a year anyway. Inaccuracies aren't uncommon, and it takes time to set the record straight. Each of the 3 major credit reporting agencies – Equifax, Experian, and TransUnion – provide one free credit report per year (www.annualcreditreport.com) Be aware there will be a charge (typically about \$15.00) to see the actual credit score, but the cost may well be worth it. At the minimum take the free report and check it for accuracies.
2. **Changing spending behavior.** A surprisingly good credit score can tempt perspective home buyers to open credit card accounts or take out a loan for a new car. Such actions can damage your credit score during this critical time, making it harder to obtain the loan you want. Just don't do it.
3. **Seeking a sub prime loan.** Even those with a marginal credit score can qualify for a conventional loan. To apply for the best mortgage loan you can, see only a reputable, *local* Loan Officer. Remember, other factors beyond your credit score (such as the size of your down payment) come into play when applying for a loan. A good loan officer can make the process easy to understand and they can find the best loan for your particular situation. Just be ready to be forthright and responsive to suggestions given.
4. **Confusing “Pre-qualified” with Pre-approved”.** Prequalification doesn't require the lender to verify income and means very little in terms of your ability to obtain a mortgage. I encourage you to get pre-approved as quickly as possible. The lender will check employment history, income and bank funds. They will also review your credit report and make suggestions if there are issues that need to be cleaned up. With a pre-approval in hand we can shop for your new home with full confidence. If we should happen to have competition for a property, your pre-approval could make the difference in being considered or ignored.
5. **Forgetting about credit after the purchase.** You have moved into your new home, happy you'll never have to worry about credit scores again. Not so fast! If you decide to refinance or move, your credit will once again take center stage. Please keep checking your credit once a year and keep that score in mind as you deal with all of the expenses of being a home owner.