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Your *credit score* is an important benchmark for mortgage lenders, landlords and even potential employers. Use these tips to avoid hurting your credit score:

1. **Don’t max out your credit cards.**  
   A big factor in your credit score is your *debt-to-credit ratio*. When you hit your spending limit, your debt-to-credit ratio rises and your credit score falls. As a rule, always have more credit available than outstanding debt. Doing so not only boosts your credit score, it keeps your payments low and leaves a buffer for emergencies.
2. **Consider the pros and cons of cancelling credit cards.**  
   While removing temptation is one way to check excessive spending, cancelling credit can actually damage your credit score. Why? Cancelling credit increases your debt-to-credit ratio just like maxing out a card, dropping your credit score. If you need to cancel a credit card, obtaining the same or higher amount of credit with a new card diminishes the effect.
3. **Stop applying for store credit cards in the checkout line.**  
   It might be tempting to save 15% on a one-time purchase, but applying for *unnecessary credit* can seriously damage your credit score. Lenders make a *hard inquiry* whenever you apply for a new card. This type of inquiry often lowers your credit score by several points, which accumulates when applying for multiple cards. A *soft inquiry* occurs when you check your own credit, which is highly encouraged routinely and before a major purchase.
4. **Apply with multiple lenders when shopping for a mortgage.**  
   When you apply for a mortgage, the lender performs a hard inquiry. This will lower your credit score by a very small amount, around 5 points. However, when multiple mortgage lenders run your credit within a 45-day period, it only generates a single credit penalty. Thus, applying at one, two or even a dozen mortgage lenders only produces one minimal deduction to your credit score.   
     
   Applying at multiple lenders ensures you get the best mortgage rate and terms, just like shopping around for a new car. If you want to learn more or discuss your home buying or selling options, contact me.

4 critical credit tips

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