



How to Raise Your Credit Score (and get the lowest mortgage interest rate)

Things to do:

Pay your bills on time.

- Every time you pay a bill 30 days late, it lowers your score. The more recent the late payment is, the more that late payment lowers your score.

If you missed a payment, get current on that account.

- If you are past due on an account, just making the late payment - and not making the current month's payment - will continue to lower your score.

Keep balances low on credits cards and other revolving credit accounts.

- If your balance is more than 70% of the available balance, it lowers your score the most.
- If your balance is 50% - 70% of your available credit, it lowers your score a bit less.
- If your balance is 30% - 50% of your available credit, it lowers your score even less.
- If your balance is below 30% of your available credit, it will improve your score.

Review your credit report with someone who will take the time to go over every line with you.

- Many credit reports contain multiple errors. Use a mortgage broker who knows how to interpret everything on the report, and who knows how to identify errors and fix them.

When you review your credit report, you will see a list of things that are lowering your credit score. Work on those things to raise your score.

- The reasons your score is not perfect are listed in order, according to the impact they have on your score. Fixing the first two will raise your score the fastest.

Things NOT to do:

Do not apply for new credit.

- Every time you apply for new credit, your score goes down. Wait until after you close on your new house before buying a car, furniture, carpet, etc.
- *Important note: When applying for a mortgage or a car loan, you can have your credit pulled numerous times during a 14-day period, and it only counts as one time against your score. (The credit reporting agencies know you will shop around for the best deal, and do not penalize you for it.)*

Do not close old accounts.

- The longer your accounts are open, the higher your score will be.

Do not use a consumer credit counseling agency.

- Mortgage underwriter consider consumer credit counseling to be worse than a bankruptcy.

NEVER pay anyone to "repair" your credit.

- You can fix errors on your report by yourself - **for free**. Use a mortgage broker who will show you how, and who will help you - **for free**.