

CREDIT REPAIR GUIDE



How To Boost & Maintain Your Credit Score

Homebuyer **Benefits** To Having **Good** Credit

Because your credit score is important for getting you the best home loan experience possible, we've created this guide to help you boost & maintain your credit score!



Better chances of getting a lower interest rate



More likely to qualify for a larger loan amount



Easier and faster approval process



Check Your **Credit Report** For Errors

You should keep an eye on your credit in case of errors having to do with identity theft, cyber crime, and fraud.

If you notice any problems, make sure to dispute them ASAP.

Checking your own credit is a soft inquiry and shouldn't affect your score. You can check your credit through credit bureaus like Experian, Equifax, & TransUnion.

Pay Your Bills **On Time**

- Paying credit card and loan bills on time is especially important
- Utility bills usually don't affect your credit unless sent to collections

You should try to pay all your bills on time, but credit cards/loan bills have a bigger impact on your credit than utility bills.

Understand Your Credit Utilization Ratio

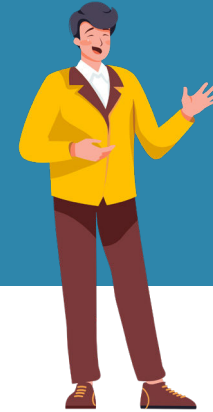
Your credit utilization ratio looks at your credit usage across ALL your credit accounts.

Credit Utilization Ratio =

Total Credit Debt You Owe / Your Total Credit Limit

For a healthy credit score, you want to keep your credit utilization low, preferably 30% or less.

Let's say Jack has 2 credit cards, \$100 total debt, and his total available credit balance is \$1000.



Jack's Credit Utilization Ratio

$$\text{\$100} / \text{\$1000} = \text{10\%}$$

Jack's credit utilization ratio is **LOW** which is Awesome!

Jill has the same amount of credit card debt as Jack (\$100), but Jill's total available credit balance is only \$200.

Jill's Credit Utilization Ratio

$$\text{\$100} / \text{\$200} = \text{50\%}$$

Jill's credit utilization is **HIGH** which is Not-So-Awesome. This could hurt her credit score.



Avoid Closing Unused **Credit Cards**

You want to keep your credit utilization LOW. That's why you should avoid closing unused credit card accounts if possible.

Even if your debt stays the same, messing with your total available credit balance can raise your credit utilization ratio, which will hurt your score!

Set Credit Card Minimum Payments To **Auto Pay**

Having unused credit cards open can help your score, but beware of annual fees. Missing annual fees will damage your credit.

It's best to set all your credit card minimum payments to autopay, so you can maintain healthy credit and avoid those pesky late fees.

Keep Your Credit Card Spending Low.



Keeping your credit card spending at 15% or lower before paying your bills can help you boost your score!

If one of your credit cards gives you a total available balance of \$1000, try not to spend more than \$150 per month on that card before paying it off.

A great way to keep track of your spending? Only use credit cards for fixed expenses that you NEED, like gas or groceries.

If you use credit cards to pay for more variable expenses that you WANT, like online shopping, then you might rack up credit card debt faster than you'd expect!

Roadmap To Healthy Credit

Check Your Credit
For Errors

Keep Credit
Utilization **Low**

Keep Credit Card
Spending **Low**

Pay Bills
On Time

Avoid Closing
Unused Credit Cards

Need More Help With Your Credit Score?

While a healthy credit score has its benefits, you don't necessarily need excellent credit to qualify for a home loan.

You'd be surprised how many people think they don't have what it takes to qualify, just to find out things aren't so bad after all!

If you're looking to buy or refinance a home, and you're unsure whether you can qualify, then give us a call.

Our mortgage advisors will speak with you about your financial situation and let you know of any areas you can improve. We'll also walk you through the next steps toward improving your credit, so you can get the most benefits possible on your home loan.

Talk To Our
Mortgage Experts

