

Special Report

Get Your Credit Mortgage Ready

Compliments of:

HowtoFixMyCredit.com

Tel: 1-888-262-2123

Dear Home Buyer,

If you're considering buying a home, then now would be a good time to check your credit report for errors.

A \$100,000 mortgage costs a good credit consumer \$577 monthly and \$207,720 over 30 years. The same home would cost a family with challenged credit \$841 monthly and \$302,760 over 30 years.

The consumer with good credit will pay \$264 less per month and save \$95,040 over the lifetime of the loan. That means the person with bad credit will pay \$95,040 more in interest for a \$100,000 loan, due to their credit.

Follow these 6 steps to ensure you have the highest credit score possible before you apply for a home loan.

1. Audit your credit report.

It's a fact that 4 out of 5 consumer credit reports contain errors. Removing errors takes time, so you need to check your credit report at least every 3 months.

We recommend www.identityiqreport.com. At only \$19 a month, they're among the cheapest credit monitoring services we have found that provides monthly updates for all 3 credit bureaus.

2. Get rid of late payments.

Having past due payments dramatically reduces your credit score. One recent past due payment can reduce your FICO score up to 50 points!

For every 10 points you increase your credit score on a \$250,000 30-year loan, you could save over \$100,000 in interest charges.

If you have an otherwise good payment history, ask your lender to remove the 30 day late. Most lenders value your business and are willing to make a 1-time exception and waive your lateness.

If you went through a rough patch, but have since established a solid payment history for at least 6 months, ask your lender to re-age the account. Re-aging is the practice of reporting your account history from the time your payments became timely.

Of course, if you have proof the payment wasn't late, simply send the front and back of the canceled check to your creditor with a brief letter explaining their error. Request that they immediately update the credit bureaus of their mistake.

3. Lower Your Debt Ratio

30% of your credit score consists of your debt to credit ratio, primarily for your revolving accounts.

Your debt to credit ratio is the amount of debt you are carrying as a percentage of the credit you have available.

If you are in the market for a large purchase, you should try to pay your balances down to as close to zero as possible.

Understandably, this is not always possible. With this in mind, please consider the following information when selecting which cards to pay down, and how much to pay: the most noticeable benefit on your credit score takes place

when your debt ratio is at 70%, 50%, 30%, 10%, or, naturally, 0%.

Additionally, when you do pay down your revolving balances, make sure they are spread evenly.

This means that if you have one card with \$10000 available credit and another card with \$1000 available credit and your total debt is \$5500, you should transfer your balances or pay down your cards so that you are carrying \$5000 on the \$10000 card and \$500 on the \$1000 card.

In this way, both credit cards will be at a 50% debt to credit ratio.

4. Maintain at least 3 open tradelines with \$1500 credit limits.

Many lenders require applicants to have at least 3 accounts with a minimum of \$1500 credit limit. Check your credit limits early and request credit limit increases every 6 months until you reach your goal. Increasing your limits will also reduce your debt ratio provided you do not increase your balances as well.

5. Don't close old accounts.

15% of your credit score is based on the length of your credit history, in addition to your debt to credit ratio.

If you have older cards, or cards that you paid down to \$0 – NEVER CLOSE THEM!

Even if they have a higher interest rate than your newer cards, it is best to put them in a drawer and use them every six months to buy gas and keep them active, then pay them off in full.

Closing a card will greatly decrease your debt to credit ratio, as well as shorten your overall length of credit history.

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6. Do all your mortgage shopping in 45 days.

Ten percent of your credit score is based on a record of how many times your report has been viewed by a third party in the past year. The larger the number of inquiries for credit (# of times you apply for credit that result in your credit report getting pulled by the company), the more your FICO score is affected.

The FICO scoring model works this way so that consumers are discouraged from making too many inquiries and "spreading themselves thin". However, the FICO scoring model does not want to discourage consumers from making inquiries AT ALL whenever they are shopping for a car or house so FICO groups all auto and mortgage inquiries into one that are made over a 45-day period.

Fair Isaac knows rate shopping is common when looking for a new mortgage or auto-loan. You can have your credit pulled an unlimited number of times within a 45 period. All inquiries within that period count as only one inquiry.

When every point matters, it is important to ensure that you are able to do your car or mortgage shopping in a 45-day period.

Call 1-888-262-2123 to speak with a certified credit consultant today.

