

# CREDIT HEALTH GUIDE





# MEET YOUR AGENT

Hi, I'm Carla



#### WHAT YOU CAN EXPECT FROM ME

Honesty & Integrity Loyalty & Respect Responsive & Timely Expert Guidance

For many years I have enjoyed helping others improve their well-being through health and wellness. Being a REALTOR® only enhances my ability to cultivate healthy living on all levels which includes home-life and fiscal well-being. Allow me to give you the KEYS to LIVE WELL!

By pairing my real estate knowledge with the support of the largest real estate company in Georgia, Better Homes and Gardens Real Estate Metro Brokers, I offer my clients everything they need - real estate, mortgage, insurance and closing services.

I provide sellers and buyers an amazing experience in both residential and commercial real estate. As well as the knowledge needed to flourish and make the best decision for their life goals.



You can also find me on:





# **OVERVIEW**

Time To Get Started

It's time to get back in shape! As in shape up your credit health.

Now is the time to start making plans to improve your

"Credit Health"

And the Healthy Happy Home Guru is here to help. Maybe this is to obtain a mortgage for a new home, a loan for a new car or to do some work on the house. Whatever it is, a core part of your ability to acquire such credit is your credit score. So we have comprised a steps can you take to improve your credit health and increase your chances of fulfilling your goals?

Where to Start

Start

FIND OUT YOUR FICO SCORE

DETERMINE WHERE YOU STAND

DEVISE A PLAN FOR SUCCESS

CONTACT YOUR FAVORITE REALTOR - ME!



**Disclaimer:** These are basic steps for better credit. Consult a professional credit specialist for a deeper dive into what may be necessary for your given situation.

## **FICO**

# The company that helps determine your credit score

FICO stands for the Fair Isaac Corporation. FICO was a pioneer in developing a method for calculating credit scores based on information collected by credit reporting agencies

#### FICO score vs credit score

A credit score is a three-digit number that measures your financial health and how well you manage credit and debt. FICO scores are a specific type of score that lenders can use when making borrowing decisions. There are different FICO scores for car sales, home sales, credit cards, etc.. For instance, FICO Score 9 is a credit score model that gives less weight to medical debt, excludes paid collections and includes rent payments, if they are reported.

#### How Your Score is Determined





Check your scores with www.myFico.com for a better view of the score that lenders use to pre-qualify you for a home loan

Ready... Set... Grow!!

Check your scores with www.myFico.com

Find out your credit score and see where you stand.

#### CREDIT SCORE CATEGORY

| CATEGORY  | RANGE       |
|-----------|-------------|
| Excellent | 750 & Above |
| Good      | 700 - 749   |
| Fair      | 650 - 699   |
| Poor      | 550 - 649   |
| Bad       | 550 & Below |

Now that you know where you stand, devise a plan that will successfully help you reach your goal.



HACK: Let debt season for a while so FICO can pick up on it:



- · Pay it down, but don't pay it off fully
- · Pay more than the minimum amount

Tips for Beffer Credit Health



Pay Your Bills on Time

No strategy to improve your credit will be effective if you pay late. Late payments can stay on your credit reports for  $7\frac{1}{2}$  years. If you miss a payment by 30 days or more, call the creditor immediately. Pay up as soon as you can and ask if the creditor will consider no longer reporting the missed payment to the credit bureaus.

**Impact Made:** High. Your record of paying bills on time is the largest scoring factor in both FICO and VantageScore credit scoring systems.

Time to Improve: Varies, depending on how many payments you've missed and how recently.



- ·Your credit card utilization can make BIG adjustments in your score (up and down). Try and keep your utilization fairly consistently
- Keep your utilization low. Use less than 30% of your limit on any card, and lower is better. The highest scorers use less than 7%.
- ·The higher the debt the more it affects your credit score. If high, start paying it down

A simple way to do that is to pay down the balance before the billing cycle ends or to pay several times throughout the month to always keep your balance low.

#### CREDIT HACK:

15/3 Credit Card Payment Trick

- 1. Refer to your credit card statement for your payment due date.
- 2. Then, count back 15 calendar days from that due date and pay the full minimum amount due
- 3. 3 days before the due date pay any additional amount you would like

Impact Made: High. Your credit utilization is the second-biggest factor in your credit score; the biggest factor is paying on time.

Time to Improve: Fast.

Tips for Better Credit Health



Ask For Higher Credit Cirrits

When your credit limit goes up and your balance stays the same, it instantly lowers your overall credit utilization, which can improve your credit.

Impact Made: High, because utilization is a large factor in determining credit score.

Time to Improve: Fast



Become In Authorized (1ser

Ask a relative or friend to be an authorized user on their card. Be sure they have good credit, good/on-time payment history and have a credit card account with a high credit limit. This allows you to benefit from the primary user's positive payment history without having access to the credit card itself.

Impact Made: Potentially high, especially if you are beginning to establish credit. The impact will be smaller for those with established credit who are trying to offset missteps or lower credit utilization.

Time to Improve: Fast.



Take Care of Mour Accounts in Collections

Collection accounts are a dark spot on your credit rating and these should be taken of.

Charged off accounts: Before you attempt to pay these off consult with your lender to verify if it is necessary and would raise your score significantly. Opening them up could possibly do the opposite.

Impact Made: Varies depending on what items are taken care of.

Time to Improve: Varies

Tips for Beffer Credit Health



Dispute Credit Report Errors

Dispute errors that may be dragging down your score. This can you quickly improve your score. The credit bureaus have 30 days to investigate and respond.

Impact Made: Varies, depending on what is updated

Time to Improve: Varies



Se a Secured Credit Card

This card is backed by a cash deposit that is paid upfront and the deposit amount is typically the same as your credit limit. Use it like a normal credit card and watch your on-time payments build your credit.

**Impact Made:** Varies

Time to Improve: A few months



Get Credit for Rental and Mility Dayments

Rent reporting services can report your on-time rent payments to the credit bureaus. A record of consistent payments can help, especially if you are looking to purchase a home. Many landlords do not report this info. So they will have to set it up

**Impact Made:** Varies

Time to Improve: Varies

Tips for Beffer Credit Health



The variety of your account types matter. Revolving accounts, installment accounts, mortgages, etc. Variety is key. Consider having more than just one credit card.

Create relationships with local bank or credit union by opening accounts. If you only have credit cards, consider getting a credit-builder loan which reports to all three credit bureaus.

Impact Made: Varies

Time to Improve: Fast. As soon as the new account's activity is reported to the credit bureaus, it can start to benefit you.

Stop. Start. Fix.

STOP, START, FIX Credit Improvement Process

#### **STOP**

making it worse!being late on payments!

on what happened 5 years ago. Majority of score is based on what has happened over the last 24 months

Bring balances current, reduce amount owed (get under 30% utilization)

#### **START**

making it better building positive credit Making on time payments (NO LATES), VERY IMPORTANT

#### FIX

Meet with a loan officer or credit specialist to see what needs to be fixed

# DO's and DONT's

What To Do and What Mot To Do

DO

DO make payments on time

DO Check credit report accuracies

DO Look at areas to improve

DO Resolve all credit disputes prior to applying for your line of credit. Get your credit collections and charge offs taken care of prior to running credit.

DO continue to make your rent or mortgage payment.

DO stay current on all existing accounts.

DO get your documentation in order. This will allow your loan process to move along more efficiently.

DO Keep working for your current employer.

DO file your tax returns and keep copies.

DO continue to use credit as usual.

DO call us if you have any questions.

DONIT

DON'T open any new lines of credit after you have been pre-approved. This includes car loans, credit cards, furniture loans etc...

DON'T Run Your Credit: while applying for a mortgage loan

DON'T make any major purchases before your loan closes.

DON'T open any new lines of credit. The inquiry on your credit can ding your score. Beware that signing up for a new gym or cell phone plan will likely result in a credit inquiry.

DON'T try to consolidate your debts. Decreasing your available credit can negatively affect your credit score.

DON'T close any lines of credit.

DON'T pay off any debts without consulting your lender.

DON'T make any large cash deposits into your bank account. This can raise red flags with underwriting. DON'T move large sums of money between accounts.

#### DO Create a credit plan

Once you have an idea of what to do, devise a plan to work on those areas. Scroll down to the "SERVICES" section for links and apps that can help you on your journey

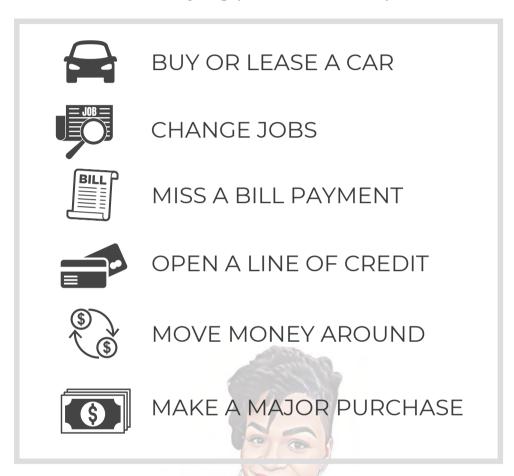
#### DON'T Try too Many Tactics at Once, Strategize!

It's difficult because you need credit to get credit, but you also don't want too many hard inquiries (ask about a soft pull) credit applications or checks to go through in a short timeframe because this can have a negative effect. A hard inquiry to your credit ratings such as applying for a loan or credit card can impact the credit score for as much as 12 months, although only usually by a few points.

# WHAT NOT TO DO

# During and Before the Home Buying Process

It's extremely important not do any of the following until after the home buying process is complete:





Any of these types of changes could jeopardize your loan approval. It's standard procedure for lenders to also do a final credit check before closing.

# A MUST DO!!!

Have all your money in one account prior to purchasing a home 2 months prior to getting under contract. Even the mattress/shoebox/jar money. ALL FUNDS HAVE TO SOURCED. Even gift funds. If you have a gifter giving you funds, you can either have those funds put into your account (from a verifiable source) 2 months prior as well. All this makes your funds easy to source.

# DID YOU KNOW???

Hmmm...



# **DID YOU KNOW??**

### **Credit Inquiries**

If mortgage inquiries are done within a 30 day timeframe, it is only counted as one inquiry! When securing a mortgage you should shop around to find the best option for you. So don't be afraid to reach out to a a few lenders before saying "I DO"!

#### **SERVICES TO CONSIDER**

Experian Boost - Excellent educational tool, helps consumers understand how credit works. You can link bank accounts to the free Boost service, which then scans for payments to streaming services and phone and utility bills. You choose which payments you want added to your Experian credit report

www.myFICO.com - learn what your FICO scores are

SELF App - Download and utilize the tools to assist in credit building

#### RESOURCES

https://www.nerdwallet.com/article/finance/raise-credit-score-fast www.myfico.com

www.freddiemac.com

## CHEERS!

Congratulations on Taking the Steps To Reach Your Goal!

Now that you have some great tools to improve your Credit Health. I am wishing you much success as you take the next steps to reaching your goals.

Did you know I partner with lenders who offer 100% financing loans and rent to own options with a minimum credit score of 550? If you are thinking of purchasing a home now is the time to see what you qualify for and/or see what steps you need to take to get in position to qualify.

It is always a great idea to vet a few lenders to find the best option to suit your needs. If you don't have one in mind I can send you my preferred lenders list.

/et/s (Jonnes

Feel free to reach out at any time if you have questions or are ready to buy or sell.







1215 Eagle's Landing Pkwy., Stockbridge, GA 30281

You can also find me on:





