

building your CREDIT

Among other criteria, mortgage lenders review a borrower's credit score to help determine the rate and the loan programs available to them. Those with stronger credit scores may receive lower mortgage rates. The infographic below explains credit tips for those on the journey to homeownership. Whether you're just establishing or repairing your credit, don't wait until you are in the market for a new home to begin thinking about your credit history!



CHECK YOUR CREDIT REPORT

There are three different credit reporting agencies: Equifax, Experian and Trans Union.

Mortgage lenders consider all three scores when evaluating your credit history. Check your free credit report at AnnualCreditReport.com once a year for accuracy and fraudulent activity.



UNDERSTAND THE BASICS OF CREDIT SCORING

The most important factors of credit scoring are whether you pay your bills on time and how much of your available credit you actually use.

- Set up automatic payments or reminders so that you're never late!
- Keep your credit balances to less than 30% of your credit limits. (10% is better.)



GET A STORE CARD

One or two is enough to make an impact. These cards are usually easier to acquire than a regular credit cards since their limits are usually lower. They can help build and improve your credit score if managed properly.

- Keep a low balance (less than 30% of your credit limit.)
- If you're trying to repair your score, make occasional small charges and pay them off in full each month to demonstrate responsible credit use.



LATCH ON TO SOMEONE ELSE'S CREDIT

Boost your credit by getting added as an authorized user. This scenario is common when a son or daughter is added to parent's account to help establish their credit. Be advised that there's no such thing as a joint credit score, however, and any good or bad behavior associated with the account will impact each individual's credit score.



DON'T GO OVERBOARD ON CONSUMER CREDIT

If you are still establishing your credit, opening and responsibly managing new consumer accounts can help your score over time. However, if you are about to apply for a mortgage, keep in mind that opening new accounts will temporarily lower your score and it may even appear that you are planning on incurring substantial debt in the near future, which will negatively affect your loan qualification.



MANAGE YOUR MEDICAL EXPENSES

Medical bills don't usually show up on your credit report unless the bills have been sent to a collection agency due to failing to make timely payments. Even something as simple as an unpaid \$15 co-payment can hurt your score once it gets turned over to a collection agency.



USE DIVERSE CREDIT TYPES

Having only car loans or just credit cards doesn't show diverse credit. It's best to show a variety over time. Consider using credit from time to time on large planned purchases instead of paying cash.



DON'T CLOSE OLD CREDIT CARDS EVEN IF THEY HAVE A ZERO BALANCE

Open, unused credit cards improve your score by lowering your utilization ratio — a comparison of the amount of credit being used to the amount of credit available to a borrower. As long as they are not in use, there is only upside in keeping them open.



ASK YOUR LOAN OFFICER!

Your loan officer is your best resource for all credit questions pertaining to homeownership.

One of our experienced originators will review your history and help determine the best course of action to start you on your way to homeownership.



Use these strategies to build or repair your credit history over time. For those just starting out, begin establishing good borrowing habits at least two years before starting to look for a home — longer for those repairing their credit history. Establishing good credit is definitely well worth the wait when you consider how much is saved by getting a lower rate and having more loan programs to choose from!

