

4 Steps To Improving Your Credit Score

Few things impact the amount you will pay for your home more than your credit score. The minimum credit score to get a home loan is typically a 580 FICO score. The national credit score average is about 680, and anything above a 740 threshold is considered top tier. Let's look at 4 ways to get your credit mortgage-ready!

#1 Dispute Payment Inaccuracies On Your Credit Report

Payment History is the most important factor impacting your credit score. Review the Payment History on your credit report for free at annualcreditreport.com. Look for errors and duplicates on your credit report, such as late payments and collections accounts. Then call each of the 3 credit bureaus, Equifax, Experian, and TransUnion, to dispute the errors and duplicates on your credit report.

Equifax Phone: 800-685-1111

Experian Phone: 888-397-3742

TransUnion Phone: 800-916-8800

#2 Maintain Less Than 30% Credit Utilization

Our credit score is negatively impacted when the amount of credit card debt we owe exceeds 30% of our available credit limit. Paying down credit card balances below 30% of our limit will improve our score.

The easiest way to improve our credit utilization is to ask our credit card issuer to increase our credit limit.

BE CAREFUL: This is an easy way to improve our utilization, but it is not an excuse to increase our credit card debt. Do not increase your credit card limit to increase your credit card debt.

#3 Avoid Applying For Too Much Credit

When you apply for new credit, it can cause a hard inquiry on your credit report. Hard inquiries can stay on your credit report for up to two years, and they can have a small negative impact on your credit score.

#4 Be Patient

Once credit becomes a focus, it takes time to get our score where we want it to be. Maintain good financial habits, like the ones we discussed today, and then slowly watch your score go up.

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