

DO YOUR BUYERS NEED HELP WITH THEIR CREDIT FITNESS?

RISMEDIA, October 1, 2010—Many home buyers now and into the foreseeable future will face tight lending standards and the need to improve their credit score to get prequalified or preapproved for mortgages. Be aware of the following steps your prospects can take for some speedy credit repair to gain lender approval and the best possible rates, especially if they are months away from a purchase:

Credit Card Wisdom

- Paying revolving credit cards down is generally more beneficial than, for example, paying down student loans, mortgage or auto loans.
- Always leave a 30% or higher gap between what you owe on the card and the card's limit. Lenders look for this minimum gap.
- Use cards with care even if you pay off balances each month because depending upon statement dates, the lender may see big balances.
- Pay down the cards closest to their limits first for speedier credit repair. The lending bank will then see the "gap" it wants to see.
- Do not ask a creditor to lower credit limits. Generally, carrying smaller balances on several cards is better than one large balance on one card.
- Check your credit card limits to make sure the report is correct. Limits may not be reported on all cards.
- Never make a late payment on credit cards or any loan.

Protesting Items

- Protest any unjust negatives, such as late payments, collections that are not yours, and any items not reported as "paid as agreed," if you paid on time and in full.
- Protest items listed as unpaid that were included in a bankruptcy, and items older than seven years (10 for bankruptcy).
- Focus first on the larger, newer negatives listed on the report.

It is important not to worry about smaller items like incorrect address information or an old employer listed as current. This is, of course, unless there is the possibility of identity theft or the file is mixed with someone else's.

This is certainly not an all-inclusive list of the steps that can be taken to improve a credit score, but it is a great start for clients needing to focus on their scores before attempting to get preapproved and purchase a home through you.

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