

TOP 5

FAVORITE CREDIT BUILDER TOOLS

TO HELP IMPROVE YOUR CREDIT



STEPHANIE
REAL ESTATE

Craft

TOP 5 TOOLS

Self.

[click here to check it out](#)

The Credit Builder Account is reported to all three major credit bureaus — Equifax, Experian, and TransUnion. This allows users to establish a positive payment history and improve their credit scores over time.

Kikoff

[click here to check it out](#)

The Credit Account addresses three key factors that determine your credit score: payment history, credit utilization, and average account age. No credit check. Reports to all three credit bureaus.

Rental
KHARMA
Build Your Credit With Rent

[click here to check it out](#)

All past rental payment history at your current residence to your TransUnion & Equifax credit reports. Average score increase is 40 points when you report your past history. Renters that report 2 years of past history and 1 year ongoing see 100+ point increases on average.

 CreditBuilderCard

[click here to check it out](#)

Interest rates under 25%. Low \$200 limit so you won't go into debt. Designed to help you build credit. Reports within a week of approval for fast results.

chime®

[click here to check it out](#)

On-time payment is a crucial aspect of building your credit score. Safer Credit Building report your monthly balance paid in full to the major all 3 major credit bureaus.

Why is FICO score the best score to keep track of when trying to qualify for a mortgage?



FICO Score Significance:

- FICO scores are universally recognized and extensively used by lenders, including mortgage lenders, as a reliable measure of creditworthiness.



Comprehensive Credit Evaluation:

- FICO scores consider various critical credit factors, such as payment history, credit utilization, length of credit history, types of credit, and recent credit inquiries.



Tailored for Mortgages:

- Mortgage lenders often use specific FICO score versions like FICO Score 2, FICO Score 4, or FICO Score 5, tailored to predict an individual's likelihood of repaying a mortgage.



Proactive Credit Management:

- Keeping track of your FICO score provides valuable insights into how mortgage lenders perceive your credit risk.
- Regular monitoring enables you to proactively address any credit issues, potentially improving your score before applying for a mortgage.



Optimizing Mortgage Opportunities:

- A higher FICO score enhances your chances of qualifying for a mortgage.
- A strong FICO score opens doors to more favorable lending terms and lower interest rates, saving you money over the life of your mortgage.

Key Factors Affecting Your Credit Score

Reporting to **all 3 credit bureaus** is super important because lenders and creditors often pull information from one or more of them. For this reason, it's can't be overstate, making sure there complete accuracy and consistency across the board is essential for presenting the best credit profile possible.

Payment History (35%)

- Late payments are detrimental because they indicate a potential risk to lenders. They can result in a significant drop of around 60 to 110 points in your credit score, depending on the severity and frequency of the delays.

Credit Utilization (30%):

- This ratio, calculated by dividing your credit card balances by the credit limits, impacts your score. Keeping it below 30% demonstrates responsible credit management and positively influences your score.

Length of Credit History (15%):

- The age of your credit accounts matters. Closing an old account can impact your credit score by reducing the average age of your accounts. This may lead to a decrease of approximately 15 to 45 points.

Types of Credit in Use or Credit Mix (10%):

- Lenders appreciate a diverse credit portfolio, including credit cards, installment loans, and other forms of credit. It shows your ability to manage various financial responsibilities.

New Credit (10%):

- **Credit Inquiries:** Multiple inquiries within a short period can be seen as a sign of financial stress or risky behavior. Each inquiry may slightly lower your score, but the impact is generally minor. It's wise to space out credit applications to mitigate potential negative effects.
- **Collections:** When an account goes to collections, it stays on your credit report for about seven years, significantly impacting your score. New collections, especially, can have a noticeable negative effect on your creditworthiness.

Important Terms for You to Know

TERM	DEFINITION	TOP DETAIL
Credit Score	A numerical representation of your creditworthiness, usually ranging from 300 to 850.	The higher the score, the better your credit. Aim for 700 and above for prime lending rates.
Credit Report	A detailed record of your credit history, including accounts, payments, and inquiries.	Regularly review your credit report for errors; disputing inaccuracies can improve your score.
Credit Utilization	The ratio of your credit card balances to credit limits, expressed as a percentage.	Keep it below 30% to show responsible credit use and boost your score.
Late Payment	A payment made after the due date, negatively impacting your credit history.	Consistent on-time payments are crucial; even one late payment can dent your score.
Credit Inquiry	A request for your credit report, typically when applying for credit.	Too many inquiries in a short period can lower your score; space out credit applications.
Debt-to-Income Ratio	The percentage of your monthly income that goes toward paying debts.	Lenders consider DTI when assessing your ability to take on more credit; aim for a lower ratio.
Secured Credit Card	A credit card backed by a cash deposit, often used to rebuild credit.	Responsible use of a secured card can positively impact your credit score over time.
Charge-Off	When a creditor writes off a debt as unlikely to be collected.	A charge-off remains on your credit report and negatively affects your score; work on resolving or settling it.
Collection Account	An account handed over to a collection agency due to non-payment.	Paying off collections doesn't remove them immediately, but it helps your creditworthiness over time.
Credit Coaching	Professional guidance to manage debt, create a budget, and improve financial health.	Seek reputable credit counseling agencies to get personalized advice for your situation.

Here are some steps you can take to start repairing your credit



- ✓ Review your credit report
- ✓ Inaccuracy disputes
- ✓ Pay bills on time
- ✓ Reducing credit card balances
- ✓ Build a positive credit history
- ✓ Avoid new credit applications
- ✓ Work with creditors and collection agencies
- ✓ Be patient and consistent

Need Help Getting Started?

LET'S CONNECT