



Sphynx Financial

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Top 10 Ways to Raise your Credit Score

1. Check your credit report several times a year. It is a good idea to check your credit score a few times a year to make sure no errors are in your report. Believe it or not, a large number of credit reports contain errors. You can contact one of the three credit reporting agencies, TransUnion, Experian, or Equifax to provide you with your current score, your credit report, and explanations of your score. Having your FICO score and credit report before you apply for a loan will provide you with time to correct any inaccuracies and time to potentially raise your score.

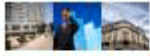
2. Always pay your bills on time! This sounds like a no-brainer but it is so important. 35% of your FICO score (the biggest amount) is based on your Payment History. Even if you have missed payments in the past the best way to raise your score over time is to continually pay your bills on time. It is especially important to not be late on mortgage payments. 50-75 points can be deducted for one 30 day late payment.

3. Don't run up your credit card balances over 50% of your available credit amount. In addition, try to have your balances less than 30% for at least 90 days before you apply for a mortgage loan or make a large purchase. This is because the second largest factor used to calculate your credit score is based on amounts owed (30%). And of course, never completely max out your credit cards. You can lose 80 points this way. If you find yourself in this situation start paying down the balance and you can potentially regain those points over several months.

4. Pay down your credit debt instead of moving it around to other cards or consolidating to one card. The best way to raise your score is to pay down those revolving charge cards and not just rearrange your debt. This also falls in the amounts owed category which again is 30% of your score.

5. Do not open or apply for new credit accounts at the time you are applying for your mortgage loan. 10% of your credit score comes from the category called New Credit. Any recently opened credit cards and the number of credit inquiries falls in this category. Too many new accounts and inquiries will lower your score. Resist those offers in the mail for new credit cards at this time. Just because they are offering credit doesn't mean they have pulled your credit information but they will once you give them the OK. In some cases, even just the credit inquiry has the potential of lowering your score substantially.

6. Do your entire mortgage or auto loan shopping within a 14 day period. Fair Isaac & Company or FICO, has realized that there will be more than one credit inquiry at the time you are shopping for a loan. As a result they look at all the inquiries within a 14 day period as one hard credit inquiry. Your score will not lower because lenders are pulling your credit reports if you keep the loan shopping to a focused time period.



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7. Don't close unused accounts because you think this will help your score. 15% of your score comes from the category called Length of Credit History. It actually helps your score to keep those accounts open because it shows you have a longer credit history.

Also, contrary to popular belief, a closed account still stays on your record so closing an account may actually hurt your score.

8. Don't open too many accounts all of once if you have a short credit history. This is perceived as risky by the lenders because you are taking on a lot of new debt. Plus, if you already don't have a lot of credit, all those new accounts will lower the average age of your existing accounts resulting in a lower score.

9. Don't stop using the credit cards altogether thinking this will raise your score. Making timely payments on credit cards and installment loans will generally raise your score. Also, people with no cards at all will have a lower score than those who consistently pay their payments on their cards and installment loans. So use those cards occasionally but continually make payments and pay down the balance.

10. If you still have difficulties managing your credit seek reputable credit counseling to help you get back on track. Don't fall for the instant credit repair ones however, it will take time consistently paying your bills and paying down debt to show that you are once again credit trustworthy, but raising your credit score can be done.

REMEMBER:

It will take time to improve your credit score but it can be done. Learn to manage your credit wisely and it will pay off. You too can save 100's of dollars each month on your mortgage payment with a good credit score.
