HOW TO IMPROVE YOUR CREDIT SCORE

Before Applying for a Mortgage — Actionable Steps for 30-90 Days

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Welcome from Aaron Bath

As a top-producing mortgage loan officer serving South Florida, I've helped hundreds of families and investors navigate the home financing process. These guides are designed to give you clear, actionable information so you can make confident decisions. My goal is to be your trusted resource — today and for years to come.

How Credit Scores Impact Your Mortgage

Your credit score is one of the most important factors in determining your interest rate, down payment requirements, and even which loan programs you qualify for. Even a 20-40 point improvement can translate to meaningful monthly savings and better terms.

- **FICO Score Ranges (Typical Mortgage Guidelines):** 740+ = Best pricing and terms. 680-739 = Good rates, standard guidelines. 620-679 = Acceptable for most conventional and FHA, but higher rates. 580-619 = FHA possible with 3.5% down; conventional more difficult. Below 580 = Limited options, often Non-QM or FHA with higher down payment.
- **What Lenders Look At:** All three credit bureaus (Equifax, Experian, TransUnion). We typically use the middle score or the lowest of the three depending on the loan program. Recent activity, utilization, and payment history carry the most weight.

Fastest, Most Impactful Steps You Can Take (30-90 Days)

While building excellent credit takes time, these actions can move the needle meaningfully in 1-3 months:

- **Pay Every Bill On Time (35% of FICO score):** Payment history is the single biggest factor. Set up autopay for all accounts and pay at least the minimum on time every month. Even one 30-day late can hurt significantly.
- **Reduce Credit Utilization (30% of score):** Keep balances below 30% of your credit limits, ideally under 10% on revolving accounts (credit cards). Pay down balances before the statement closing date so it reports lower to the bureaus. This can improve your score in 30-45 days.
- **Don't Close Old Accounts (15% of score):** Length of credit history matters. Keep old credit cards open (even if you don't use them) as long as there's no annual fee. Closing them can shorten your average account age and reduce total available credit.
- **Limit New Credit Applications (10% of score):** Each hard inquiry can drop your score a few points temporarily. Avoid opening new credit cards or loans in the 6-12 months before applying for a mortgage. Multiple inquiries in a short period signal risk to lenders.
- **Dispute Errors on Your Credit Report:** Get your free weekly credit reports at AnnualCreditReport.com. Look for inaccurate late payments, collections, or accounts that aren't yours. Dispute them online — many are removed within 30 days if the creditor can't verify.
- **Pay Down or Settle Collections (if strategic):** For collections under $500-$1,000, it may be worth negotiating a pay-for-delete or settlement. For larger amounts, consult with us first — sometimes it's better to leave them and focus on other factors. We can advise based on your full picture.

What to Avoid Before Applying for a Mortgage

These common mistakes can derail your approval or cost you thousands:

- Making large purchases on credit cards (furniture, appliances, cars) right before closing — this increases utilization and DTI.
- Co-signing loans for family members or friends — it adds debt to your profile and can hurt your DTI.
- Closing credit card accounts to "simplify" your finances — this can actually hurt your score and available credit.
- Applying for new credit (store cards, personal loans) during the mortgage process — triggers new inquiries and changes your profile.
- Ignoring collection accounts or old judgments — we will find them during underwriting, so it's better to address proactively.

■ We Review Your Credit With You — No Surprises

When you work with me, we pull your credit early and go through it line by line together. I'll explain exactly what's impacting your score, what we can improve quickly, and what loan programs are realistic for your current profile. If there are issues, we discuss options like Non-QM programs or credit repair strategies before you invest time and money in a home search.

Timeline & Realistic Expectations

Credit improvement takes patience, but here's what you can typically expect:

- **30 Days:** Paying down revolving balances and ensuring all accounts are current can show improvement. New positive payment history starts building.
- **60-90 Days:** Utilization changes and resolved disputes begin to reflect. Scores can move 20-50+ points for some borrowers with focused effort.
- **6+ Months:** Major improvements from consistent on-time payments, reduced utilization, and positive account aging. This is where the biggest gains happen.
- **Important:** Every borrower's situation is unique. Some see rapid improvement; others with deeper issues (multiple late payments, high utilization, collections) need more time. We create a realistic action plan based on your specific credit report.

Ready to discuss your specific situation?

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