

GET YOUR CREDIT SCORE IN SHAPE

BEFORE BUYING
A HOME



When was the last time you checked your credit score?

In a 2012 study by the Federal Trade Commission, one in five people identified at least one error on their credit report. In their 2015 follow-up study, almost 70% thought that at least one piece of previously disputed information was still inaccurate.

These rampant inaccuracies are a big deal, especially if you're thinking of buying a home soon. With a less-than-great score, you may not get

preapproved for a mortgage. Or if you do get pre-approval, you might get a higher mortgage rate -- which means thousand of extra dollars per year spent in interest payments.

The good news is that there are steps you can take right now to clean up your credit.

Here are some of my top tips.

Find the mistakes on your report

Review every section of your report, starting with your personal information. Make sure your name, address, social security number, and birthdate are current and correct. Are your prior addresses correct? Is your employment information up to date? Is your marital status correct? Even seemingly minor errors in this section can lower your score.

Your public records will list things like lawsuits, tax liens, judgments, and bankruptcies. If you have any of these, make sure they're correct and actually belong to you. A bankruptcy filed by a spouse or ex-spouse should not be on your report, for example. Are there tax liens that you paid off that are still listed as unpaid, or lawsuits that are more than seven years old? Those also need to go.

Are there any unusual inquiries into your credit listed in this section? An example might be a credit inquiry when you went for a test drive at a car dealer. Make sure to take note of these as well.

Report the dispute and follow up

If there are major mistakes, you can take your dispute to the credit agencies. While you could send a letter, it's faster to submit your report through the credit agency's website. Experian, Transunion and Equifax all have step-by-step forms to submit reports online.

If you have old information on your report that should have been purged, such as a debt that has been paid off, you may need to go directly to the lender to resolve the dispute.

You must follow up to make sure disputes get resolved. Keep notes about who you speak to and on which dates you contacted them. Since all three companies share data with each other, any mistakes should be corrected on all three reports. If your disputes are still not corrected, you may have to also follow up with the institution that reported the incident, or a third-party collections agency that is handling it.

Get help to clean up your credit now

You should work with a loan professional to check your score. A professional will be able to guide you to whether your score is in the 'good' range for home buying, and their inquiry into your credit is less likely to have a negative impact on your score. Once you know your score, you can start taking action on cleaning up your credit.

Does your credit score need a boost so you can buy a home?

Get in touch with me, and I can connect you with the right lending professionals to help you get the guidance you need.

Karen Cannon
Karen Cannon, Realtors
info@karencannon.com
770.352.9658