

Special Home Buyers Report. . . .



7 Simple Steps to Better Credit

Credit scoring is reshaping the lending landscape and affects approval as well as interest rate paid on all home and consumer loans.

Here's A Guide to help you understand credit scoring and if necessary bring your score up... enjoy

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So you've had a few problems getting the bills paid lately, and you're wondering what you can do to repair the damage. You've got plenty of company. There are more than 30 million people in the United States with credit blemishes severe enough (and credit scores under 620) to make obtaining loans and credit cards with reasonable terms difficult. Or maybe your credit is OK, but you'd like to make it better. After all, the better your credit, the lower the interest rates you can secure on mortgages, car loans and credit cards. So if you're dragging around a bad score, you'll pay more to borrow money- car loans, credit cards and mortgages. But here's how to turn it around in a hurry.

Know Your Score

In order to improve your credit score, it's important to know where you stand currently. Despite all the media attention given to free credit reports, you still have to pay to find out your credit score, the three-digit number ranging from 350 to 850 that is the key to your borrowing costs. You can obtain your free credit report annually at:

www.myfreecreditreport.com and can obtain your score by paying a small fee.

MyFico.com is another popular site to view your report and score or You can simply contact us here at WPI Southcoast, as we can pull your credit report and score for no Fee!

After reviewing your report and uncovering all of your current balances, history and open accounts now you're ready to read and understand the **Seven Steps to a Higher Credit Score**.

1) Pay down your credit cards. Paying off your installment loans (mortgage, auto, student, etc.) can help your score, but typically not as dramatically as paying down -- or paying off -- revolving accounts like credit cards. The credit-scoring formulas like to see a nice, big gap between the amount of credit you're using and your available credit limits. Getting your balances below 30% of the credit limit on each card can really make a difference. While most debt advisors recommend paying off the highest-rate card first, a better strategy here is to pay down the cards that are closest to their limits.

2) **Use your cards lightly.** Racking up big balances can and will hurt your score, regardless of whether you pay your bill in full each month. What's typically reported to the credit bureaus, and thus calculated into your score, is the balance reported on your last statement. (That doesn't mean paying off your balances each month isn't financially smart -- it is -- just that the credit score doesn't care.)

So the advice here is to spread the credit card purchases around on a few cards so when the report is pulled it is showing as minimal on a few vs a large amount on just one.

3) **Check your limits.** Your score might be artificially depressed if your lender is showing a lower limit than you've actually got. Most credit-card issuers will quickly update this information if you ask. If your issuer makes it a policy *not* to report consumers' limits, however -- as is the usual case with American Express cards and those issued by Capital One -- the bureaus typically use your highest balance as a proxy for your credit limit. Consider not using those cards while you are working to improve your score or maybe in the market to have your credit score reviewed. When borrowing any money. (ie. a mortgage, car loan or even a personal loan) You may see the problem here: If you consistently charge the same amount each month -- say \$2,000 to \$2,500 -- it may look to the credit-scoring formula like you're regularly maxing out that card. You could go on a wild spending spree to raise the limit, but a more sober solution would simply be to pay your balance down or off before your statement period closes. Check your last statement to see which day of the month that typically is, then go to the issuer's Web site about a week in advance of closing and pay off what you owe. It won't raise your reported limit, but it will widen the gap between that limit and your closing balance, which should boost your score. The larger the spread between your balance and its limit, the higher your credit score.

An example, **Customer A**

Master card- limit \$5400

Current balance \$4900 = low score

Customer B

Master Card- limit \$5400

Current balance \$1900 = Higher score

This example demonstrates to the 3 credit bureaus (Experian, Trans Union and Equifax) a lot about how you handle credit and manage your money.

How do you want to be perceived by the credit bureaus? The goal of the credit scoring model is how likely the card holder is to default on their liabilities and have a 60 day late payment. So avoid late payments at all cost!

4) Dust off an old card. The older your credit history, the better. But if you stop using your oldest cards, the issuers may stop updating those accounts at the credit bureaus. The accounts will still appear, but they won't be given as much weight in the credit-scoring formula as your active accounts, said Craig Watts, an executive at Fair Isaac & Co., one of the leading credit scorers. That's why Financial planners often recommends to their clients that they use their oldest cards every few months to charge a small amount, paying it off in full when the statement arrives. A great tip is to also get added to a family member's long standing credit card as an authorized card holder and take advantage of their long established credit. This will be a big boost to your score. But be careful, as this move can have drawbacks if the card holder suddenly misses a payment or two bringing your score down a bit. However, most of the time it's a Big boost to your score.

5) Get some goodwill. If you've been a good customer, a lender might agree to simply erase that one late payment from your credit history. You usually have to make the request in writing, and your chances for a "goodwill adjustment" improve the better your record with the company (and the better your credit in general). But it can't hurt to ask. Another great idea is to ask for a larger credit limit. Hopefully you won't take Them up on racking up more debt but only give you a wider spread between balance and new limit. This one works well if you are loyal and have a timely payment record. A longer-term solution for more-troubled accounts is to ask that they be "re-aged." If the account is still open, the lender might erase previous delinquencies if you make a series of 12 or so on-time payments. For more on re-aging, contact us here at WPI Southcoast and we can recommend NEG Credit repair service. A little bit of work they may prove beyond your scope of correspondence, NEG will do the work for you.

6) Dispute old negatives. Say that fight with your phone company over an unfair

bill a few years ago resulted in a collections account. You can continue protesting that the charge was unjust, or you can try disputing the account with the credit bureaus as "not mine." The older and smaller a collection account, the more likely the collection agency won't bother to verify it when the credit bureau investigates your dispute. Some consumers also have had luck disputing old items with a lender that has merged with another company, which can leave lender records a real mess. Be careful here though, the general rule of thumb is to not pay off old disputes or charge offs during your credit repair stages as they will reactivate the credit line and bring your score down further. The best advice is to dispute the negatives that were truly not yours and take care of any of your credit transgressions at the closing table. FNMA guidelines require you payoff old credit balances of \$250 or more at your home mortgage closing. Ask for more details.

7) Blitz significant errors. Your credit score is calculated based on the information in your credit report, so certain errors there can really cost you. But not everything that's reported in your file matters to your score. Here's the stuff that's usually worth the effort of correcting with the bureaus:

- Late payments, charge-offs, collections or other negative items that aren't yours.
- Credit limits reported as lower than they actually are.
- Accounts listed as "settled," "paid derogatory," "paid charge-off" or anything other than "current" or "paid as agreed" if you paid on time and in full.
- Accounts that are still listed as unpaid that were included in a bankruptcy.
- Negative items older than seven years (10 in the case of bankruptcy) that should have automatically fallen off your report.

You actually have to be a bit careful with this last one, because sometimes scores actually go *down* when bad items fall off your report.

It's a quirk in the FICO credit-scoring software, and the potential effect of eliminating old negative items is difficult to predict in advance.

Some of the stuff that you typically shouldn't worry about includes:

- Various misspellings of your name.
- Outdated or incorrect address information.
- An old employer listed as current.
- Most inquiries- but too many inquiries will bring a score down so be careful with how many folks pull your report with your permission

If the misspelled name or incorrect address is because of identity theft or because your file has been mixed with someone else's, that should be obvious when you look at your accounts. You'll see delinquencies or accounts that aren't yours and should report that immediately. However, if it's just a goof by the credit bureau or one of the companies reporting to it, it's usually not much to worry about.

Two more items you don't need to correct:

- Accounts you closed listed as being open.
- Accounts you closed that don't say "closed by consumer."

Closing accounts can't help your score, and may hurt it. If your goal is boosting your score, leave these alone. Once an account has been closed, though, it doesn't matter to the scoring formulas who did it -- you or the lender. If you messed up the account, it will be obvious from the late payments and other derogatory information included in the file.

4 Bonus Tips:

Other actions to beware when you're trying to improve your score:

- **Asking a creditor to lower your credit limits.** This will reduce that all-important gap between your balances and your available credit, which will hurt your score. If a lender asks you to close an account or get a limit lowered as a condition for getting a loan, you might have to do it -- but don't do so without being asked.

- **Making a late payment.** The irony here is that a late or missed payment will hurt a good score more than a bad one, dropping a 700-plus score by 100 points or more. If you've already got a string of negative items on your credit report, one more won't have a big impact, but it's still something you want to avoid if you're trying to improve your score.
- **Consolidating your accounts.** Applying for a new account can ding your score. So, too, can transferring balances from a high-limit card to a lower-limit one, or concentrating all or most of your credit-card balances onto a single card. In general, it's better to have smaller balances on a few cards than a big balance on one.
- **Applying for new credit if you've already got plenty.** On the other hand, applying for and getting an installment loan can help your score if you don't have any installment accounts, or you're trying to recover from a credit disaster like bankruptcy.

Our hope is these credit scoring tips will help you boost your fico credit score and help you qualify for the best loan program available. Remember, The general rule of thumb is the higher your credit score the lower your interest rate. When your credit report is reviewed by a bank for a Mortgage they always throw out the high and low scores to use the one in the middle! Also the scoring model is generally different then auto dealers and consumer reports. (Just so you know)

Here are the general scoring brackets:

740+ is considered excellent and no work is required to improve upon this score.

720- is also excellent but you are right at the limit for qualifying of the best rate and terms(use caution)

700- you have a little work to do (30-90 days of implementing these tips)

680- is ok but you will need to enact many of the tips (60-120 days)

660- you have some work to do (4 months +)

640 - (6 months+)

620 or below- Contact NEG for a real boost

(otherwise 12 months plus to get the score where it needs to be)

On a final note, should you feel overwhelmed after reading this report and are not sure where to begin, simply contact us here at WPI for a free credit review and consultation. Who knows, you may leave just a bit more credit savvy and on your way to improve your lot.

But Don't Wait!

I believe in offering incentives, especially if you're considering buying a new home. You'll notice I attached a coupon for a FREE Home Warranty and FREE Credit Report; however there is an expiration date. I did this for a very good reason. I enjoy working with clients, and sometimes my practice gets booked up fast. In order to make sure I have undivided time for you, I need to hear from you immediately so there are no conflicts in scheduling our get together.

So call now at 508-646-4777 X105, and I'll immediately arrange a convenient time to meet, and share with you why and how it is that **"you don't make money when you sell your home, you make money when you buy your home"**. There's no obligation whatsoever. And it could save you time and frustration on your home purchase.

Sincerely yours,

Christopher Terry

WPI South Coast Inc.

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- Ø Because of my experience, I'll make the entire process HASSLE FREE for you
- Ø Everything you do with me stays COMPLETELY CONFIDENTIAL. Agents won't be discussing your personal or confidential affairs because they represent the seller!

Once you have read this report completely, make a list of areas you would like to discuss, and Call me at 508-646-4777. My consultation is Free, and without obligation, pressure, "pitches," or games. So before you get distracted, call now!

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If you own a home and have thought about selling now or in the near future then these two features are a must see. Go to <http://www.SouthCoastHomeownersSellandSave.info> and I'll share with you Secrets to Selling your Home for TOP DOLLAR with or without a Realtor. This information combined with our Money Making Tips to Prepare Your Home for Sale found at <http://www.SouthCoastHomeownerTips.info> will give you insight into the minds of homebuyers, help you set your home apart from the competition and show you how to make home buyers instantly attracted to your home.

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