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Do you know your “number”? Do your clients? Credit scores are hugely important and play a big role in helping us qualify for major purchases like a car or home.

As a mortgage lender who specializes in millennials and other first-time homebuyers, I often see how a low credit score can keep people from buying a house. Inevitably, a client will ask me, “What can I do to raise my score?”

That’s when I explain the various ways to improve that pivotal number. There’s no magic formula to take one’s score from 570 to 750 overnight, but if one is responsible and dedicated to his or her personal finances, one can obtain a score that will satisfy lending institutions.

Here are the five steps I tell my clients:

Pay bills on time. Payment history has the biggest impact on credit scores. Lenders and creditors want to see that the applicant makes payments on time. When one has late payments, even one or two, it can drastically impact the score.

Keep balances low. Debt isn’t a bad thing, but the key is how one

manages it. If loans and credit cards are maxed out, it will negatively impact scores. If one keeps the balance at less than one’s credit limit (a good rule is less than 30%), that will help

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scores because it shows the applicant is responsible and can manage expenses.

Apply for and open new credit accounts only as needed. Only open credit accounts that are absolutely necessary. If one needs to open a new account, make sure the terms and conditions are acceptable, keep a low balance and pay the bill on time (even well before the due date).


Pay off debt rather than

moving it around. Do not move debt from one account to the next. That won’t solve anything. Work to pay down the balances in a consistent way.

Be patient! Raising one’s credit score is all about consistent, long-term payments and responsible activity. That kind of behavior demonstrates the applicant can handle a large credit account like a mortgage.

One more point: Collections and public records like judgments also have a big impact on one’s scores. Make sure to pay these accounts.

Finally, seek a free credit report every year from all three credit bureaus. It’s a service authorized by federal law, and the website is annualcreditreport.com. Take advantage of the service and know your scores. If something is not reported correctly, contact the credit bureaus ASAP to have it fixed.

It’s imperative that one takes care of his or her credit report and scores. They’re the lifeline for major milestone purchases! 


(Good Neighbor, continued from previous page)

email, call NAR at 800-874-6500.

NAR must have five copies total of your entry package (original and four duplicate copies). All entries shall become the property of NAR and will not be returned. Visit realtormag.realtor.org/good-neighbor-awards/

[nominate](#) to learn more. Ten finalists will be selected by a panel of REALTOR® Magazine staff.

A \$10,000 grant will be awarded to the community organization named on the entry form by each of the five winners. Grants can

be divided among more than one organization only if the winner has documented those organizations on the entry form. Good luck! 

Information in this article courtesy of NAR.