

**HOW CREDIT BUREAUS SCORE
YOUR FILE**

35% PAYMENT HISTORY—Make payments on time. Nothing hurts your score worse than late payments.

30% OUTSTANDING DEBT—Try to keep lines of credit below 40% of available balances.

15% LENGTH OF CREDIT HISTORY—Keep accounts open. The longer you've had the account, the better.

10% RECENT INQUIRIES—Don't have your credit pulled more than once every 60 days.

10% TYPES OF CREDIT IN USE—Each line of credit has its own point value.



IT'S NEVER TOO LATE

If you find yourself with derogatory credit, all is not lost. Your credit can be repaired. If you have bad debt, paying it off will not remove it from your credit. The items remains on your credit and can hurt your score. Ask us about repairing your credit.



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**PURCHASING
A
HOME**



HOMEDALEFINDERS.COM

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ARE YOU READY TO BUY A HOME? LET'S GET STARTED!



Now that you are ready to start working on the purchase of a home, here is some information to help you.

THINGS TO CONSIDER WHEN APPLYING FOR A LOAN

1. **Unsecured Credit Cards**—Keep the balance on your credit cards at 40% or less of the available balance. For example, if you have a \$1000 credit limit, keep your balance at \$400 or below. Also, do not cancel credit cards that you do not use. Lenders like to see 3-4 open lines of credit, even if they have a zero balance. Having the same account open for many years can improve your credit score.
2. **Savings and Retirement Accounts**—Lenders look for money you will be able to access in the event of an emergency in your life. Anytime you receive unplanned income, such as a bonus, tax refund, etc., keep it in a savings account.
3. **Keep to a Budget**—Develop and maintain a budget, leaving room for savings and emergencies. When you know where your money is going each month, you have better control over your finances.

THINGS NOT TO DO WHEN APPLYING FOR A LOAN

1. Do not get new credit of any kind. This includes, but is not limited to car loans, credit cards and store credit.
2. Do not charge your current cards over 40% of the total credit limit. If your credit limit is \$1000, do not go over \$400 .
3. Do not pay any bills more than 30 days past due. Make every effort to pay your bills on time, every time.
4. Do not pay your current rent or mortgage payment late.
5. Do not spend any more money than you have to. It is important that you keep as much money as possible in your checking and/or savings account.
6. Do not have any NSF's on your bank statements.

WHAT IS A FICO SCORE?

A FICO score is a credit score developed by Fair Isaac & Co. Credit scoring is a method of determining the likelihood that credit users will pay their bills. A credit score attempts to condense a borrowers credit history into a single number. The Federal Trade Commission has ruled this to be acceptable.

Credit scores are calculated by using scoring models and mathematical tables that assign points for different pieces of information which best predict future credit performance. Developing these models involves studying how thousands, even millions, of people have used credit. Score-model developers find predictive factors in the data that have proven to indicate future credit performance. Models can be developed from different sources of data. Credit-bureau models are developed from information in consumer credit-bureau reports.

Credit scores analyze a borrower's credit history considering numerous factors such as:

- Late payments
- The amount of time credit has been established
- The amount of credit used versus the amount of credit available
- Length of time at present residence
- Negative credit information such as bankruptcies, charge-offs, collections, etc.

There are really three FICO scores computed by data provided by each of the three bureaus—Experian, Trans Union and Equifax. Some lenders use one of these three scores, while other lenders may use the middle score.