

Raise Your Score & Purchase Your Dream Home

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You would like to purchase a home or refinance your present mortgage. You visit with a lender and have them run a credit check. The lender reports bad news: your credit score is too low to give you the best possible rate. Not one to believe everything that you are told—you seek a second and third opinion—but there is no progress.

Credit scores can change. This is the bad news. Miss a few payments or open up too many credit lines and your score will decrease, which may prevent you from obtaining the best mortgage rate or perhaps prevent you from obtaining a mortgage.

Credit scores can change. This is the good news. Scores that are low can be raised significantly by taking a few important steps. Some of these steps may take months or even years to implement. Others can be effected instantly. Here are a few:

- 1) *No more late payments.* One negative factor is the age of poor credit. Late payments made five years ago are not considered as much a negative as late payments made five months ago. So stop the cycle now—make all payments on time.
- 2) *Talk to your creditors.* If you are hopelessly behind on a payment, go back and renegotiate terms with a lender. Whatever the new terms—get them in writing so you can inform the credit repositories. It would not be unusual for you to follow the new payment schedule but late payments still show up on on your credit report for many more months. Why? The major credit repositories (of which there are three) were not informed in writing.
- 3) *Consider a consolidation loan.* Though another loan will lower your credit score initially, if it lowers your overall monthly payments and enables you to stay current in

the long run, the long-term effect will be positive. But, don't apply all over town—constant credit inquiries may keep you from being approved for the consolidation loan or your next mortgage.

- 4) *Get professional help.* If you are totally overwhelmed, contract a professional credit repair service. They have experience negotiating with creditors, setting up payment schedules and achieving consolidation loans. Make sure the service utilized has references and is a member of the Better Business Bureau within your community. There are non-profit agencies such as the Consumer Credit Counseling Service (CCCS).
- 5) *Do not declare bankruptcy.* The number of consumers opting for bankruptcy is soaring for many reasons, not the least of which is the removal of social stigma attached with bankruptcy. Lenders still consider bankruptcy a major negative to preclude lending for the near term. It will typically take seven years for the bankruptcy to be dropped from your record. Do not take this step unless there are no other alternatives.
- 6) *Build up savings.* All too often, we are faced with credit problems because we have no savings built up to face future emergencies. Start saving now—even if just a few dollars each week. Do not make any optional purchases until your savings goals are achieved for the month.

Yes, it may seem that the task is overwhelming. How can you save when you can't meet yesterday's bills? No one ever met a goal without taking the first step. Just knowing that your credit score can be raised can help you make a commitment and start moving toward that elusive goal. The result may be the home of your dreams...