

## **How to Improve your Credit Score to Get a Mortgage**

If you're in the market for a mortgage, it's important to look at your credit score first. Many potential buyers don't realize they can check their credit or improve it, but you can do both.

First, pull your credit report [here](#). Everyone gets free weekly access to all three credit reports, so don't hold back. Once you know your credit history, you can take the necessary steps to improve it.

### **Why your Credit Score is Important**

You may wonder why your credit score is so important.

Here's why.

It's the first thing lenders look at when you apply for a mortgage. If your credit score isn't high enough for the chosen loan program, they'll decline your application without looking at it further.

Think of it as your first impression to a mortgage lender. You want it to be as good as possible or you risk not getting approved.

Here's how.

### **How to Increase your Credit Score**

Your credit score changes monthly. With these simple changes, you can increase your credit score and your chances of approval.

#### **Bring your Accounts Current**

If you have any late payments reported on your credit report, get them current fast. Late payments can hurt your credit score the most since your payment history makes up the largest portion of your credit score.

#### **Pay your Debts Down**

The next largest part of your credit score is your credit utilization. This refers to the amount of your credit lines you have outstanding. Any amount over 30% of your credit line or \$300 for every \$1,000 in credit line, hurts your credit score. Work on paying your debts down and watch your score increase.

## **Don't Close Old Credit Card Accounts**

It sounds odd, but keep your old credit card accounts open. They help your credit age. Your credit score improves when you have older credit accounts. New accounts don't have a history and can make you a higher risk.

## **Don't Apply for New Credit**

If you're in the market for a mortgage, avoid applying for any new credit. New accounts bring your credit score down and increase your credit utilization.

Wait until after you close on your mortgage to open up a new credit card to furnish your home or to buy that new car. New credit will only decrease your score and your chances of mortgage approval.

## **Final Thoughts**

You don't need a perfect credit score to get a mortgage, but the higher your score is, the more likely you are to get approved. Working on your credit score before you apply increases your chances of approval. It also helps you get better terms and interest rates.

It may take a few months to see a change in your credit score, though. Don't expect changes overnight. If you want to apply for a mortgage, I suggest pulling your credit 6 to 12 months before you apply for a mortgage to give your score enough time to improve.