



How to  
*Improve your  
credit score*  
and buy a home in 2023

[www.FortressGroupOrlando.com](http://www.FortressGroupOrlando.com)

Most of us long to own a home. We see this idealized place as our shelter in bad times. We love the thought of being able to decorate from top to bottom our unique specifications. Unfortunately, for many of us, buying a home is a difficult prospect because of one



major drawback: a poor credit history. Bad credit almost always creates complications when trying to purchase something as big as a home.

That three-digit credit score and our credit report can make the difference between being granted a home loan and being rejected out of hand. Why? Because our credit report tells a financial story of us as payers of debt, and it has a long memory. Few people manage to go along forever without making a single financial mistake, and the fact is that many times, those people who pay cash for everything, end up with a lower credit score than those of us who juggle debt.

The worse your credit report is, the harder it will be to acquire a home loan. That is why it is imperative, before you go house shopping and long before you need to move, to study your credit report and clean it up as much as you possibly can. In several months to a year's time, you can improve your credit report and raise your credit score. Then you will have a much better chance of moving into your own home at a competitive interest rate.

*here we go...*

# my top 5 tips to improve your credit score

1.

## Get Your Hands On Your Credit Report

If you don't have a current one, get your credit report now. You need to be aware that problems exist before you can solve them – and serious issues, and sometimes even minor ones, can take months to repair.

There are a variety of ways to get your report, and you're entitled to a free one from each of the three credit bureaus once a year under the FACT Act; just go to Annual Credit Report website to retrieve it.



2.

## Mistakes Happen - Get Them Fixed

Every year, a whopping 25% of people who get declined for a mortgage had errors in their credit report. (And by "errors," I mean inaccuracies).

When you spot them, it's up to you to fix them. You can find step-by-step guides on how to file a claim on any of the credit bureau websites; your report itself will also have instructions. Follow them to a T, and keep a good record of your dispute, including copies of any documents you file with the bureaus. Once you make an initial claim, you should get a response within thirty to sixty days.

# STOP!

## Homework Time

- Pull your credit report from the annual credit report site.
- Verify all information on report is current and accurate.
- If information is inaccurate, report to credit bureaus.



3.

Pay down your balances like a ninja  
Paying down your debt is the thing you can do that could have the biggest—and fastest—impact on your credit.

Credit utilization (or the amount you can borrow versus the amount of debt you're carrying- also known as DTI) accounts for 30% of your credit score. And the more available credit you have, the better.

The easiest way to optimize your utilization is to use a credit card and pay your balance down to 1% of your credit limit right before your bank reports to the credit bureaus. You want to have positive utilization so it's clear you are using the card, but otherwise want to be as low as possible.

Not sure when your creditor reports? You could call them up and ask, or you can check your credit report.



**4.**

## Get your bills current

You hopefully already know that you have to pay your bills on time to get a good score. If you're already late on a payment, pay that puppy ASAP for a quick credit boost.

"Because paying bills on time is the most important factor in a credit score, going from paying one or more bills late each month to paying all on time could show an improvement in one to two months," says Kevin Gallegos, vice president of Phoenix operations for Freedom Financial Network. Bonus: If you're less than 30 days late and you can make the payment today, do it! Creditors don't typically report until after the 30-day mark.

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## Establish a Good Relationship With a Lender

Having a good relationship with the bank where you intend to apply for a mortgage will also help you secure a good interest rate. If the bank sees that you have a history of paying back debt with them, she says, they're more likely to give you a good deal.

Having a relationship or being a longtime customer can really prove that you've been around for a while, you've used their services and you're a great customer but then, also, you'll be able to ask questions, and they can trust you, you can trust them.



**5.**

# STOP!

## Homework Time

- Create a written plan to quickly pay off your debt.
- If any bills are past due, pay them in full immediately.
- Start scheduling a home buying consultation with Isamar.

## bonus tips

**Buying A Car Can Put A Dent In Your Credit Score** – It's best to avoid any big changes your finances right before a home purchase. That means no big purchases on credit, like buying a car or charging an expensive vacation. Any significant buys can alter your financial picture, and banks don't like to see sudden changes just before approving a loan.

**Plan Waaay Ahead** – If you think you can get your credit spruced up and ready to go in a matter of days, think again. Even without any dings on your report, you'll want to make sure all your credit cards are paid up prior to qualifying for a loan, and that requires planning. Get ahead of the game by paying down your debt, then try and lock up your credit cards until your credit score has been checked and you have been approved for your mortgage.

# how to pay off debt

## debt pinball

### What is Debt Pinball?

Debt Pinball is all about giving you options about paying down your high credit card balances and getting your credit scores up.

For consolidation loans, we recommend using a **peer to peer lending** service. Peer to peer, or P2P, means that you are connected directly with individual lenders, instead of borrowing from a bank.

### Recommended

#### Lenders:

Upstart  
Lending Club  
Prosper  
Payoff  
OneMain  
Peerform

### How much should you ask for?

You'll be using this loan to pay down your high credit card balances. Use your credit card apps or websites to get current balances for all of your cards and add them together to know how much of a loan you'll need.

### Why does this work?

By immediately paying down all of your high credit card balances to zero, you're giving yourself an opportunity to demonstrate good financial discipline by using your two oldest cards for our Easy As 1-2-3 method, as well as having an installment loan account reporting good payment history.

### Didn't get approved?

One of the most common reasons that you can't get approved for a P2P loan is due to the cards you have being over 70% of the limit. We recommends finding an alternative method for getting your cards down to 70% of the limit, and then reapplying.



# how to pay off debt

## debt pinball

### What about high interest?

Getting an interest bearing loan to pay down other debt may seem like a crazy idea, but it can actually be your best option -- and here's why.

Interest is calculated differently.

Credit cards will typically end up having higher interest due to how the interest is calculated compared to a personal loan.

In addition to this, as you are reporting positive credit history, you can refinance your loan for a lower rate.

You're flipping your credit profile instantly.

You're immediately allowing your credit cards to demonstrate proper financial discipline by paying your balances down and then following our Easy As 1-2-3 method. In addition, you're also demonstrating good payment history on your new installment loan.

### When will I see an impact on my score?

Within 30-60 days, as your accounts report updated balances and your installment loan reports on-time payments, you could see an increase of potentially hundreds of points difference, depending on your credit history.



# how to handle charge-offs, collections, and late payments

## Charge-Off vs Collection

A **charge-off** means that the account in question has been written off by the original creditor. They have decided that you will not redeem this account.

A **collection** means that the charged-off account has been passed to a **collection agency**, a company that specializes in collecting payment for charged-off accounts.

## What do you need to pay?

Because a **charge-off** means that the account is not currently in collections, we recommend settling with the original creditor before this appears as a collection on your credit report.

If the account is in **collections**, look at the **date last updated** on your credit report.

### If the date is current

Offer to settle the debt. Make an offer at 10% of the total amount and negotiate.

Be prepared to pay over the phone at that time.

Ask for the record to be deleted from your credit reports.

### If the date is not current but within the last 24 months

Decide for yourself how soon you need this record satisfied.

Once 24 months have passed since the last reporting date, it is not factored into your credit score.

### If the date is not current and is older than 24 months

Leave these accounts alone. They are not impacting your credit score.

# how to handle charge-offs, collections, and late payments

What about late payments?

Late payments can have a huge impact on your credit score. If you have an account that has a late payment in the last 24 months, there is a chance you can have it removed. Call the creditor and explain your situation, and ask for a goodwill or a courtesy removal. Late payments older than 24 months are not factored into your credit score. Don't worry about them.

What about medical collections?

First of all, some myth-busting. 🚫 Medical collections are not a HIPAA violation  
🚫 Medical collections hurt your credit scores just like any other collection. You may be able to have your bill reduced by contacting the issuing hospital or office and seeking out any charity care programs they have available. Otherwise, follow the same steps for a regular collection.

# how to build or rebuild credit easy as 1-2-3

## Step 1 - Give Back

The first step is all about shifting your mentality in how credit cards should be used and enacting positive change in the world around you.

This means you need a revolving account (a credit card) reporting positive financial discipline.

You need a credit card.

If you don't currently have an open credit card, or have high balances on the cards you have and can't pay them down, we recommend the [OpenSky credit card](#).

No credit check, which almost guarantees anyone is approved

Secured credit card, which means you pay a deposit to open the card

Your deposit determines your credit limit. There is no value in a higher limit, so we recommend the minimum, which is \$200.

There is a \$35 annual fee, which will be charged to the card once opened.

After you're approved...

Make a \$15 payment immediately, which will leave a \$20 balance on the card.

Let the card report that \$20 balance to the credit bureaus. You can use Credit Karma to track daily updates and know exactly when this happens. It will usually be 5 days after your due date. This reporting date is also known as the statement closing date.

Once the balance is reported, pay the card to \$0.

Make another \$20 charge and wait for the new balance to report.

Repeat this process monthly.

# how to build or rebuild credit easy as 1-2-3

Why does this work?

By using no more than 10% of your available limit each month, you're demonstrating good financial discipline, as opposed to someone who carries a high balance over a long period of time.

Why "Give Back"?

For your monthly \$20 charge, we recommend using this card to Give Back to someone who could use some help. Use it for a regular charitable donation, or purchase a gift card for someone in need. Empower yourself and those around you by building good credit and spreading some joy at the same time.

Step 2 - Be Present

The second step is about taking what Step 1 has taught you, and essentially repeating the process with a twist that helps you reward yourself at the same time. This means you need a second revolving account (a credit card) reporting positive financial discipline.

Depending on how long you've been building with your OpenSky credit card, you'll have more options for a second credit card. We normally recommend a Discover card, which could be secured or unsecured depending on your credit history

After you're approved...

Make sure to pay down any annual fees charged upon opening the card as soon as you can, down to the last \$20.

Let the card report that \$20 balance to the credit bureaus. You can use Credit Karma to track daily updates and know exactly when this happens. It will usually be 5 days after your due date. This reporting date is also known as the statement closing date.

# how to build or rebuild credit easy as 1-2-3

Once the balance is reported, pay the card to \$0.

Make another \$20 charge and wait for the new balance to report.

Repeat this process monthly.

Why does this work?

By using no more than 10% of your available limit each month on two accounts, you're demonstrating good financial discipline as well as following the recipe to build the perfect credit profile by having two revolving accounts open both reporting positively.

Why "Be Present"?

For your monthly \$20 charge, we recommend using this card to Be Present for yourself or those around you. This could include paying for a subscription service you enjoy or sharing a meal with a loved one. Reward your progress and promote joy in whatever you choose.

### Step 3 - Pay Yourself

The third step is about using a different type of account, an installment loan, to build positive payment history.

Your credit cards are both revolving accounts. This means that you are given a spending limit, and you can choose how much to borrow and how much to pay back each month.

In step 3, we will be using an installment account. This means that you borrow a set amount of money, and you have an agreed upon amount that you pay every month. There is no variation, and you never go back to borrow more. For this step, we recommend [Self Lender](#)

# how to build or rebuild credit easy as 1-2-3

What is Self Lender?

Self reports to all three credit bureaus, which is essential in building positive credit history.

It's essentially a savings account that reports to the credit bureaus as an installment loan.

At the end of your Self Lender term, you receive a check for the balance of the payments you've made, minus interest and fees.

Why does this work?

By making as-agreed payments on an installment account, in combination with your positively reporting credit cards, you're demonstrating that you have the ability to make as-agreed payments on a classic loan model, similar to a car payment or mortgage.

Why "Pay Yourself"?

While Self Lender reports to the bureaus as a classic installment account just like a car or home loan, you're actually building a balance with them instead of paying back something loaned to you. At the end of your Self term, you are paid back the balance of the "loan" you took out with them!

# STOP!

## Homework Time



Create a checklist below on items based on color you need to focus on.

A series of ten horizontal lines for writing, each preceded by a small grey square marker on the left side.



# Who is Isamar?



Isamar understands that a home is often the largest purchase a person will make in their lifetime and believes Loan Officers must be well educated to provide the level of service and protection clients deserve. Isamar is constantly furthering her knowledge and has earned the designations of Military Relocation Professional, New Homes Construction, Short Sales-Foreclosure Resource, and Certified Veteran Lending Specialist.

In Isamar's free time, she enjoys being a parent to two beautiful daughters, hitting the gym, skating, going to theme parks, and serving in the Army Reserves.

Whether buying or selling, be it your first home, your last home, or building your investment portfolio, Isamar has the knowledge and experience to deliver the unsurpassed service you deserve. Isamar prides herself on accountability, attention to detail, and personal service allowing her to build lifelong relationships with her clients. She loves to share the joy of home ownership with others and can't wait to help you achieve your real estate goals.

**If you have any inquiries about today's workshop, need to get pre-approval, or want to have a one-on-one session, you can schedule a consultation with Isamar.**

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