



# Credit Confidence: Renting or Buying Your Next Home

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# Welcome

**Goal: Build confidence around credit and know what follow-up steps you may need to take**

**Ice Breaker: *What is one word to describe how you feel about your credit right now?***

# Foundation of Credit

## -What is Credit?

The Trust that lenders have that you'll pay back what you owe.

## -What is Credit History?

A record of how you've handled money, debt, and repayment over time

## -What is a Credit Report?

A detailed file of your credit accounts. Payment history, and public records, created by bureaus (Experian, Equifax, or TransUnion)

## -What is a Credit Score?

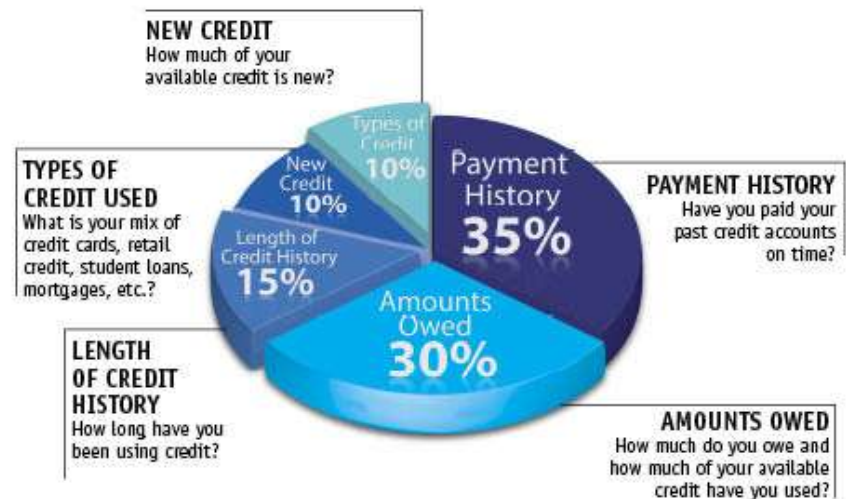
A three-digit number (300-850) that sums up your credit risk to lenders



# Credit Basics

The 5 factors that make up your credit score:

1. Payment History (35%)
2. Credit Utilization (30%)
3. Length of Credit History (15%)
4. New Credit (10%)
5. Credit Mix (10%)





# Common Credit Myths

*“Checking my own credit hurts my score”*

-False. Looking at your credit score will never impact your credit

*“I need to pay in order to view my credit report”*

-False. AnnualCreditReport.com is the only federally authorized central source for free credit reports.

*“I can only have one hard credit inquiry in a short period of time without it doing damage to my credit score”*

-False. It is recommended that you shop around if you're in the market for a large purchase like a house or car. Having the same type of credit inquiry in a short period of time is counted as one hard pull on your report.



# Housing and Credit Score Requirements

There are hard credit score requirements for different loan programs when purchasing a home. There is more flexibility when renting, but credit is still often a barrier for folks.

## *Purchasing a home:*

FHA Loan: Minimum Credit Score of 580

Conventional Loan: Minimum Credit Score of 620

## *Renting:*

There is no universal minimum credit score required for renting; however, landlords typically prefer to see a credit score of at least 620.

# Steps to Positively Impact Your Credit

1

Check your credit reports annually at [AnnualCreditReport.com](http://AnnualCreditReport.com)

2

Dispute any errors you see quickly

3

Pay bills on time, ideally every time

4

Keep utilization under 30% (preferably 10%)

5

Avoid unnecessary new credit

6

Build credit history with responsible use

# Q&A/Wrap-Up

Thank you for participating!