



## IMPROVE YOUR CREDIT SCORE

..... One's credit score is one of the most important factors used to decide whether you will qualify for a major loan and what the terms will be. Many want to borrow, but are denied loans, others are getting good rates on car, house, and credit card loans. Knowing how your credit score is calculated is where to start.

**Understand the Rules:** Applying for too many loans; credit cards, car, mortgages hurts your score. Multiple inquiries are a red flag that you are having trouble and may be a credit risk. However, more than one inquiry from the same lender, i.e., your credit card company is counted as one inquiry if submitted over a short period of time.

**Don't carry too much debt:** Lenders look for a total debt payment load, including your mortgage, car loans, and credit card payments, to not exceed about 36% of your monthly salary (household income if married and applying for a joint loan)

**Make all your loan payments ON TIME!** One of the EASIEST things to do is make all your debt payments EVERY month timely. Over the span of several months you will likely see your score improve. Suggestion set up an automatic payment option if you have trouble with this. Another key is to always pay more than the minimum due on your credit card. This keeps you from accruing large amounts of interest and penalty debt, making you a more desirable lending candidate.

**Skip using your credit card for purchases prior to applying for a major loan.** And avoid transferring debt from one credit card to another, in the short run while you have both cards open it reduces your credit score. Also, don't open new credit card accounts right before applying for a home or car loan. Having TOO much credit available can lower your score. Paying off credit cards monthly is IDEAL, but if that is possible, the steady pay DOWN of debt is positive too.

**Steady Job:** Lenders like to see you have had a job for awhile; over a year is positive, but the longer you are with an employer the better. If you will be switching jobs, and applying for a loan, get the loan done first, then change jobs.

**Patience:** If you know you have some problems with your credit, wait 12 months, clean up your score, and then apply. You will be penalized less if your problems are over a year old.



Understand your credit score: Key parts to your score are \* Your payment history: ~35%

- \*How much you owe ~30%
- \*Length of credit history~15%
- \*New credit ~10%
- \*Other Issues ~10%

In summary; Avoid multiple inquiries to your credit, Reduce your Debt to Income Ratio, Pay more than the minimum due and pay ON TIME, Plan ahead and wait a year if you have problems on your score, lastly, Be disciplined and act wisely.  
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