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Quick Fixes and Damage Control for Your Credit Score

You are ready to apply for a mortgage loan and suddenly realize how important your credit score is. Mortgage lenders rely heavily on this three-digit number to decide how likely you are to repay the home loan. The better your score the more likely you are to be approved and the more likely you are to get a better interest rate. If your credit score is less than perfect you are probably looking for some quick fixes. While you may not have the six months it generally takes to make changes and see significant improvement in your score, there may be a few things you can do immediately to see a small recovery in the next month or two.

First obtain a copy of your credit report and scan it for any errors. According to myFICO.com , it is possible that your report could have misinformation for any of the following reasons: 1) you applied for credit accounts with different names, perhaps with a maiden name and then with a married name, 2) someone made a clerical error in reading or entering your name or address information from a handwritten application, 3) you gave an inaccurate social security number or the number was misread by the lender, 4) your loan or credit card information was inadvertently applied to the wrong account. You may also find that some of your payments were reported as later than they truly were. By disputing and correcting any errors that you find, you may see your credit score increase slightly within 30 days.

Another thing you may want to check is that your credit card companies have published your correct credit limit to the credit scoring bureaus. Some may be reluctant to do so because if you have relatively good credit, other companies may see what a good customer you are and try to steal your business away. If your credit company doesn't report your credit limit, it may be recorded on your report as zero, making your available credit seem much smaller than it is. If this is the case, you can call your credit card company and have them fix the problem.

Now, sometimes you may find yourself in a financially strained situation. If you can anticipate the problem you may be able to use some of these tips to control the damage to your credit. For example, if you know you are going to be short on money next month, try to pay your most expensive bills first, like your mortgage (if you have one) or your auto payment. These count for more because they are heftier debts. If you can't pay all your bills, let a credit card or two slip for the month, not the mortgage!

And, if you must slip on your credit card payment, realize that being 60 days late is much worse than being 30 days late. So if you have a few cards, and you are already 30 days late on one card, try to pay that one off and let another card go for this month so that you do not rack up a 60-day late charge on any one card.

The best policy however is to maintain a solid history of paying your bills on time and keeping your balances low on your credit cards. Such behavior will help you build a great credit report over time. The suggestions in this article are only actions for financially pressing situations.