



Tips To Increase Your Credit Score For A Mortgage

Mortgage lenders are very strict when it comes to evaluating the borrower's ability to repay for the home loan. You need to have a good credit history and a higher credit score to secure a mortgage. Sometimes lenders may approve your mortgage even with a lower credit score but charge you higher interest rates, which are very expensive to manage if you are not financially stable. You will, therefore, need to increase your credit score to secure a mortgage at a lower interest rate.

Tips to increase your credit qualifications for a mortgage

- Pay your credit card balances
The rate at which you utilize your credit card accounts for about 30% of your credit qualifications. The higher credit card balances significantly relate to a lower credit score. It is thus a good idea to pay your credit card balances to raise your credit scores to secure a mortgage at a lower interest rate.
- Pay for delete
Your credit history will profoundly impact your credit scores. If you have any collections in your credit account, then you can ask the agencies if they could remove the account on payment of an agreed amount of money. Remember paying for delete of your collection account does not necessarily increase your credit score but instead, maintains a good credit history to help you secure a mortgage.
- Be an authorized user
You can include your name in the credit cards of your family or a close friend to become an authorized user of the cards and hence, improve your credit history. However, credit cards should be used frequently while maintaining lower credit balances. Having a good credit score will definitely help you get approved for the loan. However, you also need to maintain a good credit history as it also contributes to the approval of the mortgage. Consider the above tips to increase your credit qualifications for a home loan.

Credit Qualifications For A Home Loan

If you are planning to secure a loan to buy a home, your credit score is a significant factor used in determining your loan approval. The credit score helps the lender evaluate your ability to pay off the debt in due time. It is important to know the credit qualifications needed to secure

a mortgage to help you move successfully through the approval process. The minimum credit score, however, varies depending on the type of mortgage that you are applying for.

Credit Score qualification by mortgage type

- FHA loans usually have the lowest credit qualifications and if you are not well up at the moment, then this type of mortgage is an ideal option to consider. For the FHA loan, the lender will require a 500 credit score with a 10% down payment of the mortgage.
- USDA loan is a bit expensive and require a minimum credit score of 640+ for most lenders.
- VA loan require a 620+ credit score but some lenders require a minimum score of 580.
- A Conventional loan is similar to the VA loan but the minimum score must be 620+.

Your credit score will affect the interest rate you will be required to pay during the loan repayment. Usually, poor credit qualifications more interest rates and this, in return, increases the closing cost prompting you to make higher monthly payments. [Click here for your \\$1 Credit Score Trial.](#)

- If you are approved for a mortgage with a 579 credit score, you should expect a 2% higher interest rate.
- 580-619 credit score a 1% higher interest rate.
- 680-739 credit score will not be affected by the change in the interest rates. It is the range for many investors.
- With a 740+ credit score, you will enjoy the best interest rates from different lenders.

Credit Qualifications For A FHA Loan

Are you thinking of securing an FHA loan to buy a home? Well, FHA loans are quite appealing, especially for first-time borrowers with low credit scores and young credit history. The FHA loans are also preferred by experience homeowners who are not financially stable due to the low credit qualifications required to secure a mortgage.

FHA loans has the lowest credit score requirements for all borrowers who need to secure a mortgage. With a credit score of at least 500, you can get an approval for a FHA loan. However, there are some drawbacks you are likely to experience with these low credit scores.

- You will be required to pay 10% down payment as you secure the loan.
- The low credit scores attract higher interest rates of about 2% higher than normal rates. This is a result that becomes so expensive to manage and you may end up paying a lot of money on the monthly installments and on the interest rates charged and the loan repayment as well.

Increasing your credit score can thus be an ideal way to evade the extra expenses and helping you enjoy the mortgage at lower interest rates.

Benefits of higher credit qualification

- You will get more lenders competing to get you a loan at a lower interest rate.
- You will also enjoy lower down payment of about 3-5% once you secure the loan. FHA loans are indeed a great deal to consider if you have a low credit score. However, you will need to increase your credit qualifications to enjoy better interest rates for the mortgages. You also need to maintain a good credit history to secure an FHA loan. Ensure that you understand the loan terms before you can move forward to signing the loan. Simply go for what you can comfortably afford.

Credit Qualifications For Leasing A Car

If you are planning to lease a car, then you need to ensure that you meet the credit qualifications to lease the car. If you are not sure of the credit score required in leasing the car, then this simple guide should help you get a clarification on the loan terms.

Credit qualification for leasing a car

- Usually, a credit score of about 620+ is required to lease a car. This is quite affordable for many borrowers. However, a low credit score attracts higher interest rates, and you could end up incurring huge costs during the loan repayment.
- Credit scores ranging from 620 to 680 attract a 5% higher interest rate. You may also be required to pay a large down payment or a deposit on the car lease.
- Credit scores above 720, on the other hand, qualifies for the best interest rates. Banks and other financial lenders will be competing to get you a lease at favorable terms.

Financial lenders may reject the lease applications if your credit score is quite low. Banks require you to have a good credit history and a higher credit score to evaluate your ability to repay the car lease. If you have a poor credit history or a bad credit score, then you may get a relative or a close friend to sign the loan on your behalf. This can help you get the lease approved at favorable terms.

Improving your credit qualifications is thus an excellent idea to get favorable conditions while applying for a car lease. Your repayment history, balances in your bank accounts, the time you opened the bank accounts, and the number of times you have applied and repaid loans in time significantly determine your credit score. It is thus important to pay attention to such factors to improve your credit scores.

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