

WE WILL GO TO WAR FOR YOU

We understand that things happen and quite often most of them are out of our control. Sometimes we create our own issues and make mistakes, but Sparta is here to help you, not judge you.

Our team is here to assist you and give you the knowledge to pick yourself up and move forward in the credit continuum. This information is not mandatory, but highly recommended and are all focused on improving your credit so that you can get the things you want in life.

Many of these tips we have implemented ourselves and are proven methods to (re)build credit.

The article “How To Have The Best Credit Score” by Jackie Woodward (The Mortgage Girl) is an amazing read as she is an authority in the Real Estate Market.

We have also compiled some data about how your credit score is calculated right after the article along with some very important information if you are trading in an auto loan.

At Sparta Finance, it is all about moving upwards and onward with your credit. We want you to have all the tools to make you successful.



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How to have the best credit score

Your credit score is becoming more of an asset today than it has ever been. Your credit score impacts many aspects of your life, including your ability to borrow money. Lenders are increasing the minimum credit required to qualify for a mortgage; even landlords are ordering credit reports before renting to a tenant. A credit score can either open the door to your new home or close it until your credit rating improves.



Mortgage Girl
Jackie Woodward

It's important to know that credit scores are not an exact science. Consider these tips as guidelines only. They do not replace a credit consultation with a specialist. Rather, they're provided to give you brief and easy-to-follow steps to get started on a top credit score.

10 tips to an improved credit score

1. **Have credit**- No credit is bad credit, and in order to generate a credit score you need to have credit that is actually reporting to the credit reporting agencies (a.k.a. the companies that generate credit reports like Equifax or TransUnion). Types of borrowings that will be reflected on your credit report include credit cards, car loans, student loans, lines of credit and other types of loans. Keep in mind that cell phone accounts and utilities will not report to your credit bureau unless you default and they are sent for collection.
2. **Correct inaccuracies**- Now that you know your repayment habits are being reported, you need to make sure they are accurate. When it comes time to apply for a mortgage and you have been told there is a problem with your credit report, it can take a considerable amount of time to have the necessary corrections made - which could result in you losing out on a pending home purchase. It's thus a good idea to get ahead of the game by consistently monitoring the accuracy of your credit report.
3. **Don't close unused credit cards**- If the card has a low interest rate, use it periodically and pay off the balance quickly; this can keep your credit active and improve a low credit score.
4. **Beware of closing accounts**- Get it in writing that the account has a zero balance before closing it and keep that confirmation somewhere safe, as you may need to provide it to a lender in the future if the former lender made an error when reporting the closure. I have seen a \$22 interest charge ruin a credit score because the borrower was unaware of the balance owing after he thought he had paid it off in full.



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5. **Spread out your spending**- It is better to have two cards at 50% of the available limit than to have one card maxed out. Credit utilization, which is how much you owe compared to what your available limit is, is one of the determining factors of your credit score.
6. **Never exceed your credit limit**- Even \$1 over your limit can lower your credit score significantly. I always get asked if being over the limit for just one day affects your credit and the answer is “it depends”. Always ensure your balance is below your limit before your interest calculation date. Your interest calculation date can differ from your payment date; check your card statement to confirm.
7. **Speak to professionals with shared goals**- There is a different credit plan for someone eliminating debt than there is for someone applying for a mortgage. Do your research before making any decisions about your credit, and make sure you’re aligning yourself with someone who understands your credit goals.
8. **Pay your bills on time**- I know you hear it all the time, but readers of your credit report can actually see how many times and how many days late you have been with your debt payments. Late payments lower your score and show poor repayment habits when it comes time to apply for more credit. Lenders do understand if you missed a payment once or twice but made it up immediately - as long as the rest of your credit is paid as agreed. Most often we are able to show the late payment was an isolated incident and is not indicative of your overall credit habits.
9. **Mitigate the bad with the good**- If you do have some bruised credit, that’s okay, however you need to show your poor repayment habits are in the past and you are now paying on time and have been for at least the last 12 months. Make sure you have established new credit which will show positive repayment habits.
10. **Avoid excessive credit seeking**- Multiple inquiries from different types of companies can reduce your credit score. If you are looking for credit, try to keep the companies pulling your credit report to a minimum to keep your credit score in great shape.

Find out your score -I hope you found these tips helpful in bringing you closer to your top credit score. There are many other things you can do to maintain a high credit score; this is just a start. If you would like to pull your own credit report, you can visit Equifax or TransUnion to find out what your score is right now.



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I want to explain the math behind your credit score. In order to come up with a 3 – digit number that represents your credit habits, the credit agency will take a few things into consideration. Below is a list of the things they look at and how much of an impact it has on your overall credit score.

- 35% - Payment History- How you have paid your bills in the past. They're looking for a minimal or no late payment.
- 30% - How much is owed – Also known as credit utilization. How much of your available credit are you actually utilizing in comparison to your available limit. The less you owe, the better.
- 15 % Length of history- Most mortgage lenders are looking for at least 24 months of credit reporting in order for your credit score to be an accurate portrayal of your credit habits.
- 10 % New Inquiries- Multiple credit report inquiries while shopping for new credit can impact your score. This is to discourage excessive credit chasing.

10 % Types of credit used- There are a few types of credit, the main two are installment and revolving credit. Installment being things like student loans and auto loans that have a fixed installment payment even though the balance is declining. Characteristics of a revolving credit is a minimum payment based on the outstanding balance and the ability to reuse the funds over and over again, like a credit card or a line of credit. It's better to have a varied credit borrowing rather than a history on just one variation.

YOUR TRADE IN !!

PLEASE BE ADVISED THAT IT TAKES APPROXIMATELY 15 BUSINESS DAYS (3 WEEKS) TO COMPLETE A PAYOUT ON YOUR TRADE – IN LOAN.

PLEASE ADVISE YOUR FINANCIAL INSTITUTION THAT THE LOAN WILL BE PAID OUT. WE ALSO SUGGEST THAT YOU PUT A STOP PAYMENT ON ANY AUTO DEBIT PAYMENTS DUE ON THE TRADE IN LOAN ASAP.

