THE VIP HOMEBUYER READINESS PROGRAM · GUIDE 02

Credit Readiness Guide

A six-month plan for buyers whose credit needs work before qualifying — written in the order you should actually do it.

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Before the plan: what your score actually is

Your credit score is the headline. It is not the whole story. Lenders look at your full credit report — payment history, amounts owed, length of credit history, new credit, and credit mix. Two people with the same score can look very different to an underwriter depending on what sits behind the number.

The score you see when you check online may also not match the score a lender pulls. Consumer credit scores and mortgage-specific scores use different models, and the two can differ in either direction. Don't panic if the numbers don't match. Do know that they won't.

You can pull your free credit reports from all three bureaus at **AnnualCreditReport.com**. Checking your own credit is a soft inquiry and does not affect your score.

STOP DOING THESE SIX TO TWELVE MONTHS BEFORE YOU APPLY

- Do not open new credit cards or take on new loans
- Do not close existing accounts, even unused ones
- Do not make large unexplained deposits into any account
- Do not co-sign for anyone
- Do not make major purchases on credit — cars, furniture, appliances
- Do not change jobs if you can avoid it, especially from W-2 to self-employment

Every one of these has derailed a real mortgage application. The safest period of your financial life should be the year before you apply.

The six-month credit action plan

This plan is written for buyers whose credit needs work before qualifying. If your credit is already strong, you can skip ahead to Month 6 and talk to a loan officer now. Otherwise, work it in order — the sequence matters more than the speed.

MONTH
01

Pull and review

- Pull your free credit reports from all three bureaus at AnnualCreditReport.com
- Review every account, balance, and negative item
- Dispute any errors in writing with the reporting bureau — incorrect balances, accounts that aren't yours, payments marked late that weren't
- Set up autopay on every account, at least for the minimum payment

MONTH
02

Pay down high-utilization accounts

- List every credit card by utilization percentage — balance divided by limit
- Pay down the highest-utilization card first
- Target getting every card below 30% utilization; below 10% is the goal
- Do not close any cards after paying them down — closing your oldest card removes your longest account from the calculation

MONTH
03

Address collections and negative items

This is the month to slow down. Collections are the one area where acting quickly can cost you, and the right move depends on the age of the debt and how it is being reported.

- Review any collections on your report with a credit specialist *before* paying or communicating with the collector
- Under the Fair Credit Reporting Act, a collection stays on your report for seven years from the date of first delinquency. Paying it does not restart that seven-year period
- The separate question is the statute of limitations for being sued over the debt. In Texas, the limitations period on most consumer debt is four years (Texas Civil Practice and Remedies Code § 16.004)
- Under § 16.065 and Texas Finance Code § 392.307, a partial payment or an oral promise does not revive a time-barred debt. Only a signed, written acknowledgment containing an unconditional promise to pay does

Knowing that distinction matters: it means old debt can often be addressed without creating new legal exposure, but only if it is handled correctly. This is exactly why reviewing collections with a specialist first is worth the wait.

MONTH
04

Continue and monitor

- Continue paying down balances
- Check for updated scores — soft inquiries only
- Confirm that any disputed errors have been resolved
- Do not take on any new debt

MONTH
05

Stabilize

- Stop all new credit activity completely
- Keep all payments current
- Maintain low utilization
- Begin gathering documentation: pay stubs, tax returns, bank statements

MONTH
06

Connect with a loan officer

- Pull your updated reports and review your progress
- Connect with a loan officer who specializes in first-time buyer programs and will work your file personally
- Begin the pre-qualification or pre-approval process

A NOTE ON TIMELINES

Many buyers are mortgage-ready within 90 to 120 days, though results vary by situation. Some buyers need the full six months. Some need longer. The plan adjusts to your starting point. What matters is that you're moving forward with specific actions instead of waiting and hoping.

Working with a credit specialist

If your credit needs targeted attention, I introduce you to a credit specialist who works with our buyers at no cost to you. This is not a generic referral. That person reviews your individual credit report, identifies the specific items holding your score back, and builds a plan to address them.

I am not a credit repair organization, and this is not a credit repair service. It is an introduction to a professional who can help, provided free of charge, as part of the VIP Homebuyer Readiness Program.

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Every consultation is free, in English or Spanish, with no obligation.

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