Credit Scores and Saving for Homeownership

Getting your credit score and savings in order are two of the biggest steps you can take in the homebuying process.

Why your credit score is important
Your credit score will be an important factor in determining if you qualify for a mortgage, how much a lender will loan you, and what your interest rate will be. By federal law, you can get three free credit reports a year — one from each credit reporting agency via www.annualcreditreport.com.

HOMEOWNERSHIP CAN START WITH A 620 CREDIT SCORE

Don’t have a perfect score? That’s ok.
While a higher score could get you a lower interest rate, you don’t need perfect credit to qualify for a conventional mortgage.

Credit scores can be improved
Your credit score isn’t permanent, which means you can take steps to improve it over time.

1. Fix reporting errors
2. Pay bills on time
3. Pay down debt
4. Avoid opening new accounts

CREDIT SCORES CAN RANGE BETWEEN 300-850

Saving for homeownership
Saving enough money to buy a house can take a lot of time and effort. Here are some things to consider when starting to sock money away for a down payment, closing costs and other homebuying expenses.

Set goals
Determine how much you want to save for a down payment and by when. You could set some benchmark dates to help stay on track.

Create a budget
Budgeting gives you a clear view of your spending habits to help you see where you can cut back on spending, to save instead.

START YOUR OWN STORY
Get the facts about homeownership. knowyouroptions.com/homeownership