



## HOW TO BOOST YOUR CREDIT SCORE BEFORE BUYING A NEW CAR

Excellent:	700 - 800
Good:	651 - 700
Fair:	301 - 650
Poor:	250 - 300

  

Total	\$2
Current	\$0
Ultimate	\$0
Current Reg	\$0
Historical Reg	\$0

  

Account Status	\$0
Current Paid Over	\$0
First Paid	\$1,000,000
Account Balance	\$1,000
Monthly Payment	\$1,000



Unless you're buying a new car in cash, you'll need financing, which means a healthy credit score is critical. If you are planning on buying a car in the near future your credit score matters, and now is the best time to start improving it.

It's hard to start thinking about credit scores before you walk into a dealership, but if you want the best price on your next car purchase your score plays an important role.

It isn't a mystery on how a credit score is calculated. FICO outlines the following weighted system affecting your score:

- 35% Payment History
- 30% Debt Level
- 15% Length of Credit History
- 10% New Credit
- 10% Types of Credit or Credit Mix

This gives consumers valuable insight on what does and doesn't matter. For example, simply making payments on time is much more impactful than having too many credit cards.

Knowing how FICO calculates a credit score also helps consumers learn what will improve their scores both quickly and over the course of several years.

# HOW TO IMPROVE YOUR CREDIT SCORE IN TWO TO THREE MONTHS.

## START WITH A CREDIT CHECK.

You should always conduct a free annual credit check. Mistakes can happen. In fact, a study conducted by the [Federal Trade Commission](#) found “One in four consumers identified errors on their credit reports that might affect their credit scores.” After the error was discovered, 80 % of the individuals who disputed it saw a change in their score. | The FTC study was based analysis from 2,968 credit reports.

### What kind of errors could you find?

1. Identity errors (Although, fixing the spelling of your name isn't likely to change your score).
2. Closed accounts reported as open
3. Accounts incorrectly reported as late or delinquent
4. Incorrect date for account opening, closing or a late payment
5. Accounts listed multiple times with different creditors
6. Incorrect balance on an account
7. Incorrect amount of credit available on an account

If you do find one or more errors on your credit report. Your next step is contacting the [Credit Bureau](#) to report the error. Note the account you're referring to in your report and clearly explain the mistake your disputing. You can also discuss the error with the furnisher, which is the company providing the information to the Credit Bureau.

After you dispute the account, it could be under investigation for 30 to 45 days. After resolution, it could be another 30 to 45 days before you see the change. It seems like a long wait, but it is one of the fastest ways to improve your score.

## DECREASE UTILIZATION.

Lenders get nervous when you have too many maxed out lines of credit, and it's reflected in your credit score.

The equation is:

Utilization Ratio = (Total Debt Balance) / (Total Available Credit)

If you have two credit cards, and one has a limit of \$5,000, and another has a limit of \$1,000, then your total available credit is \$6,000. If your overall debt balance is \$2,500, then your utilization ratio is about 41.7%.

Since 30% of your credit score is calculated by the utilization, sometimes, paying off debt is an excellent way to grab a quick boost. Generally, you want to have a utilization ratio less than 30%, which means your using less than 30 % of your debt available to you.

So, in the above example to bring down the 41.7% utilization ratio, you'd need to pay at least \$750 off on your debt, while simultaneously not acquiring any more balances on your accounts.

[Experian](#) advises waiting two months for the Credit Bureau to receive the information, and another month before it is reflected as an improved score.

## 6 STRATEGIES FOR IMPROVEMENTS OVER A YEAR OR LONGER.

Correcting errors and paying down debt might help your score improve over the course of several months.

However, if you want a solid score that'll not only help you get the best deal on your next car loan but also help you with every future purchase, then you'll need to be more strategic on how you manage debt and payments.

1. Set up payment reminders, so you never miss another deadline.
2. Be prepared when you pay off student loans, car loans or other debt you might see a brief drop in your credit score. When the account closes you lose the "age" factor.
3. Pay off any debt currently in collections.
4. Don't close unused credit cards to benefit from the age of the account.
5. Similarly, don't open too many new credit cards.
6. Speak with one of our team members at WEOKIE who can work with you on personalized strategies to get your score back on track.

The best advice we can offer is for you to know your debt, know your score and make a plan to improve it or maintain it. Sixty-five percent of your score is based on payment history and total debt, so the first step should always be making payments on time and reducing the amount of debt you have compared to your access to credit.

At WEOKIE, we offer auto loans for all types of credit scores. In fact, choosing a credit union over a bank is a great decision if you're struggling with a lower score. We can offer competitive rates because we can customize your loan, and help you find effective ways to improve your score.

**CONTACT US AT (405) 235-3030, 1 (800) 678-5363 OR VISIT US ONLINE AT  
WWW.WEOKIE.ORG.**