

# Understanding and improving your credit score | Transcript (English)

[Theme Music playing in the background]

[NeighborWorks America logo]

[Marietta Rodriguez, president and CEO of NeighborWorks America]

Hi, I'm Marietta Rodriguez, president and CEO of NeighborWorks America. We are pleased to work with Wells Fargo and our local network members on the NeighborhoodLIFT program, which has helped more than 24,000 people nationwide to achieve their dream of homeownership. I hope this video is helpful to you as you begin your journey toward becoming a homeowner.

[Theme Music]

[Video title: The Importance of Credit]

[NeighborWorks America logo, Wells Fargo logo, NeighborhoodLIFT logo]

**Narrator:** An important step toward purchasing a home is having good credit. This means having a record of paying bills on time.

There are steps you can take to improve your credit if you need to. A credit report is a detailed list of information on how you have used credit in the past, including how much debt you have and whether or not you have paid your bills on time.

[Animation shows: Bill-past due, Balance:-\$10,233.67]

When you apply for credit, including credit cards, auto loans, and mortgage loans, lenders will check your credit report in order to help decide whether they will grant you credit, the terms of the loan, and how much interest they will charge.

A credit score is a number that helps lenders and others predict how likely you are to make your credit payments on time.

[Animation shows: number 300 scrolling up to 850]

It reflects how you have paid your reportable debt up to that point in time.

Scores range from 300 to 850 – the higher the better.

Scores below 600 indicate high risk to lenders and could lead lenders to charge you much higher rates or turn down your credit application.

Lower credit scores may result in a higher down payment, higher interest rates or a lower total approved mortgage amount.

There are three main companies, called credit bureaus, that track credit scores.

[Animation shows: Credit Bureaus listed: Experian, Transunion, Equifax]

Your credit information is reported to these credit bureaus by lenders, collection agencies, and court records. These companies use that information to calculate your credit score.

[Animation shows: example of different scores: Experian 590, Transunion 615, Equifax 608]

Your credit score may be different with each credit bureau, so it's important to check all three. Everyone is entitled to one free copy a year from all three credit bureaus. You can request them at [www.AnnualCreditReport.com](http://www.AnnualCreditReport.com).

[Animation shows: [www.AnnualCreditReport.com](http://www.AnnualCreditReport.com)]

To improve your credit score, pay off bad credit or just pay off a debt, such as a credit card balance, you will need to wait until that lender reports the new balance to the credit bureaus.

If you need to work on your credit before becoming mortgage ready, we can help you!  
Your local NeighborWorks nonprofit can provide you with more information on credit, the homebuying process and the NeighborhoodLIFT program.

[End card: NeighborWorks America logo, [www.neighborworks.org](http://www.neighborworks.org)]