## Credit

### CreditScore<640

## It looks like your credit could use some work!

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## Credit score is a number that usually ranges from 300 - 850 which helps lenders calculate your creditworthiness. You can find your credit score using Fico® or any free credit report.

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## There is still a possibility to get approved for a loan or credit card, but it may come with higher interest rates, higher down payment, as well as a lower spending limit. To ensure your chances we recommend staying away from credit cards or loans with higher interest rates that make it harder to pay. Some tips to stay ahead is to ensure early or on time full payments, as well as checking your credit reports, and reporting any errors.

## LTV

### 80<LTV<95

It seems like your loan-to-value (LTV) ratio, while acceptable, could be improved upon.

Loan-to-value ratio is a calculation that most lenders use to measure the amount of mortgage loan compared to appraised value of your home.

Here are some possible ways to improve upon your LTV

* Consider houses at a lower price. The following is the maximum price the house you are considering should be, assuming the down payment doesn’t change

Maximum acceptable appraised value: maxAcceptableValue(downPayment)

* Consider making a high down payment. The following is the minimum down payments you should make for the house you are considering should be in order to be within the recommended LTV range

Minimum acceptable down payment: minAcceptableDownpay(appraisedValue)

### 95<LTV

It seems your LTV (loan-to-value) ratio exceeds what most lenders prefer.

LTV (loan-to-value) ratio is a calculation that most lenders use to measure the amount of mortgage loan divided by the appraised value of your home.

There is still a possibility of getting approved for a loan or credit card, but it may lead to very high interest rates along with a required purchase of mortgage insurance. We recommend putting a higher down payment and/or mortgage to be in the range.

## DTI

### 36<DTI<43

Your DTI, while occasionally acceptable, is less than optimal.

DTI(debt-to-income) is a calculation most lenders use to compare your monthly debt divided by your monthly income.

#### Mortgage/Total Loss > 28%

It looks like too much of your debt is going towards your mortgage. Typically, a too high mortgage-to-debt ratio makes lenders less likely to accept your application. The following is a better mortgage to consider that will put your mortgage-to-debt ratio within the recommended range.

Maximum recommended mortgage = maxMortgage(car+card+student)

#### Mortgage/Total Loss < 28%

It looks like your DTI could use some work!

DTI(debt-to-income) is a calculation most lenders use to compare your monthly debt divided by your monthly income.

One way to lower your DTI would be to transfer high interest loans to a low interest credit card, although having too many credit cards can also impact your ability to purchase a home. We recommend lower interest credit cards/loans to help ensure payments and not accumulate fees.

### 43<DTI

It looks like your DTI could use some work!

DTI(debt-to-income) is a calculation most lenders use to compare your monthly debt divided by your monthly income.

One way to lower your DTI would be to transfer high interest loans to a low interest credit card, although having too many credit cards can also impact your ability to purchase a home. We recommend lower interest credit cards/loans to help ensure payments and not accumulate fees.

## FEDTI

It looks like your FEDTI is too high!

FEDTI (front-end debt to income) is a calculation used by lenders to determine your monthly mortgage divided by your monthly income.

Assuming your car payment, credit card payment, and student loan payment remains the same, you may want to lower your mortgage. The following is the maximum mortgage you can take out without exceeding the recommended FEDTI.

Max Mortgage = maxMortgage(car+cars+studentloan)

## All Pass

Congratulations, it looks like you're financially in good standing and are ready to buy a home!

Click here to set up a meeting with a Fannie Mae expert to receive guidance and insight in the homebuying process, your mortgage options, and what to expect during the process.

## Any Fail

Click here to set up a meeting with a Fannie Mae expert to receive guidance and insight in the homebuying process, your mortgage options, and what to expect during the process.