

# CREDIT REPAIR & SEASONING ROADMAP

Your Complete 6–12 Month Plan to Become Mortgage-Ready

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*"Being not ready today is not a verdict — it is a starting point. The buyers who come back having done the work always get better loans than the ones who rushed in unprepared." —  
Dr. Robert McNeill*

## HOW TO USE THIS GUIDE

This guide covers two timelines and every major topic you need to go from not ready to mortgage-approved. Use the **12-month plan** if your score is below 580 or DTI is above 50%. Use the **6-month sprint** if your score is 580–619 and DTI is 45–50%. Read everything first — understanding the why behind each step is what makes you follow through.

Section	What You Will Learn
Section 1: Reading Your Credit Report	How to pull all three reports, spot every type of error, and understand what lenders actually see
Section 2: Dispute Letters (5 Templates)	Word-for-word letters for every major error type — ready to print, sign, and mail today
Section 3: Escalation — When Bureaus Ignore You	What to do when a bureau refuses to fix a legitimate error, including CFPB complaint scripts
Section 4: Paying Down Debt Strategically	The exact order to pay down debts for maximum score impact, utilization strategy, and rapid rescore

Section	What You Will Learn
Section 5: Score Improvement Timeline	How long each action takes to show up on your score, and what to expect month by month
Section 6: Seasoning Rules	The 60-day rule, credit event waiting periods, employment seasoning — explained completely
Section 7: Month-by-Month Action Plan	Your 12-month and 6-month sprint checklists, step by step
Section 8: Resources & Tools	Every free tool, official resource, and contact you need

# SECTION 1: READING YOUR CREDIT REPORT

Most people have never read their full credit report. They check a score on an app and assume that is the full picture. It is not. Your credit report is a detailed file with specific accounts, payment histories, balances, and — frequently — errors that are actively hurting your score. Here is how to read it, understand it, and use it.

## Where to Get Your Reports — And Why It Matters

**AnnualCreditReport.com** is the only federally authorized free source for all three bureau reports. It is mandated by federal law. Do not use any other service for your primary pull. Many "free credit report" websites that appear in search results are subscription traps or use a different scoring model than mortgage lenders use.

### PRO TIP | The Score Your App Shows Is NOT the Score Lenders See

Credit Karma, Capital One CreditWise, and most bank apps use a scoring model called VantageScore. Mortgage lenders use FICO Score — specifically FICO 2, FICO 4, and FICO 5 depending on the bureau. The two models can produce scores that differ by 20–60 points. A buyer who sees 680 on their app might only show 624 on the lender pull — below the conventional threshold. Always check your actual FICO score at myFICO.com before assuming you qualify.

## The Three Bureaus — What Is Different Between Them

Each bureau collects data independently. Not every creditor reports to all three. This means your Equifax report may show accounts your TransUnion does not, and vice versa. It also means an error on one bureau may not appear on the others — and must be disputed separately at each bureau where it appears.

Bureau	FICO Model Used by Mortgage Lenders	Notes
Equifax	FICO Score 5	Often has the most complete account history
Experian	FICO Score 2	Most lenders pull this bureau; free monitoring available at Experian.com
TransUnion	FICO Score 4	May differ significantly from the other two — always check all three

## How to Read Each Section of Your Report

### Personal Information Section

Contains your name, current and previous addresses, SSN, date of birth, and employer. Errors here do not directly affect your score but can cause problems during identity verification. Dispute old addresses you do not recognize — they can be a sign of fraud.

### Account / Tradeline Section

This is the most important section. Each account shows: creditor name, account number (usually masked), date opened, credit limit or loan amount, current balance, monthly payment, and payment history going back up to 7 years. Every late payment is shown as a 30, 60, 90, or 120+ day delinquency. Closed accounts remain on your report for up to 10 years if positive, 7 years if negative.

## Inquiries Section

Lists every time your credit has been pulled. Hard inquiries (from credit applications) can lower your score by 5–10 points each and remain for 2 years. Soft inquiries (your own pulls, employer checks, pre-approval screenings) do not affect your score. Multiple mortgage inquiries within a 14-day window count as one inquiry under FICO mortgage shopping rules.

## Public Records Section

Bankruptcies, judgments, and tax liens. A Chapter 7 bankruptcy stays on your report for 10 years. Most other negative public records remain 7 years. Check that any discharged bankruptcy is reported correctly — accounts included in bankruptcy should show "discharged" not "charged off" or still-owed.

## Collections Section

Any account that has been sent to a third-party collector. Even a \$40 medical bill in collections can suppress your score significantly. Check the original creditor, amount, and date of original delinquency — collections must be removed after 7 years from the date of first delinquency, not the date they were sent to collections.

## Every Error Type You Should Flag

Error Type	How Common	Score Impact	What to Do
Account you do not recognize	Common	Significant — possible fraud	Dispute immediately at all three bureaus
Incorrect late payment	Very common	50–100 pts per item	Dispute with payment proof
Wrong balance reported	Common	Affects utilization ratio	Dispute with current statement
Account listed open when closed	Common	Inflates utilization	Dispute with account closure letter
Incorrect credit limit	Common	Inflates utilization %	Dispute with original credit agreement
Duplicate account listing	Occasional	Inflates DTI for lenders	Dispute one copy for removal
Paid collection showing balance	Common	20–50 pts if corrected	Dispute with payoff letter
Wrong delinquency date on collection	Common	May extend suppression illegally	Dispute — this affects when it must be removed
Discharged bankruptcy accounts still showing owed	Occasional	Significant	Dispute with bankruptcy discharge papers
Incorrect personal information	Very common	Low direct impact	Dispute — can cause identity issues at application
Account belonging to ex-spouse	Occasional	Varies	Dispute with divorce decree if applicable

Error Type	How Common	Score Impact	What to Do
Re-aged debt (reset delinquency date)	Less common	Keeps old debt active longer	Dispute — this is illegal under FCRA

## SECTION 2: DISPUTE LETTERS — 5 READY-TO-USE TEMPLATES

These five letters cover the most common dispute scenarios you will encounter. Each is complete and ready to use — fill in the bracketed fields, print, sign by hand, and send certified mail with return receipt requested to each bureau where the error appears. Send separate letters — do not combine multiple errors into one letter unless they are on the same account. Each error should be clearly and individually documented.

### **WARNING | Always Dispute by Certified Mail for Serious Errors**

Online disputes are convenient but waive some FCRA legal protections. For significant errors — unrecognized accounts, late payment errors, collections — certified mail creates an irrefutable paper trail. Keep: your signed letter copy, the certified mail receipt, and the green return receipt card when it comes back. These prove delivery date and start the 30-day clock.

### Bureau Certified Mail Addresses

Bureau	Certified Mail Dispute Address
Equifax	Equifax Information Services LLC, P.O. Box 740256, Atlanta, GA 30374-0256
Experian	Experian, P.O. Box 4500, Allen, TX 75013
TransUnion	TransUnion LLC Consumer Dispute Center, P.O. Box 2000, Chester, PA 19016

### LETTER 1 | ACCOUNT DOES NOT BELONG TO ME

[YOUR FULL NAME]

[YOUR STREET ADDRESS, CITY, STATE, ZIP]

[DATE]

Dispute Department — [EQUIFAX / EXPERIAN / TRANSUNION]

[Send one separate letter per bureau where the error appears]

Re: Formal Credit Report Dispute — [YOUR FULL NAME]

SSN (last 4 only): XXX-XX-[####] | DOB: [MM/DD/YYYY]

To Whom It May Concern:

I am writing to dispute an account appearing on my credit report that does not belong to me. I have never entered into any agreement with this creditor, have never authorized anyone else to open this account on my behalf, and have no knowledge of this account.

#### **DISPUTED ITEM:**

**Creditor Name:** [Name exactly as shown on your credit report]

**Account Number:** [Full number or last 4 digits]

**Reported Balance:** [\$AMOUNT shown on report]

**Date Opened:** [Date shown on report]

This account is fraudulent and does not belong to me. Under FCRA Section 1681i, I request you investigate this item immediately and delete it from my credit report. If you cannot verify this account with the original creditor within 30 days of receiving this letter, it must be removed.

I am also requesting a copy of all information you received from the creditor during your investigation, as I am entitled to under the FCRA. If you believe this may be the result of identity theft, please note that I am prepared to file an FTC Identity Theft Report if necessary.

Please provide written confirmation of the outcome of your investigation.

Sincerely,

[YOUR HANDWRITTEN SIGNATURE]

[YOUR PRINTED FULL NAME]

*Enclosures: Copy of government-issued photo ID | Copy of Social Security card*

## **LETTER 2 | LATE PAYMENT REPORTED IN ERROR — I PAID ON TIME**

[YOUR FULL NAME]

[YOUR STREET ADDRESS, CITY, STATE, ZIP]

[DATE]

Dispute Department – [EQUIFAX / EXPERIAN / TRANSUNION]

[Send one separate letter per bureau where the error appears]

Re: Formal Credit Report Dispute – [YOUR FULL NAME]

**SSN (last 4 only):** XXX-XX-[####] | **DOB:** [MM/DD/YYYY]

To Whom It May Concern:

I am writing to dispute a late payment notation on my credit report. This payment was made on time and in full. The late payment designation is factually inaccurate and is negatively affecting my credit score.

### **DISPUTED ITEM:**

**Creditor Name:** [Name exactly as shown on your report]

**Account Number:** [Full number or last 4 digits]

**Reported Late Date:** [Month and Year shown on your report, e.g. October 2023]

**Correct Status:** Paid on time – documentation enclosed

I have enclosed documentation confirming this payment was received by the creditor on or before the due date. This documentation includes:

- [Bank statement showing the payment cleared on DATE]
- [Payment confirmation / receipt / cancelled check – whichever you have]

Under FCRA Section 1681i, I formally request that you investigate this item and correct the payment history on this account to accurately reflect on-time payment. Payment history errors of this type can lower a credit score by 50-100 points and must be corrected.

Please provide written confirmation of the corrected information and send me an updated copy of my credit report reflecting the correction.

Sincerely,

[YOUR HANDWRITTEN SIGNATURE]

[YOUR PRINTED FULL NAME]

*Enclosures: Bank statement showing payment cleared on or before due date | Payment confirmation or receipt | Cancelled check if available*

### **LETTER 3 | ACCOUNT PAID IN FULL — INCORRECT BALANCE STILL SHOWING**

[YOUR FULL NAME]

[YOUR STREET ADDRESS, CITY, STATE, ZIP]

[DATE]

Dispute Department – [EQUIFAX / EXPERIAN / TRANSUNION]

[Send one separate letter per bureau where the error appears]

Re: Formal Credit Report Dispute – [YOUR FULL NAME]

SSN (last 4 only): XXX-XX-[####] | DOB: [MM/DD/YYYY]

To Whom It May Concern:

I am writing to dispute an account on my credit report that continues to report an outstanding balance despite having been paid in full. The correct current balance on this account is \$0.00, and the account status should reflect "Paid in Full" or "Closed – Paid in Full."

**DISPUTED ITEM:**

**Creditor Name:** [Name exactly as shown on your report]

**Account Number:** [Full number or last 4 digits]

**Balance Shown:** [\$AMOUNT currently shown as owed on your report]

**Correct Balance:** \$0.00 – paid in full on [DATE]

**Correct Status:** Paid in Full / Closed

I have enclosed documentation confirming this account has been paid in full, including:

- [Payoff letter or satisfaction letter from the creditor]
- [Bank statement showing the final payment]
- [Zero-balance statement from the creditor, if available]

An inaccurate balance on a paid account inflates my reported debt and negatively affects both my credit score and my debt-to-income ratio for mortgage purposes. Under FCRA Section 1681i, I request immediate correction of the balance and status to accurately reflect this account as paid.

Please provide written confirmation once the update has been made.

Sincerely,

[YOUR HANDWRITTEN SIGNATURE]

[YOUR PRINTED FULL NAME]

*Enclosures: Payoff letter or satisfaction letter from creditor | Bank statement showing final payment | Zero-balance statement*

#### **LETTER 4 | DUPLICATE ACCOUNT LISTED TWICE ON MY REPORT**

[YOUR FULL NAME]

[YOUR STREET ADDRESS, CITY, STATE, ZIP]

[DATE]

Dispute Department – [EQUIFAX / EXPERIAN / TRANSUNION]

[Send one separate letter per bureau where the error appears]

Re: Formal Credit Report Dispute – [YOUR FULL NAME]

**SSN (last 4 only):** XXX-XX-[####] | **DOB:** [MM/DD/YYYY]

To Whom It May Concern:

I am writing to dispute a duplicate account listing on my credit report. The same account appears twice under different entries. This duplication

artificially inflates my reported debt, negatively affects my credit score, and misrepresents my actual credit obligations.

**DUPLICATE ENTRIES — BOTH LISTED ON MY REPORT:**

**Creditor Name:** [Creditor name as it appears on your report]

**Entry 1 Account#:** [First account number as listed]

**Entry 1 Balance:** [\$AMOUNT] **Status:** [Open/Closed/etc.]

**Entry 2 Account#:** [Second account number as listed]

**Entry 2 Balance:** [\$AMOUNT] **Status:** [Open/Closed/etc.]

**Issue:** Both entries refer to the same account

These two entries represent a single account being reported twice. Under FCRA Section 1681i, I request that you investigate and remove the duplicate entry, leaving only one accurate entry for this account on my report.

I have enclosed a copy of my credit report with both duplicate entries highlighted for your reference.

Please provide written confirmation once the duplicate has been removed.

Sincerely,

[YOUR HANDWRITTEN SIGNATURE]

[YOUR PRINTED FULL NAME]

*Enclosures: Copy of your credit report with both duplicate entries clearly highlighted or circled*

**LETTER 5 | COLLECTION ACCOUNT — DEBT VERIFICATION REQUEST / DELETION DEMAND**

[YOUR FULL NAME]

[YOUR STREET ADDRESS, CITY, STATE, ZIP]

[DATE]

Dispute Department — [EQUIFAX / EXPERIAN / TRANSUNION]

[Send one separate letter per bureau where the error appears]

Re: Formal Credit Report Dispute — [YOUR FULL NAME]

**SSN (last 4 only):** XXX-XX-[####] | **DOB:** [MM/DD/YYYY]

To Whom It May Concern:

I am formally disputing a collection account appearing on my credit report and requesting full verification of this debt under FCRA Section 1681i and

the Fair Debt Collection Practices Act (FDCPA), 15 U.S.C. Section 1692g.

**DISPUTED COLLECTION ITEM:**

Collection Agency: [Name exactly as shown on your report]

Original Creditor: [Original creditor name, if listed]

Account Number: [Full number or last 4 digits]

Amount Listed: [\$AMOUNT shown on your report]

Date of First Delinquency: [Date shown, or state "not listed"]

**I am requesting the following in writing within 30 days:**

1. The full name, address, and original account number with the original creditor
2. A copy of the original signed agreement or contract creating this debt
3. A complete accounting showing how the amount listed was calculated
4. Proof that your agency is licensed to collect debts in my state
5. The complete documented chain of ownership for this debt
6. The exact date of first delinquency with the original creditor  
(to confirm this debt has not been illegally re-aged)

If you are unable to provide complete verification of all items above within 30 days of receiving this certified letter, you are required by law to cease all collection activity and delete this entry from my credit report under FCRA Section 1681i and FDCPA Section 1692g.

Do not contact me by phone. All communication must be in writing.

Please provide written confirmation of your findings.

Sincerely,

[YOUR HANDWRITTEN SIGNATURE]

[YOUR PRINTED FULL NAME]

*Enclosures: Copy of your credit report with the collection item highlighted /  
Certified mail return receipt (keep separately)*

**PRO TIP | After You Send — Your 4-Step Follow-Up**

(1) Keep your signed letter copy, certified mail receipt, and the green return receipt card when it comes back — these prove delivery and start the 30-day clock. (2) Set a calendar reminder for Day 32 after mailing — bureaus have 30 days to respond. (3) If no response or an inadequate one, file a CFPB complaint immediately — see Section 3. (4) Once corrected, request updated reports from all three bureaus in writing and confirm the correction appears on every bureau where you disputed.

## SECTION 3: ESCALATION — WHEN BUREAUS IGNORE YOU

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Credit bureaus sometimes verify errors as "accurate" without conducting a real investigation. They may simply contact the creditor — who confirms the same wrong data — and call it verified. When this happens, you have real legal options. Here is exactly what to do.

### Step 1 — File a CFPB Complaint (Do This Immediately)

The Consumer Financial Protection Bureau (CFPB) is the federal agency that oversees credit bureaus. A CFPB complaint carries legal weight and creates an official record. Bureaus are required to respond to CFPB complaints, and they take them seriously — a pattern of ignored complaints can result in regulatory action. File at [consumerfinance.gov/complaint](https://consumerfinance.gov/complaint).

#### What to Include in Your CFPB Complaint

1. The specific error you disputed and the date you sent your certified letter
2. The bureau's response (or lack of response) and why it is inadequate
3. Your certified mail tracking number and the date it was delivered
4. The documentation you submitted that proves the error
5. The harm caused — score impact, mortgage denial, rate increase

**After filing, the bureau typically has 15 days to respond to the CFPB and resolve your complaint. Save your CFPB complaint number — you will need it for follow-up.**

### Step 2 — Dispute Directly With the Original Creditor

You do not have to limit disputes to the bureaus. Under FCRA Section 1681s-2(b), you can dispute directly with the original creditor — the bank, lender, or collection agency — that is reporting the wrong information. They are legally required to investigate and correct inaccurate data they have submitted to the bureaus.

Write a letter to the creditor's dispute department (not their customer service line) citing FCRA Section 1681s-2(b), including your documentation, and demanding they update their reporting. Send it certified mail. The creditor then has an obligation to notify all bureaus of any correction they make.

### Step 3 — Add a Statement of Dispute to Your Report

If a bureau will not remove or correct an error, you can add a 100-word consumer statement to your credit report explaining your dispute. This statement appears whenever your report is pulled and allows you to provide context that any reviewing lender will see. It does not change your score, but it is part of your permanent record and can matter during manual underwriting.

### Step 4 — Consult a Consumer Protection Attorney

If a bureau or creditor has violated the FCRA and you have suffered documented harm (mortgage denial, higher interest rate, lost housing opportunity), you may have legal grounds for a lawsuit. Under FCRA Section 1681n, you can sue for actual damages, statutory damages, punitive damages, and attorney's fees. Many consumer

protection attorneys handle these cases on contingency — meaning you pay nothing unless you win. The National Association of Consumer Advocates (NACA) at [consumeradvocates.org](http://consumeradvocates.org) can help you find one.

**WARNING | Do Not Pay for Credit Repair Services**

Credit repair companies charge \$50–150/month to do exactly what you can do yourself for free using the templates in this guide. The only items any company can legally remove are errors and unverifiable information — the same things you can dispute yourself. Accurate negative information cannot be removed by anyone. If a company promises to remove accurate items, they are breaking the law. Save that money for your down payment.

## SECTION 4: PAYING DOWN DEBT FOR MAXIMUM SCORE IMPACT

Most people pay down debt by largest balance or highest interest rate. Both are wrong strategies if your primary goal is raising your credit score as fast as possible for a mortgage. Credit score optimization requires a different approach.

### Understanding Utilization — The Most Actionable Factor

Credit utilization is 30% of your FICO score and is the fastest factor you can change. It is calculated two ways — per card and in aggregate. Both matter. A single card at 90% utilization can significantly drag your score even if your overall utilization is low.

Utilization Tier	What Lenders See	Typical Score Impact
0–9% per card and overall	Excellent	Best possible score in this category — aim for this
10–29% per card and overall	Good	Strong score, minimal penalty
30–49% per card or overall	Fair	Noticeable score penalty — move below 30% as priority
50–74% per card or overall	Poor	Significant score suppression
75–100% per card or overall	Very Poor	Severe score impact — treat as urgent
Over limit / maxed out	Critical	Maximum negative impact — fix immediately

### The Correct Paydown Order

Priority	Action	Why
1st	Pay any card that is over its limit down to under limit	Over-limit status is the worst utilization flag
2nd	Pay the card with highest utilization % below 30%	Individual card ratios matter — even one card at 90% hurts badly
3rd	Pay all remaining cards below 30% individually	Every card over 30% creates its own penalty
4th	Pay off smallest-balance cards completely	Eliminating a balance entirely removes that card from utilization calculation
5th	Push all cards below 10% utilization	This moves you into the excellent tier for maximum score
6th	Leave \$0-balance cards open with small occasional use	Closing them reduces available credit and raises overall utilization

**WARNING | The Monthly Payoff Trap — Balance Reporting Date vs. Due Date**

Many buyers max out a card and pay it off in full every month, believing this has no score impact. It does — potentially major impact. Creditors report your balance to the bureaus on your STATEMENT CLOSING DATE, not your payment due date. If your statement closes on the 15th with a \$4,200 balance on a \$4,500 limit card, the bureau sees 93% utilization even if you pay it off by the 5th of the following month. To avoid this: pay your balance down BEFORE your statement closing date each month. This single change can add 20–50 points.

## Rapid Rescore — The Secret Weapon Most Buyers Never Hear About

If you need a score improvement quickly — within 30 days of applying — ask your loan officer about rapid rescoring. This is a service available exclusively through mortgage lenders (not directly to consumers) where the lender requests an expedited update to your credit file after you pay down a debt or have an error corrected.

### How Rapid Rescore Works

1. You pay down a high-utilization card or have an error corrected by the creditor.
2. You provide proof to your loan officer — a current statement or correction letter.
3. The lender submits the documentation to the bureau through the rapid rescore service.
4. The bureau updates your file, typically within 3–5 business days.
5. A new credit score is pulled, reflecting the update.

**Cost: Typically \$25–50 per account per bureau — paid to the lender or rescore service. Worth every dollar if it moves you from 619 to 621 (conventional threshold) or from 739 to 741 (best rate tier).**

## "Pay for Delete" — The Right Way to Handle Collections

Before paying any collection account, call the collector and ask: "If I pay this balance in full today, will you agree to delete the tradeline from my credit report?" Get the agreement in WRITING — by email or by letter — before you pay a single dollar. A deleted collection has zero negative impact on your score. A paid collection still shows as a negative item for up to 7 years from the date of first delinquency.

Scenario	Score Impact
Unpaid collection	Negative — suppresses score monthly
Paid collection (not deleted)	Still negative — shows for 7 years from original delinquency date
Collection deleted via "pay for delete"	Zero negative impact — as if it never existed
Collection deleted via successful dispute	Zero negative impact — best outcome possible
Collection naturally aging off (7 years)	Score recovery typically begins 1–2 years before full removal

## What to Avoid While Building Credit

- > **Do NOT apply for new credit** — every hard inquiry drops your score 5–10 points and signals risk to lenders
- > **Do NOT open new accounts of any kind** in the 6 months before applying — this includes store cards and buy-now-pay-later services
- > **Do NOT co-sign for anyone** — their debt counts in your DTI and their late payments hit your score
- > **Do NOT close old accounts** — credit age is 15% of your score; closing accounts you've had for years is damaging
- > **Do NOT max out cards** even if you pay them monthly — statement-date reporting means the damage shows regardless
- > **Do NOT ignore collection notices** — even if you plan to dispute, unresponded collections can progress to judgment
- > **Do NOT pay a collection** without first negotiating "pay for delete" in writing
- > **Do NOT make large cash deposits** without documentation — this affects your down payment seasoning, not your score, but both matter

## SECTION 5: SCORE IMPROVEMENT TIMELINE — WHAT TO EXPECT

One of the most common frustrations in credit repair is not knowing whether what you are doing is working. Here is a realistic timeline for each type of action, so you know what to expect and when.

Action Taken	When Score Typically Improves	Notes
Pay down credit card utilization	Next statement cycle — 30–45 days	Fastest single action for score improvement
Dispute successfully resolved — error removed	Within 30–45 days of correction being made	Score update follows bureau data update
Rapid rescore after paydown	3–7 business days	Only available through a mortgage lender
Collection account deleted (pay for delete)	Within 30 days of deletion	Can be 30–100+ point improvement depending on score
Collection account naturally aging	Score recovery begins 1–2 years before 7-year removal	Older collections hurt less than recent ones
Late payment dispute — removed	30–45 days	50–100 point improvement is common
Credit inquiry aging off	24 months from inquiry date	Each inquiry costs 5–10 pts; impact fades after 12 months
New account opened (credit card)	2–3 months for positive history to build	Short-term score dip from inquiry; long-term benefit
Bankruptcy — Chapter 7	10-year reporting period; score begins recovering year 2–3	Secured cards and on-time payments rebuild faster
Foreclosure	7-year reporting period; recovery begins year 2–3	FHA eligible after 3 years with clean post-foreclosure history

### What Score Thresholds Actually Mean for Your Mortgage

Not all score improvements are created equal. Moving from 580 to 600 feels meaningful but may not change your loan options. Moving from 619 to 621 unlocks conventional financing. Here are the thresholds that actually matter.

Score Range	What It Unlocks	What Changes
Below 500	Nothing currently — no standard program qualifies	Focus entirely on fundamentals before applying
500–579	FHA with 10% down only	Very limited — most lenders require 580+
580–619	FHA with 3.5% down	Core FHA access — significant milestone
620	Conventional financing minimum	Unlocks much broader loan options and lower rates
640	Most Non-QM programs	Bank statement, P&L, DSCR loans become accessible

Score Range	What It Unlocks	What Changes
660	Better conventional pricing	Rate tiers begin improving noticeably at lenders
680	Strong conventional rates	Most buyers see meaningful payment reduction here
720	Excellent rate tier at most lenders	Best pricing at many conventional lenders
740+	Best possible conventional rates	Top tier — PMI pricing also improves significantly
760+	Maximum rate benefit	No meaningful difference above 760 at most lenders

**PRO TIP | Know Which Score Tier You Are Targeting — Not Just "Higher"**

When working on your credit, always know which threshold you are trying to reach and by how many points you need to move. If you are at 618, you need 2 points to unlock conventional financing — focus every effort on that. If you are at 680, the next meaningful threshold is 720 — 40 points away, worth pursuing if you can do it within your timeline. Targeting specific thresholds is more strategic than chasing a number in the abstract.

## SECTION 6: SEASONING — THE RULES NOBODY EXPLAINS

Seasoning refers to how long money or financial events need to "age" before a lender considers them acceptable. This is the most commonly misunderstood concept in mortgage qualification — and one of the most common reasons closings fall apart at the last minute, after buyers are already emotionally and financially committed.

### Down Payment Seasoning — The 60-Day Rule

Your down payment funds must be in your bank account for a minimum of 60 days before your application date. Lenders pull 2–3 months of bank statements and scrutinize every deposit over roughly half your monthly income. Any deposit that cannot be sourced and explained can disqualify those funds — or delay your closing.

Source of Funds	Seasoning Required	Documentation Lender Needs
Regular payroll / direct deposit	None — expected	No extra documentation needed
Tax refund	60 days preferred	May need to provide tax return
Sale of personal property (car, jewelry, etc.)	60 days	Bill of sale with buyer name, date, and amount
Gift from family member	Immediate — with proper gift letter	Signed gift letter + donor bank statement showing funds leaving
Cash saved at home	Problematic — cannot be sourced	Must deposit 60+ days before application; keep receipts if possible
Retirement account withdrawal (401k, IRA)	60 days	Distribution statement + documentation of any penalty paid
Business account funds transferred to personal	60 days in personal account	Both business and personal bank statements
Legal settlement or judgment	60 days + documentation	Copy of settlement agreement
Inheritance	60 days + documentation	Death certificate + executor distribution letter
Cryptocurrency conversion to cash	60 days in bank account	Exchange account history + wire confirmation
Bonus or commission (large, irregular)	60 days if significantly above normal	May need employer verification letter
Sale of another property	60 days from closing proceeds	HUD-1 or closing disclosure from that sale

#### **WARNING | The Cash-Under-the-Mattress Problem**

Many buyers save cash at home and make one large deposit right before applying. Lenders cannot verify the source of cash deposits, and "I was saving it at home" is not an acceptable explanation under any standard loan program. Any deposit over roughly half your monthly income will trigger a sourcing requirement. If you have cash savings at home, deposit them NOW — not when you're ready to buy. Give yourself at least 75 days of runway to be completely safe.

## PRO TIP | Plan Your Deposit Timeline Working Backwards

Decide your target closing month. Count back 75 days from your planned application date — that is when your down payment must be in your bank account (60 days of seasoning + 15-day buffer for the application process). Planning to close in March and apply in February? Your money needs to be in the bank by November 17th at the latest.

## Gift Fund Documentation — What Lenders Actually Check

Gift funds from family members are allowed on most loan programs — but they require specific documentation that catches many buyers completely off guard at the closing table. Every item on this list must be in your loan file.

- > A signed gift letter stating the amount, the donor's name and relationship to you, the property address, and an explicit statement that the funds are a gift and do NOT need to be repaid — ever
- > A bank statement from the donor showing the funds leaving their account — must show donor's name on the account
- > A bank statement from YOUR account showing the funds arriving — must match the amount in the gift letter
- > The donor CANNOT be the seller, real estate agent, builder, or any party with a financial interest in the transaction
- > The donor may be asked by the lender to provide proof of sufficient funds — meaning they had the money in their account before gifting it
- > Business accounts cannot be gift sources — the gift must come from a personal account

## Credit Event Seasoning — After Bankruptcy, Foreclosure, or Short Sale

If you have had a major credit event, mandatory waiting periods apply before you can qualify for different loan types. These are measured from the discharge date (bankruptcy) or completion date (foreclosure/short sale). These are not flexible — they are program rules.

Credit Event	Conventional	FHA	VA	Non-QM Option
Chapter 7 Bankruptcy	4 yrs from discharge	2 yrs from discharge	2 yrs from discharge	As little as 1 day after discharge at some lenders
Chapter 13 Bankruptcy	2 yrs from discharge 4 yrs from dismissal	1 yr of repayment plan (with court approval)	1 yr of repayment plan	As little as 1 yr from filing
Foreclosure	7 years	3 years	2 years	As little as 1 year
Short Sale / Deed-in-Lieu	4 years	3 years	2 years	As little as 1 year
Multiple Bankruptcies	5 years from most recent	Varies	Varies	Case by case
Mortgage included in BK (Ch.7)	4 years from BK discharge	2 years from BK discharge	2 years	Shorter periods available

### PRO TIP | Inside a Waiting Period? Non-QM Is Often the Bridge

Non-QM loans (bank statement, P&L, asset depletion, DSCR) often allow qualification as soon as 1–2 years after a major credit event — sometimes even sooner. The rate will be higher (typically 1–2% above conventional), but homeownership and equity building may still be accessible now. Many buyers use this strategy: get in with Non-QM, build equity, and refinance into conventional once the waiting period is satisfied. Ask Dr. McNeill to run this comparison for your specific situation.

## Employment & Income Seasoning

Employment Situation	Requirement	Common Pitfall
W2 — same field, continuous	2 years in the same field	Gaps over 6 months require full documentation and explanation
W2 — employer change, same industry	Usually acceptable with no employment gap	Changing industry (not just employer) raises underwriter flags
New job not yet started	Offer letter acceptable for FHA and some conventional	Cannot be commission-only or variable pay role
Employment gap of 6+ months	Must document and explain fully	School, medical leave, caregiving are all acceptable with paperwork
Self-employed	2 full years of Schedule C tax returns	Net income is used — not gross revenue; write-offs reduce qualifying income
Recently self-employed (under 2 years)	Conventional and FHA very difficult	Non-QM bank statement loan may be the path forward
Part-time income	2-year consistent documented history required	Sporadic or seasonal PT income typically cannot be counted
Overtime and bonus income	2-year history + reasonable to continue	One-time or irregular bonuses excluded; declining trends raise flags
Commission income	2-year history, averaged	If Year 2 commissions are lower than Year 1, lender may only use Year 2
Rental income	Must document with 2 years Schedule E + leases	75% of gross rent typically counted; vacancy factor applied

## SECTION 7: YOUR MONTH-BY-MONTH ACTION PLAN

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Use the **12-month plan** if your score is below 580 or DTI is above 50%. Use the **6-month sprint** if your score is 580–619 and DTI is 45–50%, or as Months 7–12 of the full plan. Read all the sections above before starting — you will execute better when you understand why each step matters.

### Month 1 — Assessment & Foundation

- [ ] Pull all three credit reports at AnnualCreditReport.com — all three, same day
- [ ] Set up score monitoring: myFICO.com for TransUnion and Equifax, Experian.com free app for Experian
- [ ] List every debt: creditor name, balance, credit limit, minimum payment, interest rate, due date
- [ ] Calculate your utilization on every individual card — not just overall
- [ ] Calculate your current back-end DTI at DrMcNeillHomeReady.com using your target home price
- [ ] Open a dedicated savings account labeled specifically for your down payment
- [ ] Set up automatic transfer to down payment account on every payday — even \$100 matters
- [ ] Note today's date: your 60-day seasoning clock starts for every dollar you deposit today
- [ ] If any deposits have been made recently: check whether the 60-day clock has already started

### Month 2 — Dispute & Clean Up

- [ ] File disputes by certified mail for every error identified — use the templates in Section 2
- [ ] Send one letter per bureau per error — do not combine unrelated errors
- [ ] Keep a log: date sent, certified mail tracking number, and error described for each letter
- [ ] Set calendar reminders for Day 32 after each mailing — bureaus have 30 days to respond
- [ ] Pay every current account on time — no exceptions, not even one day late
- [ ] Identify every credit card above 30% utilization on an individual basis
- [ ] Create your debt paydown priority list: highest utilization percentage first

### Month 3 — Utilization Attack

- [ ] Pay all credit cards below 30% utilization — individual card by individual card
- [ ] Do NOT close any paid-off cards — keep them open and put a small charge on them monthly
- [ ] Check dispute responses — follow up in writing on anything unresolved; file CFPB if ignored
- [ ] Continue down payment savings contributions without interruption
- [ ] Check your FICO score on myFICO.com — it should be moving if you cleared errors and reduced utilization
- [ ] Note your statement closing dates on each card — start paying down BEFORE statement closes

## Month 4 — Debt Reduction & Income Review

- [ ] Pay off the smallest-balance cards completely where possible
- [ ] Gather income documents: last 2 years tax returns, W2s, 30 days of pay stubs
- [ ] Self-employed? Connect with your CPA about pre-purchase tax strategy NOW — not in month 10
- [ ] Avoid ALL new credit applications — zero, none, not even a store card offer
- [ ] Review 3 months of bank statements — flag every large deposit you cannot source and explain
- [ ] If you have collections: call each one and attempt "pay for delete" negotiation in writing first

## Month 5 — Building Momentum

- [ ] Push utilization on every card to 10% or below — this is the excellent tier
- [ ] Confirm all disputes are resolved — any bureau that has not responded: file CFPB complaint immediately
- [ ] Check your 60-day seasoning calendar: are all down payment funds fully seasoned?
- [ ] Research down payment assistance programs in your county at HUD.gov and TDHCA.state.tx.us
- [ ] Talk to a real estate agent to understand actual list prices and realistic purchase prices in your target area
- [ ] Get a sense of closing costs in your target market — budget 2–5% of purchase price on top of down payment

## Month 6 — Mid-Point Assessment

- [ ] Pull all three FICO scores from myFICO.com — are you at 580+ for FHA or 620+ for conventional?
- [ ] Recalculate your full DTI using an actual target price and realistic taxes + insurance for that area
- [ ] Verify all down payment funds are fully seasoned (60+ days, 75 to be safe)
- [ ] If you are on target: begin gathering your full mortgage document package (see Section 8)
- [ ] If you are not on target: identify the single biggest remaining obstacle and focus all energy there
- [ ] Consider having a strategy call with Dr. McNeill to assess where you are and what to attack next

## THE 6-MONTH SPRINT (Months 7–12 or Standalone)

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Use this if your score is already 580–619 and DTI is 45–50%. Or pick up here after completing the 12-month plan above.

### Sprint Month 1 — Full Document Preparation

- [ ] Gather all documents: 2 years tax returns, 2 years W2s, 30 days pay stubs, 2–3 months bank statements
- [ ] Self-employed: add 2 years Schedule C, current YTD P&L; statement, 12–24 months business bank statements
- [ ] Get pre-approval from 2–3 different lenders — shopping within any 14-day window counts as ONE inquiry on FICO
- [ ] Request Loan Estimates from each lender and compare APR (not just rate), total closing costs, and monthly PITI
- [ ] Ask each lender specifically: "What down payment assistance programs are you approved for in my county?"

### Sprint Month 2 — Rate Shopping & Lender Selection

- [ ] Compare APR across all lenders — APR includes fees and gives the true cost comparison
- [ ] Review every fee line on each Loan Estimate — origination, underwriting, title, and escrow
- [ ] Select your lender based on total cost of loan, not rate alone, and get a formal pre-approval letter
- [ ] Begin active home search with your real estate agent — now that you have a real number to work with
- [ ] Understand your pre-approval conditions — what could change it between now and application

### Sprint Months 3–4 — Active Home Search

- [ ] Stay within pre-approved budget — maintain a 5–10% cushion for competitive bidding and appraisal risk
- [ ] Do NOT make any large purchases, open new credit, or co-sign for anyone during this period
- [ ] Do NOT change jobs — employment changes during an active application can terminate your loan mid-process
- [ ] Respond to all lender document requests within 24 hours — delays cascade into closing date delays
- [ ] Ask your lender now: "What happens if the appraisal comes in below purchase price?" — know your options before you need them
- [ ] Make sure your real estate agent knows you want seller concessions negotiated where the market allows

## Sprint Months 5–6 — Under Contract to Closing

- [ ] Provide all lender-requested documents immediately — every day of delay can push your closing date
- [ ] Do NOT deposit any large cash amounts without full documentation and advance notice to your lender
- [ ] Schedule and attend your home inspection — always, even in competitive markets, even for new construction
- [ ] Review your Closing Disclosure at least 3 business days before closing — compare every fee to your Loan Estimate
- [ ] Wire your closing funds from the correct account — the one you have been using for down payment savings
- [ ] Confirm wire instructions by phone with your title company before sending any wire — wire fraud is real
- [ ] Get keys. You did the work.

## SECTION 8: FREE TOOLS, OFFICIAL RESOURCES & CONTACTS

Every resource listed here is free or low-cost and legitimate. No affiliate relationships, no paid placements. These are the tools that actually help.

### Credit & Score Monitoring

Resource	What It Is	Where to Find It
AnnualCreditReport.com	Official free credit reports from all 3 bureaus — federally authorized by law	AnnualCreditReport.com
myFICO.com	Your actual FICO scores — the same model mortgage lenders use. Monitors TransUnion and Equifax.	myFICO.com (~\$19.95/mo)
Experian Free App	Free Experian credit score and report monitoring — does not affect your score	Experian.com or app stores
CFPB Credit Complaint Portal	File complaints against bureaus or creditors who ignore disputes	ConsumerFinance.gov/complaint
IdentityTheft.gov (FTC)	Report identity theft and get a personalized recovery plan	IdentityTheft.gov

### Housing Counseling & Down Payment Assistance

Resource	What It Is	Where to Find It
HUD Approved Housing Counselors	Free federally approved housing and credit counseling — phone or in-person	HUD.gov/find-a-housing-counselor
TDHCA My First Texas Home	Texas DPA program — up to 5% of loan amount for qualifying first-time buyers	TDHCA.state.tx.us
NACA	Nonprofit offering below-market mortgage rates for qualifying buyers — no down payment required	NACA.com
National Consumer Law Center	Free resources on credit rights, debt, and consumer protection law	NCLC.org
NACCA (Consumer Attorneys)	Find attorneys who handle FCRA violations — many work on contingency	ConsumerAdvocates.org

### Dr. McNeill's Free Tools

Tool	What It Does	Where to Find It
Free DTI Calculator	Calculate your back-end DTI with a target home price and all your current debts	www.drrobmortgage.com
PITI Calculator	Estimate your full monthly payment including taxes, insurance, and HOA	www.drrobmortgage.com

Tool	What It Does	Where to Find It
SE Income Calculator	Calculate self-employed qualifying income with add-backs automatically applied	<a href="http://www.drrobmortgage.com">www.drrobmortgage.com</a>
Closing Cost Estimator	Estimate total cash needed at closing for your target purchase price	<a href="http://www.drrobmortgage.com">www.drrobmortgage.com</a>
Personal Strategy Call	1-on-1 review of your credit, income, and timeline with Dr. McNeill directly	<a href="http://DrMcNeill.as.me/?appointmentType=87745268">DrMcNeill.as.me/?appointmentType=87745268</a>

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**Ready to talk through your specific situation? Book a free strategy call with Dr. McNeill at [DrMcNeill.as.me/?appointmentType=87745268](http://DrMcNeill.as.me/?appointmentType=87745268) or call 832-701-8144.**

This guide is for educational purposes only and does not constitute a loan application, pre-qualification, pre-approval, or commitment to lend. Credit repair results vary by individual situation. Dispute outcomes are not guaranteed. All timelines, score estimates, and program information are approximate and subject to change. Nothing in this guide constitutes legal, credit counseling, or financial advice. For personalized counseling, contact a HUD-approved housing counselor. Dr. Robert McNeill | NMLS #844916 | Matador Lending LLC | Houston, TX | Equal Housing Opportunity