A FREE GUIDE FROM DAWN ROBBINS GROUP

Credit *Plan*

Insider Secrets to Make the Right Moves With Your Credit, Before You Apply for a Mortgage

Dawn Robbins

NMLS #432345 | Five Star Mortgage Professional, 8 Years Running

Voted Readers' Choice Top Mortgage Professional, 7 Years Running

Smart Mortgage Plans. Not Just Loans.

Dawn Robbins, Dawn Robbins Group

Why I Built This Guide

I built this guide after watching a client do everything right and still get caught off guard by her own credit score. She paid off an old debt, sure it could only help her. Two weeks later, her score dropped, and she had no idea why.

She's not the only one. I see this all the time. People make careful, responsible choices about their money, and their credit score still moves in a direction they didn't expect. It's not because they did something wrong. It's because credit has its own rules, and almost nobody was ever taught them.

This guide is my attempt to fix that. No jargon you can't use in real life. No filler pages. Just the moves that actually help, the myths that trip people up, and the mistakes that are easy to avoid once you know they exist.

> **A quick promise:** *every term you don't already know, I'll explain in plain language the moment it shows up. You shouldn't need a finance degree to understand your own credit.*

I've been doing this work for more than 28 years, and I've been named a Five Star Mortgage Professional eight years running. Not because I chase volume, but because clients trust me to tell them the truth, even when the truth is "not yet" or "here's exactly what to do first."

One more thing before we dive in: sometimes paying off a specific debt genuinely is required as part of your mortgage approval. When that happens, it's not a mistake, it's simply part of the process, and it's exactly the kind of thing we'll walk through together so nothing catches you off guard.

There's always a way. Let's get your credit working for you instead of against you.

All Scores Are Not the Same

Here's something almost nobody tells you: not every credit score is built the same way. Different scoring companies, and even different lenders, put different weight on different pieces of your file. Exactly how much weight goes where is a closely guarded secret. Most people just hear "pay your bills on time." Let's actually look at the secret sauce.

FICO vs. VantageScore

FICO is the score most mortgage lenders pull to qualify you for a home loan. VantageScore is a newer model, built by the three credit bureaus together, and it's the score you'll usually see on free apps like Credit Karma.

Both run on the same 300 to 850 scale today. But even on the same scale, the two formulas don't weigh things the same way. FICO puts about 35% of your score on payment history and about 30% on utilization. VantageScore leans even harder on payment history, closer to 40%, and eases up on utilization, closer to 20%.

That's exactly why you can pull two scores on the same day and see two different numbers. Neither one is wrong. They're just built from different math.

Why the Number on Your Phone Looks Different

When you check your score for free on an app, you're looking at a VantageScore, not the FICO score your mortgage lender will actually use. You've probably also noticed the second you check it, you're shown a wall of credit card offers. That's not an accident, those recommendations are a real part of how free apps make money, and it's worth knowing.

But that's not the reason the utilization weighting is different. That comes from VantageScore's own formula, owned by the credit bureaus, not from the app itself.

> **The real takeaway:** *your free app score is a genuinely useful tool for tracking trends over time, but it's not the exact number your lender will see. That's exactly why I always run your real, full scores before we make any decisions. No guessing based on an app.*

How Your Credit Score Actually Works

Your credit score is a number between 300 and 850. It tells lenders how likely you are to pay back money you borrow. A higher number means less risk to the lender. A lower number means more risk.

That single number comes from five parts of your credit history, weighted from biggest to smallest:

Payment History: do you pay your bills on time?	**35%**
Credit Utilization: how much of your available credit are you using?	**30%**
Age of Credit: how long have your accounts been open?	**15%**
Credit Mix: do you have different kinds of credit?	**10%**
New Credit: have you opened accounts or applied recently?	**10%**

Each of these matters on its own. But they also work together, all at the same time, on the same report. That's exactly why one single move, like paying off a loan, can help one part of your score and quietly hurt another part in the very same moment.

> **The quick truth:** *there is no move that only helps. Every action touches more than one part of your score. That's why timing and strategy matter just as much as good intentions.*

We'll walk through exactly how that plays out, one factor at a time, starting with the one that surprises people the most.

Credit Utilization: The 30% Everyone Misunderstands

Utilization is the second biggest piece of your score at 30%. It's the amount you owe on revolving accounts, like credit cards, compared to your total credit limit.

Say you have one credit card with a $10,000 limit. A $3,000 balance puts you at 30% utilization. An $8,000 balance puts you at 80%. Lower is almost always better. Most experts suggest staying under 30%, and under 10% is even stronger if you can manage it.

Here's the part that trips people up: it's not the size of your limit that matters, it's the percentage of the balance to that limit. A $300 balance on a $600 limit and a $3,000 balance on a $6,000 limit are the exact same 50% utilization, even though the dollar amounts look completely different.

The credit bureaus weigh this a little differently depending on the exact model, but as a general rule, sitting right around 50% of your limit tends to be close to neutral, it isn't helping your score, but it isn't actively hurting it either. Below 50%, you start to see real benefit. Above 50%, it starts working against you.

Here's the part almost everyone misses: utilization is measured card by card, and also across every card you own combined. That means closing a card, even one you never use, can quietly raise your utilization everywhere else, because your total available credit just dropped.

A Real Example

Sarah has two cards. Card A has a $5,000 limit with a $500 balance. Card B has a $10,000 limit with a $0 balance. She never uses Card B, so she closes it to simplify her wallet. Her total available credit just dropped from $15,000 to $5,000, but her balance is still $500. Her utilization jumped from about 3% to 10%. Her score dropped, and she never spent an extra dollar.

> **Quick truth:** *paying down a balance almost always helps. Closing the account that balance sat on can undo that help before it ever shows up.*

Payment History: Timing Over Perfection

Payment history is the single biggest piece of your score at 35%. It's exactly what it sounds like: do you pay what you owe, on time, every time?

One late payment can stay on your report for up to seven years. But its effect on your score fades with time. A late payment from six years ago barely moves your score today. A late payment from two months ago moves it a lot.

This is exactly why timing matters so much before you apply for a mortgage. Years of perfect payments, followed by one missed payment right before you apply, can do more damage than people expect, right when it matters the most.

The fix is simple, even if it isn't always easy: set up autopay for at least the minimum on every single account you hold. It protects the biggest piece of your score from a slip that has nothing to do with how responsible you actually are.

And if you've already missed a couple of payments, it's not the end of the world. Time really does heal this. Your score weighs recent history much more heavily than anything from years back, so as time passes, the impact of that missed payment keeps fading.

One more thing worth knowing: if you're ever in a spot where missing a payment feels unavoidable, an installment loan, like a car payment, tends to hit your score harder than a revolving account like a credit card. It's never something I'd recommend if you can avoid it, but life happens, and it helps to know which one does less damage if you truly have to choose.

> **Quick truth:** *consistency beats perfection. A long history of on-time payments carries more weight than any single perfect month.*

Age of Credit: The Mistake That Trips People Up

Age of credit makes up 15% of your score. It looks at how long your accounts have been open, especially your oldest account, and the average age across everything you have.

This is where good intentions can quietly backfire. When you pay off certain debt, especially an old collection or a charged-off account, the creditor will sometimes remove it from your credit report entirely once it's paid in full.

That can be a real plus. The negative mark is gone for good.

But if that account also happened to be your oldest account, removing it shortens your credit history overnight. Your average age of credit drops. And since age of credit is a real, weighted factor in your score, that drop can outweigh the benefit of the debt being paid off, at least for a few months.

A Real Case

A client paid off an old collection, expecting her score to jump right away. It was also her oldest account on file. Once it dropped off her report, her average age of credit fell, and her score actually went down for a few months before it recovered and moved past where she started.

By the way, sometimes as part of the mortgage process, paying off an old collection isn't actually required at all. This is exactly why it's so important to call and get a plan of action first, before you pay off anything on your own.

> **Quick truth:** *paying off old debt is usually smart. Paying off the wrong debt at the wrong time, without knowing what it's protecting in your file, is where people get caught by surprise. This does not mean don't pay it off. It means know what you're paying off first.*

A Quick Word on Derogatory Credit

This topic alone could fill its own book, so think of this as the short version, just enough for you to know your options exist and that none of these situations are the end of the road.

Bankruptcy

Life happens, and this section is for those unavoidable situations. If you've filed bankruptcy, it is not the end of the world. You can rebuild your credit, often faster than people expect. After a Chapter 13 bankruptcy, many mortgage options open up after just one year. A Chapter 7 has a longer waiting period, but let's talk through your specific timeline together before you assume anything.

Debt Management Programs

This one is close to my heart, because I've seen so many good people talked into this thinking it's the easy, responsible choice. One payment, one company, sounds simple. But I had a client whose great credit score dropped 100 points after enrolling in one.

> **Quick truth:** *a debt management program affects your credit in a way that's similar to a Chapter 13 bankruptcy. Life happens, and sometimes it's genuinely the right tool. But it should be a last resort, not a convenience.*

Charge-Offs

When a debt is charged off, it doesn't disappear. Often, it gets handed to a collection company instead. The balance is still there, and it can show on your credit report for seven years.

Every situation is different, the creditor, the timing, all of it varies, so I'm always happy to talk through your specific scenario. But in general: check with me before you pay anything off. I usually recommend starting with the original creditor to see if they'll negotiate, sometimes they'd rather settle for something than get nothing at all.

On the flip side, here in Oregon, most debts can't legally be collected on after six years, so sometimes the right move is simply to let the clock run out. That timeline is different in every state, so it's worth checking yours before deciding.

Judgments

If a debt has gone to judgment, a court has ordered it to be paid, or arranged for payment. But that doesn't mean it has to be paid off upfront. These are best looked at case by case, so let's talk through yours before you assume you know what's required.

Credit Myths, Busted

Myth: "If your inquiries fall within the shopping window, they don't count."

Truth, layer one, the score: FICO does bundle same-type inquiries, like several mortgage lenders checking your credit while you shop for a rate, into one single inquiry for scoring purposes, as long as they land within the shopping window. But every individual pull still shows up on your credit report for two full years. In practice, it's really the most recent 12 months or so that scoring and underwriting pay the closest attention to.

Truth, layer two, the real risk: automated underwriting doesn't just look at your score. It reads your entire credit report. A cluster of inquiries in that recent window, even from one single lender pulling your credit more than once for corrections, can look like repeated credit-seeking behavior to the system, and become its own red flag, completely separate from anything the score already bundled together.

> **How I protect you from this:** *this is exactly why I start every client with a full tri-merge soft pull. It gives me the same credit picture I need to build your plan, without adding a single inquiry to your report. No ding, no risk flag, nothing for an automated system to trip over later. I don't run a hard pull until you're actually under contract and ready to move forward for real.*

Why this matters more than people think: credit isn't a fixed number. It changes all the time. A payment posts. A balance updates. A new statement cuts. Your score can move because of any one of these. What you see on a single credit pull is one snapshot of a picture that keeps changing. That's exactly where strategy comes in. Once I can see your full picture, we can time things, which balance to pay down first, when to let a statement cut, when to apply, so that snapshot works in your favor instead of against it.

Building Credit the Right Way

If you're starting out, or rebuilding, two tools come up again and again: secured credit cards and becoming an authorized user. Neither one is automatically good or automatically bad. It depends entirely on how it's used, and whose account you're attached to.

Secured Credit Cards

A secured card works like a regular credit card, but you put down a deposit that becomes your credit limit. Use it for a small purchase each month, pay it off in full, and it reports to the credit bureaus just like any other card. Over time, it builds real, genuine payment history. Many secured cards can even convert into a regular unsecured card after a year or so of on-time payments.

Authorized User: It Depends

One of my favorite questions from a credit class I took years ago was always answered the exact same way: it depends. Being added as an authorized user on someone else's credit card is a perfect example of why.

The case for it helping: you can inherit the primary account holder's payment history and account age. For someone young or new to credit, that can add years of history to your file overnight.

The case for it backfiring: you inherit the whole picture, not just the good parts. If that account carries a high balance or has a history of missed payments, that shows up on your report too, even though you never charged a dime or missed a payment yourself.

> **Real example:** *you get added to your mom's credit card as a kind gesture. But last month, that card was maxed out. The next reporting cycle, your score can drop, through no action of your own.*

The real answer: before you say yes to being added as an authorized user, or add someone yourself, look at that account's utilization and payment history first. A well-managed card with years of on-time payments is a real gift. A struggling account is a real risk you didn't sign up for.

Once You Have a Plan, Stick to It

Building or repairing credit isn't a one-time fix. It's a handful of small, correct moves, done in the right order, over time.

The hardest part usually isn't figuring out what to do. It's staying steady once you know. A new credit card offer shows up in the mail. A big purchase feels urgent. A friend tells you to close that old card you never use. Any one of these, on its own, can undo months of careful work.

Once we build your plan together, the plan is the plan. Small, consistent moves beat big, reactive ones almost every time.

> **The one rule that matters most:** *if something changes, a new bill, a new opportunity, a new question, come back to me before you act on it. That's exactly what I'm here for.*

How We Test the Plan Before You Commit

You shouldn't have to guess what a move will do to your score before you make it. That's why I use a tool called CreditXpert to run real scenarios before you act on anything.

Thinking about paying off Card A instead of Card B? I can run both scenarios and show you the likely impact on your score for each one, side by side. Wondering what happens if you pay off a small collection versus a larger balance? Same thing. We look before you leap.

This won't predict your score down to the exact point, every single time. No tool can honestly promise that, credit is too personal for a guarantee like that. But in my experience, it gets remarkably close, close enough to make real decisions with real confidence instead of guessing and hoping.

> **The difference this makes:** *instead of hoping a move helps, you know, before you make it, what it's actually likely to do.*

Your Credit Is the Plan

Your credit score isn't just a number. It's one of the biggest factors in what home you can afford, what your interest rate looks like, and how much your mortgage costs you every single month, for years to come.

The good news: you don't have to figure this out alone, and you don't have to guess your way through it. Every myth we busted, every mistake we walked through in this guide, all of it comes down to the same simple idea. Small, informed moves, made in the right order, put you in control instead of leaving you surprised.

Whether you're getting ready to buy in the next few months or the next few years, this is exactly the kind of planning I do with clients every single day. There's always a way to get you ready.

Let's build your plan together.

GET IN TOUCH

Ready to See Where Your Credit Really Stands?

No pressure, just a clear plan. Reach out whenever you're ready, or start with our free mortgage quiz to see where you stand today.

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Five Star Mortgage Professional: 8 Consecutive Years (2019–2026)

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Plain-Language Glossary

FICO Score. The most common credit score lenders use, ranging from 300 to 850.

Credit Utilization. How much of your available credit you're currently using, shown as a percentage.

Hard Inquiry. A credit check tied to an application for credit, which can affect your score.

Soft Inquiry. A credit check that does not affect your score, like the one I use to build your plan.

Revolving Credit. Credit you can use, pay down, and use again, like a credit card.

Installment Credit. Credit paid off in fixed payments over time, like a car loan or a mortgage.

Tradeline. Any account listed on your credit report, like a card or loan.

Age of Credit. How long your accounts have been open, including your oldest and your average.

Automated Underwriting (AUS). Software that reviews your full credit report and financial details to help decide loan approval.

Authorized User. Someone added to another person's credit account, without being fully responsible for the debt.

Secured Credit Card. A card backed by your own deposit, often used to build or rebuild credit.

Collection Account. An unpaid debt that has been sent to a collection agency, which reports to your credit file.