Credit Therapy
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APPROVAL ENGINEERING REPORT

John Doe

Approval Engineering Program

CLIENT GOAL

MORTGAGE APPROVAL

TARGET LOAN TYPE: FHA Loan (primary path) | Conventional at 700+

TARGET APPROVAL DATE: January 2027

SECTION 1 — CURRENT CREDIT PROFILE SNAPSHOT

TRANSUNION	EXPERIAN	EQUIFAX	FHA TARGET
568	602	585	580+
VantageScore 3.0	VantageScore 3.0	VantageScore 3.0	620+ for best terms

Auto Loan (Active)	30-day late — $22,000 balance	**Collections Active**	3 open collections ($4,500+ total)
Payment History	Multiple 30-day lates past 12 months	**Revolving Utilization**	~89% — near maxed
Charge-off	$10,400 open charge-off	**Hard Inquiries (12 mo.)**	1 — acceptable ✓
Public Records	None ✓	**Mortgage History**	None reported — first-time buyer

SECTION 2 — CURRENT STATE VS. TARGET STATE (FHA MORTGAGE)

CREDIT FACTOR	CURRENT STATE	TARGET STATE	IMPACT
Credit Score	568–602 (Subprime)	FHA: 580+ (3.5% down); 620+ for best terms	HIGH
Active Late Payments	Auto loan 30-days late NOW	Zero 30-day lates in past 12 months required	HIGH
Collections	3 open — $4,500+ total	Zero active collections before closing	HIGH
Payment History	Multiple 30-day lates past 12 months	95%+ on-time rate for 12 consecutive months	HIGH
Charge-off	$10,400 open charge-off	Resolved or aged out — major FHA red flag	HIGH

Revolving Utilization	~89% — near maxed	Below 30% per card and overall	HIGH
Debt-to-Income Ratio	Unknown without income — auto + cards = significant DTI	Below 43% (max 50% for FHA)	MED
Public Records	None	None required — already clear ✓	N/A

SECTION 3 — PRIORITY ACTION PLAN & CHECKLIST

■ FHA REQUIREMENT: FHA lenders require zero 30-day late payments in the past 12 months. John's active auto loan delinquency is a hard stop for any mortgage application. This must be resolved before anything else in this program.

PRIORITY 1 — IMMEDIATE ACTIONS (Days 1–30)

1 Pull FHA Mortgage Score Immediately and Begin 12-Month Clean History Clock

The qualifying score window for FHA is 580+. John's qualifying scores sit just below that threshold at 568–585. Every month of clean payment history moves these scores upward. The FHA clock starts the moment all accounts are current — which is why bringing the auto loan current today is the single most impactful action.

Timeline: Immediately — the 12-month clock starts now **Score Impact:** FHA eligibility unlocked at 580+ with zero lates

2 Send Debt Validation Letters to All 3 Collection Agencies — Dual-Track Strategy

Send debt validation letters to all 3 collectors via certified mail AND dispute simultaneously with all three bureaus. The right strategy here is the dual-track approach — forcing both the collector and the bureaus to verify independently. FHA will require that collections either be paid, in a payment plan, or removed before closing. Starting now gives maximum time for resolution.

Timeline: Days 1–14 — certified mail to all collectors simultaneously with bureau disputes **Score Impact:** +20–60 pts per collection removed

3 Dispute RNT/Collections ($4,252 / TenantBase) — Unverifiable Rent Collection Strategy

Rent collections are among the most frequently unverifiable — property management companies often cannot produce complete lease documentation, move-out records, and itemized charges. Dispute with all three bureaus and the original landlord simultaneously. Request original lease, move-out inspection records, and itemized charge breakdown. Missing documentation = removal.

Timeline: Days 1–14 — triple bureau + data furnisher dispute **Score Impact:** +30–60 pts upon removal — most impactful single collection

4 Pay Down Credit Cards to Below 30% — Rapid Utilization Reduction

At ~89% utilization, John's revolving accounts are severely suppressing his score. FHA lenders want to see utilization below 30%. Paying both cards down to 30% could yield 30–60 points within one reporting cycle. This is one of the fastest paths to crossing the 580 FHA threshold.

Timeline: Days 1–21 — pay down before next reporting cycle **Score Impact:** +30–60 pts upon next reporting cycle

5 Determine and Document Monthly Gross Income

FHA requires DTI (Debt-to-Income) below 43–50%. John's current monthly obligations (auto loan + credit cards + proposed mortgage payment) must stay within that threshold. Document current gross monthly income now. If DTI is above target, identify which debts can be paid off before the mortgage application to bring it down.

Timeline: Days 1–30 — calculate and document **Score Impact:** Critical for FHA approval — DTI must be confirmed before applying

PRIORITY 2 — SHORT-TERM ACTIONS (Days 31–90)

6 Follow Up on All Dispute Investigations and Escalate Unresolved Items

At Day 35, follow up on all open bureau disputes. If any bureau verifies an item John believes is inaccurate, escalate to a direct data furnisher dispute with the original creditor simultaneously. Keep records of all dispute submissions, dates, and responses.

Timeline: Days 31–60 — follow up at 35-day mark **Score Impact:** Ongoing — keeps dispute momentum building

7 Negotiate Pay-for-Delete on Smaller Collections After Validation

Target the two smaller collections for pay-for-delete negotiation after validation responses arrive. Offer full payment in exchange for complete deletion from all bureaus in writing before making any payment. Removing 2 of the 3 collections significantly strengthens the FHA application profile.

Timeline: Days 31–60 — after validation responses **Score Impact:** +20–50 pts per collection removed

8 Address the FCA Collection ($4,547 — Torrens or Substitute)

Large collections in the $4,000+ range are particularly damaging for FHA because lenders view them as unresolved debt obligations. Attempt pay-for-delete or settlement. If the collection cannot be deleted, FHA may require it to be paid in full or put on a payment plan before closing. Address this proactively rather than waiting for the lender to flag it.

Timeline: Days 31–75 — negotiate after validation response **Score Impact:** +30–60 pts if resolved — required for FHA closing

9 Send General General General Goodwill Letters to Auto Lender for Late Removal

Once the auto loan is current and 5–6 consecutive on-time payments are established, send a goodwill letter to the lender requesting removal of the 30-day late marks. Cite that the lates were isolated financial hardship and that the account is now and will remain current. Goodwill removal is not guaranteed but is effective for first-time isolated lates.

Timeline: Days 60–90 — after 5+ consecutive on-time payments **Score Impact:** +20–40 pts if lates removed from payment history

10 Keep All Accounts at Zero New Late Payments — Set Up Autopay Everywhere

FHA requires zero 30-day lates in the past 12 months. John is starting that 12-month clock now. One additional late payment resets it entirely. Set up autopay on every account immediately.

Timeline: Set up immediately — zero exceptions **Score Impact:** Non-negotiable — resets entire FHA eligibility clock if missed

PRIORITY 3 — MEDIUM-TERM ACTIONS (Days 91–180+)

11 Add an Authorized User to a Seasoned Account with Low Utilization

Being added as an authorized user on a family member's card that is 3+ years old, has a $5,000+ limit, zero late payments, and under 20% utilization can add 20–50 points within 30–60 days. This bridges the gap while disputes and paydowns work through the system and helps cross the critical 620 threshold for best FHA terms.

Timeline: Days 91–120 — identify qualified primary account holder **Score Impact:** +20–50 pts depending on account age and limit

12 Do NOT Apply for Any New Business Cards or Personal Credit During the Mortgage Program

New credit applications create hard inquiries and lower average account age — both negative for mortgage underwriting. FHA and conventional lenders flag recent new accounts as risk signals. Keep the credit profile completely static during the 12-month mortgage preparation window. No new cards, no new loans.

Timeline: Ongoing — maintain throughout entire mortgage program **Score Impact:** Prevents underwriting red flags that trigger manual review

13 Begin FHA Pre-Qualification at Month 6 — Soft Pull Only

At the 6-month mark, if all collections are resolved, the auto loan has 6 months of clean history, and scores are approaching 580–620, do a soft-pull FHA pre-qualification with a mortgage broker. This gives a realistic picture of approval odds, identifies remaining gaps, and gives time to address them before the formal hard-inquiry application.

Timeline: Days 150–180 — soft-pull pre-qualification only **Score Impact:** No score impact — critical progress check before formal application

SECTION 4 — DISPUTE STRATEGY

ITEM	BUREAU(S)	BALANCE	BASIS	METHOD	PRIORITY
Collection #1 — Rent/TenantBase	**All 3**	**~$4,252**	Unverifiable rent collection; request lease, move-out docs, itemized charges	Bureau + Data Furnisher	**HIGH**
Collection #2 — Smaller Balance	**TU + EX**	**~$1,400**	Unverifiable — bulk debt buyer; request full chain of ownership docs	Bureau + Data Furnisher	**HIGH**
Collection #3 — Smaller Balance	**EX + EQ**	**~$900**	Unverifiable; verify DOFD for 7-year removal clock	Bureau + Data Furnisher	**MEDIUM**
Charge-off Account	**All 3**	**$10,400**	Secondary purchaser may not be able to verify; verify DOFD proximity to 7 yrs	Bureau + Data Furnisher	**MEDIUM**
30-Day Late — Auto Loan	**All 3**	**N/A**	Goodwill letter only after 6 months clean — do NOT dispute accurate lates	Goodwill Letter Only	**LOW**

■■ LEGAL NOTE: Only inaccurate, unverifiable, outdated, or unlawfully reported items may legally be removed from a credit report. Accurate, verified items cannot be removed. Disputes are one tool within the Approval Engineering Program — not the entire solution. Each bureau has 30–45 days to investigate per the FCRA. Full resolution may require 2–3 rounds.

SECTION 5 — STRATEGIC CREDIT BUILDING

01 Authorized User Strategy — Fastest Bridge to 620+

Being added as an authorized user on a family member's card (3+ years old, $5,000+ limit, zero lates, under 20% utilization) can add 20–50 points within 30–60 days. John does not need to use the card — just being added reports the positive history to his file. This is the fastest bridge to FHA's 580–620 threshold.

02 Credit Mix — Add an Installment Account if Thin

If John does not have enough active installment accounts (auto loan is one), a Self Credit Builder Account adds a clean installment tradeline with no credit check, improves credit mix, and builds positive payment history simultaneously — all factors FHA underwriters review.

03 Down Payment Strategy — 3.5% to 10%

FHA requires minimum 3.5% down at 580+ score, or 10% down at 500–579. On a $250,000 home, that is $8,750 or $25,000. Build a dedicated savings fund during the program. A larger down payment (5–10%) also strengthens the application and may unlock better interest rates.

04 Do NOT Apply for New Credit During This Program

No new credit cards, no new loans, no co-signing for anyone during the 12-month mortgage preparation window. New accounts lower average account age and create hard inquiries — both of which mortgage underwriters flag. Keep the profile completely stable.

FHA vs Conventional Loan Targets:

LOAN TYPE	MIN SCORE	DOWN PAYMENT	MAX DTI	NOTES
FHA Loan	580 (3.5% down)	3.5%	50%	Best path for John — most flexible on past credit issues
FHA (lower credit)	500–579 (10% down)	10%	50%	Possible but requires larger down payment
Conventional	620 minimum	3–5%	45%	Better rates; target at 680+ for best terms
VA Loan (if eligible)	580–620 (lender)	0%	No max	Best option if John is a veteran or active duty military

SECTION 6 — APPROVAL ENGINEERING TIMELINE

PHASE	TIMEFRAME	KEY ACTIONS & MILESTONES	PROJECTED SCORE
Phase 1 Foundation	Days 1–30	Auto loan current · Cards paid to 30% · All 3 debt validation letters sent · Bureau disputes filed · 12-month clean history clock starts	**590–620 +20–50 pts**
Phase 2 Dispute + Build	Days 31–90	Pay-for-delete on 2 smaller collections · Large collection negotiated · Goodwill letter to auto lender · AU strategy implemented	**620–640 +30–50 pts**
Phase 3 Final Push + Pre-Qual	Days 91–180+	6 months clean history established · Soft-pull FHA pre-qualification · Final gaps identified · Formal application preparation	**640–680+ +20–40 pts**
TARGET	**January 2027**	**FHA Mortgage — 3.5% down · 12 months clean payment history confirmed · Zero open collections**	**640–680+ FHA Eligible ✓**

SECTION 7 — WHAT SUCCESS LOOKS LIKE

When John's Credit Engineering Program is complete, his profile will show: a credit score of **640–680+**, **zero open collections**, his auto loan **fully current with 12 months of on-time payments**, revolving utilization **below 30%**, and **zero derogatory marks in the past 12 months**.

At that point, John will qualify for an **FHA mortgage with a 3.5% down payment**, competitive interest rates, and the ability to purchase his own home. With continued progress beyond 180 days, a **conventional loan** at 680+ becomes the target.

This is John's approval blueprint — every step exists to get him home. Heal. Restore. Achieve.

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