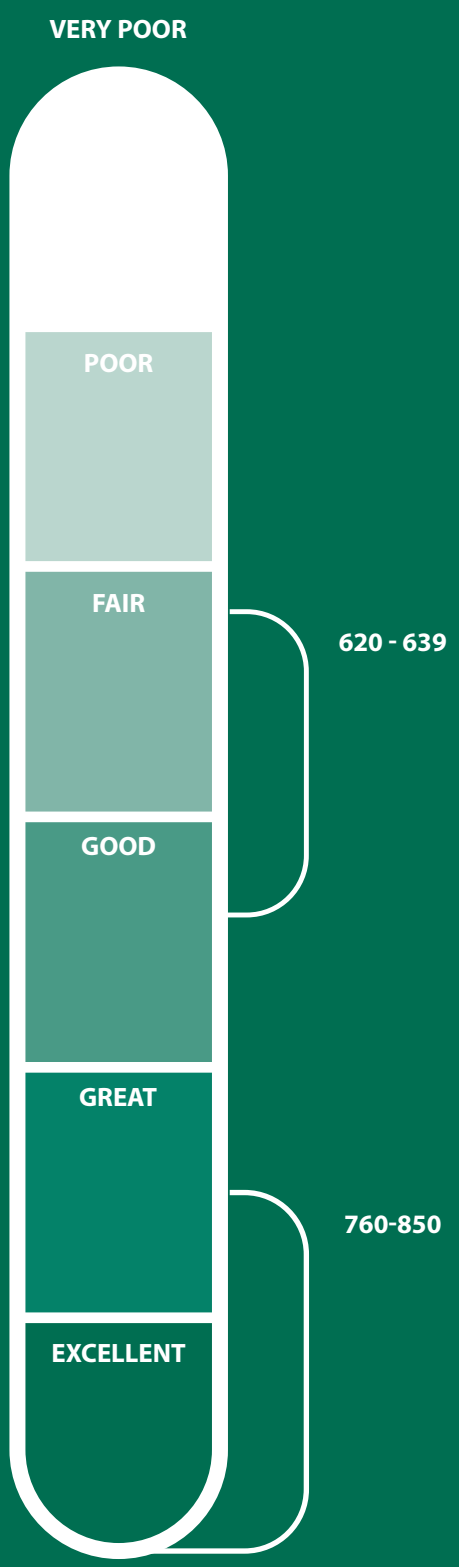

HOW MUCH A GOOD CREDIT SCORE CAN SAVE YOU ON A MORTGAGE.

One of the first steps in the house buying process should be working on increasing your credit score. Yes, we know. This is not as exciting as browsing potential dream homes online. However, hear us out. If you have the best credit score possible, you'll save loads of cash on your mortgage. The higher your score, the lower the interest rate on your loan.

Let's first review some ways to increase your credit score:

✓ **PAY YOUR BILLS ON TIME, EVERY TIME.**
Punctual bill paying is critical, as it makes up 40 percent (the largest portion) of the factors that impact your credit score.

✓ **KEEP UTILIZATION LOW.**
Make sure you don't use too much of your credit at one time. Your credit utilization ratio (23 percent of your score) should be below 30 percent at all times. That means if you have a credit card with a $15,000 limit, you never want more than $4,500 charged on it.

✓ **FOCUS ON YOUR HISTORY.**
Credit history (21 percent of your score) can help improve your score, so keep credit cards open as long as they don't have an annual fee.

Now, that you have some tips in mind, here's some hard numbers to spur you into action:

As CNBC reports, if your credit score is on the lower end — anywhere from 620 to 639 — the monthly payment on a 30-year fixed mortgage for a $266,000 home would be $1,459. You'd also end up paying $259,119 in total interest over the course of the loan. However, if you boost your score to the higher end — from 760 to 850 — your monthly payments would be just $1,209 and you'd pay $169,315 in total interest. The difference in interest paid is a whopping $89,804. It's time to get going on that credit score.