

## **Credit & FICO Score**

You have three FICO scores; one from each of the three major credit bureaus— Equifax, Experian, and Transunion. Each bureau has its own credit report and score for you based on your credit history. The scores offered by these credit reporting agencies is based on the information found on your credit report.

## **Credit Repair Services?**

Some credit repair services claim to be able to boost your credit instantly, but most legitimate credit repair services give you a checklist and pointers similar to what any loan officer will tell you. It is still up to you to stay on top of your finances to maintain or improve your credit score.

## **10 Credit Tips**

Below are some tips to help you establish and/or maintain good credit based on what the credit companies are looking at when they put together a credit report.

### **1. Monitor Your Credit**

Know where your credit stands. It's not unusual for there to be mistakes on a person's credit report. Even if you believe your report doesn't have any problems, it's a good idea to check it regularly. Checking your credit reports from each of the three main credit reporting agencies is easy. Under the Fair Credit Reporting Act, you have the right to obtain a free copy of all three credit reports once each year. It is a good idea to get a report from each bureau and not through a 3rd party as usually 3rd party reports are less reliable, outdated, using a specific algorithm, or a combination of all of the bureau's reports.

### **2. Dispute Mistakes on your Credit Report**

It is always a good idea to dispute mistakes on your credit report as soon as they pop up. (For more information on the dispute process see our flyer about the dispute process.)

### **3. Use Your Rent to Build Credit**

Some rental/property management companies report on time and late rent payments. You can opt in to have this data sent to the credit bureaus through [www.rentplus.com](http://www.rentplus.com). This can help establish credit and add a positive payment to your credit report in place of mortgage payments if you don't own real estate.

### **4. Pay Bills on Time**

Paying your bills on time gives you a good credit history. On time payments of mortgages, car payments, credit cards, personal loans, ect will have a positive impact on your credit. Some bills that you pay on time (like utilities and similar services) won't show up as positives on your credit report but if you are late on paying, they will put a negative on your credit report. This usually happens when your account is sent to "Collections". Late payments can have a very negative impact on your credit.

Keeping on top of payments and avoiding delinquency is the only way to stop a past due payment from affecting your credit score. Even closing an account won't make your overdue payments disappear as the credit reporting companies keep this information on your credit report.

## **5. Secured Credit Cards**

Secured credit cards are a great way to build credit. If you don't have good enough credit to obtain a credit card, you can get a secured credit card (usually through your bank). You can put monthly expenses like gas and food on this card and pay it off in full every month. Some experts consider this to be the best and fastest way to establish credit, especially if your credit history isn't very extensive.

## **6. Keep Your Credit Balances Low & Reduce Debt**

If you carry a large amount of debt in relationship to your available credit, your score can suffer. The general rule is to not exceed 30% of your available credit. (So, if your total credit available is \$10,000 and you're currently using \$8,000 of it, paying down those balances to \$3,000 or less can increase your score.)

## **7. Increase Your Credit Limits**

If staying at a 30% credit utilization ratio mark is difficult for you, there is always the possibility of having your credit limit increased. If you have a good payment history and have improved your credit since opening the account, most creditors will consider increasing your maximum. This quickly improves your credit utilization and can raise your score.

## **8. Get Added as an Authorized User**

Getting added as an authorized user on the account of a friend or family member with a solid credit history can help raise your credit score. While you don't actually need to use the other person's credit or account, their positive credit and payment history are added to your credit reports and make you look better by default.

## **9. Limit Credit Applications or "Hard Credit Pulls"**

Multiple hard inquiries on your credit may look like you are overextending yourself financially and appear desperate. This will lower your score. Limit applying for credit as much as you can and especially avoid any hard inquiries on your credit when possible.

## **10. Credit Age**

Creditors like to see a proven record of borrowing, utilizing and repaying credit. If you're new to credit and borrowing, there isn't a whole lot of data to go on. Since your FICO score takes into account the "age" of your credit, the longer you have a history of paying accounts on time, the more positive effect it will have on your credit. Sometimes you need to take this into account and simply be patient and wait for your score to increase after taking care of what you can now.