

## Improving Your Credit

There are many factors that affect your FICO® credit score. The law is specific about what may and may not be considered in a credit score. The factors that make up your FICO® credit score are:

- Payment History
- Amounts Owed
- Length of Credit History
- New Credit
- Types of credit used

The most common credit score is the FICO® score. This score ranges from 300-850. The higher scores indicate a low risk that the borrower will not pay the loan back and a lower score indicates a higher risk. Here are a few tips to help you improve your credit score:

- Pay your bills on time. This is the most important thing you can do to maintain and/or improve your credit score.
- Pay down credit card bills. It's best to pay off the entire balance every month. If this isn't possible, keeping your balances less than 30% of your credit limit is optimal.
- Apply for new credit with caution. The more you apply for new credit, the more debt you appear to be taking on. Also, don't open new credit card accounts before applying for a mortgage. Having too much available credit can lower your score.
- Don't charge your credit cards to the maximum limit. The closer you charge to your credit limits, the lower your score will be.
- Shop for mortgage rates all at once. If you focus your mortgage shopping during a specific period of time, multiple inquiries from the same type of lender may be counted as one inquiry. So you avoid having your score lowered by having too many credit applications.
- Keep a close eye on your credit report. It is recommended to request and check your own credit report and this won't affect your score as long as you order your credit report directly from the credit reporting agency. Go to [www.AnualCreditReport.com](http://www.AnualCreditReport.com). Check for and correct any errors in your credit report by working with a professional lender.
- If you've had difficulties with your credit, you should work with a professional lender or credit expert to help guide you in what is needed to improve your score so that in the future you can successfully obtain a mortgage.
- Having a limited credit history can have a negative effect on your score. If you don't have any and/or a limited credit history, consider opening an account and use it responsibly.

