THE BASICS | BUYER

HOW TO

Improve Your Credit

Credit scores play a big role in determining whether you’ll qualify for a loan and what your loan terms will be. So, keep your credit score high by doing the following:

**Check for errors in your credit report.**   
Thanks to an act of Congress, you can download one free credit report each year at annualcreditreport.com. If you find any errors, correct them immediately.

**Pay down credit card bills.**   
If possible, pay off the entire balance every month. Transferring credit card debt from one card to another could lower your score.

**Don’t charge your credit cards to the max.**   
Pay down as much as you can every month.

**Wait 12 months after credit difficulties to apply for a mortgage.**   
You’re penalized less severely for problems after a year.

**Don’t order items for your new home on credit.**   
Wait until after your home loan is approved to charge appliances and furniture, as that will add to your debt.

**Don’t open new credit card accounts.**   
If you’re applying for a mortgage, having too much available credit can lower your score.

**Shop for mortgage rates all at once.**   
Having too many credit applications can lower your score. However, multiple inquiries about your credit score from the same type of lender are counted as one if submitted over a short period of time.

**Avoid finance companies.**   
Even if you pay off their loan on time, the interest is high and it may be considered a sign of poor credit management.