



Five Tips for Repairing Your Credit

Before you make any big financial life changes, it is a good idea to have your credit report in order. Your credit score can affect everything from the interest rate you get on a home loan or an auto loan to whether or not you are hired for a job. If find your current credit score lacking in points, now is the time to put the following five credit tips into action to improve your financial success. Plus consistently living by these tips will help you develop better credit responsibility and habits.

1. Know Your Credit Report

First things first – do you even know what your credit report looks like? Do you know what your credit score is right now? A majority of Americans don't. You can get a free copy of your credit report once a year from each of the three major credit reporting bureaus- Equifax, Experian, and TransUnion. (You will have to pay a small fee for the actual credit score.) Taking advantage of this free report yearly is a smart idea that will help you to monitor your credit and be aware of the contents. You have to know what your score is before you can decide how to fix it.

Your credit score will be a three-digit number between 300 and 800. Anything over 700 is considered excellent credit. Anything below 620 is considered poor credit. The better your score, the better rates you'll get on loans and you'll be more likely to be accepted for jobs and apartments.

2. Correct Any Errors

Once you have a copy of your credit report, examine it for errors. If there is a legitimate mistake, correcting it with the credit agencies can improve your score by roughly 30 points or more. Look for things like payments reported as being paid later than they were. If you find an error, you can either write or email the reporting bureau requesting a correction.

3. Reduce Your Debts

A big part of your credit score is determined by your debt-to-available credit ratio. A good rule of thumb is to keep your debts to 30 percent or less of your available credit lines. Do this by paying down your cards with the highest balances first, or if you have to switch some of the balance from one card to less used one. Do not, however, open more credit accounts to spread out the debt balances. That will imply to the bureaus that you are so irresponsible with credit you already have that you need more. This may lower your score.

4. Pay All Your Bills on Time

The biggest portion of your credit score is in fact your history of timely (or untimely) payments. Resolve today to pay ALL of your bills on time. If you need to create some sort of reminder system for yourself, do it! Automatic bill paying by internet is a helpful function as well.

5. Give It Time

Finally, while this is not a very proactive step, it is important. It can often take six months or



more to see real improvement in your credit score, so be patient. Be sure to give yourself at least that much time to repair your credit if need be, before you apply for that car loan or home mortgage.

