

## 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](http://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.