

## 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.

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