

8 Ways to Improve Your Credit

Credit scores, along with your overall income and debt, are a big factor in determining if you'll qualify for a loan and what loan terms you'll be able to qualify for.

1. **Check for and correct errors in your credit report.** Mistakes happen, and you could be paying for someone else's poor financial management.
2. **Pay down credit card bills.** If possible, pay off the entire balance every month. However, transferring credit card debt from one card to another could lower your score.
3. **Don't charge your credit cards to the maximum limit.**
4. **Wait 12 months after credit difficulties to apply for a mortgage.** You're penalized less for problems after a year.
5. **Don't purchase big-ticket items for your new home on credit cards until after the loan is approved.** The amounts will add to your debt.
6. **Don't open new credit card accounts before applying for a mortgage.** Having too much available credit can lower your score.
7. **Shop for mortgage rates all at once.** Too many credit applications can lower your score, but multiple inquiries from the same type of lender are counted as one inquiry if submitted over a short period of time.
8. **Avoid finance companies.** Even if you pay the loan on time, the interest is high and it will probably be considered a sign of poor credit management.

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