HOW TO KEEP OR INCREASE YOUR FICO SCORE Mini Course

(Session 2)

6-Keep balances low on credit cards and other "revolving credit". (Owe less than 50% of credit limit)

High outstanding debt can affect a credit score. Pay off debt rather than moving it around. The most effective way to improve your credit score in this area is by paying down your revolving (Credit cards) debt. In fact, owing the same amount but having fewer open accounts may lower your score.

7-Don't close unused credit cards as a short-term strategy to raise your score.

8-Don't open a number of new credit cards that you don't need, just to increase your available credit.

This approach could backfire and actually lower your credit score. Apply for and open new credit accounts only as needed. Don't open accounts just to have a better credit mix – it probably won't raise your credit score. Have credit cards – but manage them responsibly. In general, having credit cards and installment loans (and paying timely payments) will rebuild your credit score. Someone with no credit cards, for example, tends to be higher risk than someone who has managed credit cards responsibly.

9-If you have been managing credit for a short time; don't open a lot of new accounts too rapidly.

New accounts will lower your average account age, which will have a larger effect on your score if you don't have a lot of other credit information. Also, rapid account buildup can look risky if you are a new credit user.

10-Do your loan shopping quickly. Since your credit score gets pulled when you shop for a loan, submit

Applications to potential lenders within a two-week period. Having lots of credit inquiries can decrease your score. But the system won’t treat a cluster of credit inquires (for a car or home loan, for example) within a short time period unfavorably.