HOW TO KEEP OR INCREASE YOUR FICO SCORE Mini Course

(Session 1)

1. Get a credit card if you don't have one

Don't fall for the myth that you have to carry a balance to have good scores. You don't, and you shouldn't. But having and using a credit card or two can really build your scores. If you can't qualify for a regular credit card, consider a secured credit card, where the issuing bank gives you a credit line equal to the deposit you make. Look for a card that reports to all three credit bureaus.

2. Add an installment loan to the mix

You'll get the fastest improvement in your scores if you show you're responsible with both major kinds of credit: revolving (credit cards) and installment (personal loans, auto, mortgages and student loans).

3. Pay down your credit cards

Paying off your installment loans (mortgage, auto, student, etc.) can help your scores but typically not as dramatically as paying down -- or paying off -- revolving accounts such as credit cards. Lenders like to see a big gap between the amount of credit you're using and your available credit limits. Getting your balances below 30% of the credit limit on each card can really help; getting balances below 10% is even better. Though most debt gurus recommend paying off the highest-rate card first, a better strategy here is to pay down the cards that are closest to their limits.

4. Use your cards lightly

Racking up big balances can hurt your scores, regardless of whether you pay your bills in full each month. What’s typically reported to the credit bureaus, and thus calculated into your scores, are the balances reported on your last statements. You often can increase your scores by limiting your charges to 30% or less of a card's limit; 10% is even better. If you're having trouble keeping track, you can set up email or text alerts with your credit card companies to let you know when you're approaching a limit you've set. If you regularly use more than half your limit on a card, consider using other cards to ease the load or try making a payment before the statement closing date to reduce the balance that's reported to the bureaus. Just be sure to make a second payment between the closing date and the due date, so you don't get reported as late.

5-Pay your bills on time.

Delinquent payments, even if only a few days late and collections can have a major negative impact on your FICO score. If you have missed payments, get current and stay current. The longer you pay your bills on time after being late, the more your FICO score should increase. This won't rebuild your credit score immediately, but if you can begin to manage your credit and pay on time, your score should increase over time. And seeking assistance from a credit counseling service will not hurt your FICO score. You can also Setup Payment Reminders by banks or others.