



BUILDING GOOD CREDIT TAKES TIME AND CONSISTENT FINANCIAL BEHAVIOR

1. Understand What Affects Your Credit Score

FICO and VantageScore are the two main credit scoring systems. They both consider similar factors:

- **Payment history (35%)** – Always pay on time.
- **Credit utilization (30%)** – Keep credit card balances below 30% of your limit.
- **Length of credit history (15%)** – The longer your accounts are open, the better.
- **New credit (10%)** – Avoid applying for too many credit lines at once.
- **Credit mix (10%)** – A variety of credit types (cards, loans) helps.

2. Open a Credit Card (Responsibly)

- **Starter options:** Consider a **secured credit card** or a **student credit card** if you're new to credit.
- **Use it monthly**, ideally for small purchases.
- **Pay in full** each month to avoid interest.

3. Make All Payments On Time

- Set up autopay or reminders to never miss a bill.
- This includes **credit cards, loans, utilities**, and even **rent** (if reported).

4. Keep Credit Utilization Low

- Example: If your credit limit is \$1,000, try to keep the balance below \$300.
- Ideally, pay off the card in full before the due date.

5. Don't Close Old Accounts

- Even if you're not using an old card, keep it open (unless it has a high annual fee).
- Older accounts boost your average credit history length.

6. Limit Hard Inquiries

- Every time you apply for credit, a hard inquiry can slightly lower your score.
- Try to **space out applications** for credit.

7. Monitor Your Credit

- Use **free credit reports** (via AnnualCreditReport.com) and **credit monitoring tools** (e.g., Credit Karma, Experian).
- Look for **errors or fraud** and dispute them if needed.

8. Consider a Credit Builder Loan

- Offered by some banks or credit unions.
- You “pay” into a locked account, and after the term, the funds are yours—and you’ve built credit along the way.

9. Become an Authorized User

- Ask a family member or trusted friend to add you to their credit card.
- You benefit from their positive credit history (without needing to use the card).