Ways to work and help credit

Your credit card balances are in a healthy range.

Using less than 30% of your credit limit is generally recommended, and never go over 50% of the limit!

What to know

1. Credit card use matters most for each individual card. Credit card points /rewards can pack a serious punch for bonuses and free items.
2. The average use across all your cards is important, too.
3. Try to stay under 30% (under 10% is even better!) ~ Never go over 50%, did I say never…yes!
4. You don't need to carry any credit card debt to build your credit.
5. Soft inquiries typically occur when a person or company checks your credit as part of a background check. This kind of inquiry won't affect your credit score.
6. Hard inquiries happen when a lender or credit card issuer looks at your credit to make a lending decision. This can lower your credit score.

How this gets calculated

- Banks usually share your info with credit bureaus on the same day each month.
- This isn't the same day you pay your bill.
- That means you could have paid your bill to $0, but a different number gets on your credit report.

You have a stellar payment history!

A 100% on-time payment history is a good sign for lenders that you can reliably make payments.

What to know

1. Try your best to avoid late payments all together, but know that late payments on a mortgage will have a bigger impact on your score than a late payment on a non-mortgage account.
2. A single 30 or 60 day missed payment is easier to recover from, but can hurt your score significantly.
3. A 90 day missed payment is more damaging and could disqualify you from certain loans.
4. After 90 days, missed payments can become charge-offs and be sent to a collection agency.

How this gets calculated

- This percentage follows a formula that includes all the possible payments you can make across all your reported accounts.
- For example: If you had **120 possible payments** in your credit history, but had **3 late payments** in that time, the calculation would be: **(120 - 3) / 120 = 97.5%**

Nice job keeping your hard inquiries low!

Hard inquiries from things like credit applications can stay on your report for up to 2 years, but their effects tend to fade over time.

What to know

1. Good news! It's a temporary ding and scores usually bounce back in 3 months.
2. Plan ahead and minimize your hard inquiries at least 9-12 months before trying to get a mortgage or big loan.

All good here!

Derogatory marks are good to avoid — they can stay on your report for 7-10 years.

If you have a collection

1. Since debt collectors need to have proof that their information is accurate, you should dispute a collection if anything's off or doesn't seem accurate.
2. Know your rights, debt collectors can't keep calling you.
3. See if it's worth negotiating your debt. If it's old, you might just wait for it to fall off.

If you have a public record

1. Public records like bankruptcies, civil judgments, and tax liens are harder to remove.
2. If any info is wrong, get documentation and court records to build your case.
3. Dispute with the credit bureaus to remove the public record.
4. Any outstanding judgments will have to be paid prior to purchasing a home.

There's a solid number of accounts on your report.

Lenders typically like to see that you've used a variety of accounts responsibly. The question isn't how many credit cards you should have, but rather how much of your total credit limit you're using. The goal is to keep your card balances below 30% of their combined limit. If you have just one credit card with a $1,000 limit, stay sub-$300, even when you pay in full and on time. It's a balancing act: You want enough credit to keep your utilization low, but you don't want so many cards that you'll lose track of them or be tempted to order shots for the whole bar. Request a limit increase on a current card or open a new card. Both could trigger hard credit checks (bad for credit scores) so take six months between asks.

What to know

1. Having different account types (like credit cards and loans) can help your credit.
2. Don't fret about an exact number or mix, since you'll build these over time. The important thing is that you're using accounts responsibly.
3. If a mortgage, student loan or auto loan falls off your report, your score could drop since you're losing a line of credit that's given you a lot of credit history.

Your credit history is starting to mature.

Lenders typically like to see that you have experience using credit responsibly. It's fine to close credit cards you no longer use, especially if there's an annual fee—*unless* it's your first. Credit scores factor in how long you've had credit, and closing your oldest account could send your scores down the ski slope with a slow chairlift back up.

What to know

1. If you're paring down your accounts, don't close your oldest credit card, it's what gives you a long credit history.
2. Sometimes credit cards will close an old account that never gets used. Use an old card now and then to prevent a potential score drop.
3. When an older account (like mortgage or student loan) falls off your report, your score could drop since you're losing the credit history that comes with that account.