

Improving Your Credit

Credit scores reflect a borrower's credit payment patterns over time with the most emphasis placed on recent information. Thus sometimes the only way to improve a credit score is to establish strong payment histories over a long period of time. However, there are some other strategies a potential borrower can employ that may have a positive effect on his/her score.¹ Pay down the balances on revolving accounts. Credit scores are more negatively effected by delinquencies on revolving than installment credit. In addition, high outstanding balances on revolving accounts can have a major impact on the score. By reducing the balance, but not closing the account, the borrower will improve their balance/high credit ratios and positively impact his/her score.

2. Pay past due accounts current.

3. Avoid credit surfing. Credit surfing is the practice of shifting revolving credit balances from one card to another, usually to take advantage of low introductory interest rates. The combination of inquiries and newly opened balances, especially since new balances will show on a credit report before old ones are reported as paid, can make a consumer appear to be looking for and opening an abundance of new credit.

4. Avoid finance company credit. New credit in the form of cash loans from a finance company will much more negatively effect a borrower's score than other installment or revolving debt. Borrowers should also avoid 90-day or 12 months same-as-cash finance company transactions in the months preceding their loan application.

5. Have erroneous information corrected or updated. Borrowers should pay particular attention to making sure that when having their credit histories updated they ensure that the credit reporting agency accurately notes the dates of last activity and/or delinquency, since recent information has the greatest impact on credit scoring.

Updating a Permanent Credit File

A consumer with problematic credit can and should obtain a copy of his/her credit history from each of the three national credit reporting repositories:

Equifax Credit Report Requests

P.O. Box 740241, Atlanta, GA 30374 Tel: 1-800-685-1111

Experian (Formerly TRW)

P.O. Box 2104, Allen, Texas 75013-2104 Tel: 1-800-392-1122

Transunion Credit Report Requests

P.O. Box 390, Springfield, PA 19064-0390 Tel: 1-800-888-4213

If incorrect information is reported, or if other information (such as paid accounts showing as open) needs updated, the consumer should contact all three of the repositories to ensure that corrections are made in all three systems. Typically it takes 30 days for the national repositories to investigate and update a credit file when requested to do so by a consumer.