

Your Credit



People start their financial lives with the best of intentions. As life goes on most of us find unexpected bumps in the road — a car repair, a new roof, an unexpected injury, or the loss of a job to name a few. In spite of what happens you must never forget that your credit rating is what makes many things in life possible. As hard as it may seem, you must retain good credit standing. Your credit vouches for your good name and will be checked in the following cases:

- Purchasing a car, boat or large item
- When renting a house
- Buying a house
- Applying for a credit card
- Securing a job
- Obtaining financing to open a business

Do not underestimate the value of good credit. The unfortunate reality is that the people with the best credit pay the least interest on loans and credit cards, and have much greater borrowing power.

IMPROVE YOUR CREDIT

The best time to establish good credit is when you have no credit. Before you sign up for your first credit card or loan, make a promise to yourself that will do the following:

- If you have no established credit history, open a low cost checking or saving account and make regular deposits. Use credit cards carefully and pay them off each month.
- Keep a minimal number of credit cards.
- Keep credit card balances low, under 50 percent of your credit limit per card.
- Do not apply for a new credit card because you are at the maximum limit on the old one(s).
- Pay your bills on time.
- Make at least the minimum required payment and pay down the balance when you can.
- Know your debt to income ratio and keep it to 20 percent or less of your take home pay.

If you have a credit score that you wish to improve, it may take some time, but rest assured that it will go up if you do the following:

- Have a budget and stick to it.

- Reduce or eliminate unnecessary installment payments like cable and new cars that may keep you from living off of your take home pay.
- Make minimum payments on time.
- Understand that bankruptcy and foreclosure will stay on your credit record for up to seven to ten years.
- Get help from one of MSHDA's reputable, free, [credit counselors](#).
- Fix errors on your credit report.

For a free look at your credit score go to www.annualcreditreport.com

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