

# Your Family Finances

## How To Rebuild Your Credit

### Following A Few Essential Steps Can Help Raise Your Scores

(NAPSA)—In this economy, you want your credit scores to be as high as possible. Credit is still freely available to those with good scores—generally FICO scores of 720 or above—but those with marks on their credit reports are finding it harder and more expensive to land everything from mortgages to credit cards. Liz Pulliam Weston, MSN Money personal finance editor and award-winning author of the book “Your Credit



Liz Pulliam  
Weston

Score,” offers the following advice to help polish your financial profile:

- **Pay your bills on time.** Your payment history constitutes 35 percent of your credit score. A single skipped payment can knock 100 points off your FICO scores, which are most used by lenders. Consider automatic payments and e-mail alerts to make sure bills don't slip through the cracks.

- **Pay down your debts.** This is often the fastest way to improve your scores. What's most important is keeping your credit card balances low relative to your credit limits. Try to use no more than 30 percent of your credit limits; 10 percent or less is even better. Paying off your installment loans (mortgage, auto, student, etc.) can help your score, but typically not as dramatically as paying down—or paying off—

revolving accounts like credit cards.

- **Beware of opening or closing accounts.** A credit inquiry can deduct five points from your credit score (but don't worry about the multiple checks made when you're shopping for a mortgage—they will count as only one). So beware of opening numerous accounts. But once you've opened them, don't cancel multiple credit cards. That can suddenly lower your available credit and can hurt your credit score. Keep old accounts paid off but open to ensure a long credit history.

- **Dispute any serious credit report errors.** Dispute any accounts that aren't yours or negative information that should have been deleted. Most negatives, such as late payments or charge-offs, should be dropped after seven years. Bankruptcies can stay on for up to 10 years; unpaid tax liens may be reported indefinitely.

- **Get some goodwill.** If you've been a good customer, a lender might agree to simply erase that one late payment from your credit history. You usually have to make the request in writing, and your chances for a “goodwill adjustment” improve the better your record with the company (and the better your credit in general). But it can't hurt to ask.

For more helpful financial tips and tricks from Liz Pulliam Weston, visit [www.money.msn.com](http://www.money.msn.com).