

# Improving Your Credit Score

If you're planning to apply for credit or a loan, or hoping to improve your overall credit rating, consider the following steps. Credit scorers won't reveal exactly what goes into their formulas, but say these actions can generally boost a credit score.

- **Pay all your bills on time.** Late payments and delinquencies can lower your score; liens, collections and bankruptcies are particularly devastating.

- **Keep balances low.** Running up your credit cards to the maximum is a sure way of hurting your score.

- **Apply for credit sparingly.** Each new credit card, loan and credit application affects your score, and lenders are wary of people who have lots of open credit lines. How much credit you have available to you is factored into your score, whether you use the credit or not.

- **Close accounts carefully.** Abruptly shutting down lines of credit can also hurt your score, especially if you carry a balance on any card. The score measures the difference between your open credit lines and the amount you use, and a sudden decrease in credit lines can make your debt loom larger. Consider paying down your balance while closing unused lines, and do so well in advance of applying for a major loan, such as a mortgage.

- **Keep your oldest credit lines.** The length of your credit history counts, so consider hanging on to the credit card you got in college even if you close other accounts.

- **Time is your friend.** The importance of bankruptcies and other black marks on your credit fades over time, as long as you establish a more recent pattern of on-time payments.

For more information on improving your score, see Robin Leonard's "Money Troubles: Legal Strategies to Cope With Your Debts" (Nolo.com, \$24.95).

—LIZ PULLIAM WESTON