



FIX AND BUILD YOUR CREDIT

What is credit?

Credit is the ability to borrow money or access loans with the understanding that you will repay it.

Your credit is like your reputation. It affects every aspect of your life even for young adults.

Keeping up with your credit score!

Great ways to improve your credit score:

- Familiarize yourself with the credit scoring spectrum
- Understand which bills do and do not affect your credit score.
- Stay within 20-30% of your credit card limit.
- Pay your bills on time, especially credit cards, and installment loans (like a mortgage, car note, or house, other loan payments).

Ways to damage credit

- Having too many “hard pulls” on your credit. Hard pulls are credit checks from potential lenders (like banks or car dealerships.)
- Making payments late or not at all.
- Maxing out credit cards (being risky and irresponsible).
- Not making regular payments on a loan that was co-signed can hurt your credit and your co-signor’s credit.
- Placing bills in the names of family members or minors can hurt their credit scores if those bills are not paid on time, affecting their credit scores and financial reputation for years to come.

What doesn't affect your credit?

- Paying with a debit card
- Requesting your own credit report. (This is considered a soft pull.)
- Having a credit card or loan with a high interest rate (but keeping your interest rates low is a great idea!)

What has potential to affect your credit?

- A drop in salary or income
- Getting married or divorced
- Having a credit application denied
- Rent or utility payments (if reporting is requested, or if you become delinquent and your debt is sold to a third party.)

How to repair credit?

- Pay bills on time.
- Create and follow a plan to pay down and get rid debt.
- Pay your credit cards off in full each month, if possible. Be sure to at least make the minimum monthly payment. Missed payments can stay on your report for 7 years!
- Be patient (it can take months or even years to repair credit.)

Credit score range

300-619 - Bad
620-689 - Fair
690-719 - Good
720-850 - Excellent



How to check your credit



Check your credit report every year to learn what impacts your credit, and the information on your report. You'd be surprised how many people find out about accounts- or past due payments- they didn't even know they had!

You can check all three reports (Equifax, Experian, and TransUnion) for free each year by visiting www.annualcreditreport.com. If you want to keep track of your credit all year, you can request a report from one bureau every 4 months.

Importance of credit

Remember, your credit score is like your reputation, it can be a big factor in determining whether or not you are able to...



- Get a job, loan, housing, or insurance.
- Access better loan terms or interest rates
- Qualify - and get approved for- for large purchases and installment loans (like a house or a car)
- Be approved to lease a particular property or apartment
- Obtain capital to fund your business or other projects.

Who can help?

Fortunately, there are a lot of organizations that can help you build and repair your credit. Check out our list of suggestions below.

- Fort Wayne Urban League
- Money Management International (MMI)
- Consumer Credit Counseling Service (CCCS) of Northeastern Indiana
- Local Banks and Credit Unions
- Websites like MyMoney.gov and the Federal Trade Commission (FTC) provide free resources, guides, and tips on managing credit and improving your credit score.

Set Reminders!

Don't forget to schedule a regular time to check on your credit score. Monitoring your credit is essential for your financial well-being. It helps you stay informed about your financial health and ensures that your credit report is accurate, which can be crucial when applying for loans or credit cards.

Setting reminders is an excellent way to establish a new positive habit.



This guide was created by the City's Department of Neighborhoods and AMP Lab students in partnership with WesBanco. For more information visit our website or scan the QR Code.