

# A Path to Good Credit

Good credit can help you build a more financially stable life. Lenders, landlords and many employers use your credit history to judge your overall reliability. With good credit, you could qualify for lower interest rates, better loan terms, quality rental housing or even certain job opportunities.



Your creditworthiness is based on your credit report and credit score (such as a FICO® Score). Your credit report tracks how you use credit over time and your score summarizes that history into a single number.

## The most important factors affecting your credit score:

- Whether you have at least one active credit card or loan.
- Whether you pay your credit cards and loans on time.
- Whether you use less than 30% of the credit available on your credit cards.

## What is a good FICO® Score?

Range	FICO® Score	Consumer Impact
<b>Subprime</b> (Poor)	<b>300 – 600</b>	<b>DENIED</b> loans/credit cards or <b>UNFAVORABLE</b> rates and terms
<b>Near-Prime</b> (Fair)	<b>601 – 660</b>	<b>GOOD</b> rates and terms
<b>Prime</b> (Good)	<b>661 – 780</b>	<b>BETTER</b> rates and terms
<b>Super Prime</b> (Excellent)	<b>781 – 850</b>	<b>BEST</b> rates and terms

## The Do's and Don'ts of Good Credit

### DO

- ✓ **Establish a credit score.** Have at least one active credit card or installment loan.
- ✓ **Pay your credit cards and loans on time.** If a credit card or loan payment is 30-days late, it can lower your score by 100 to 125 points.
- ✓ **Keep balances low.** Aim to use less than 30% of your credit limit on each credit card.
- ✓ **Ask for help early.** If you're struggling to pay ANY of your bills, contact your creditors to discuss repayment options and avoid collections.

### DON'T

- ✗ **Avoid credit completely.** Not using credit cards and loans can prevent you from building a score.
- ✗ **Miss or make late payments.** Late or missed credit card or loan payments can seriously damage your credit.
- ✗ **Max out credit cards.** High balances (over 30%) increase your credit utilization and lower your score.
- ✗ **Trust "quick fix" companies.** Avoid credit repair and debt settlement companies that charge steep fees and make promises they cannot keep.

## Strategies to Tackle Debt and Improve Credit

- Balance transfer cards: some cards offer 0% interest for a limited time. If you can pay off the balance before the promotional period ends, this can reduce your debt.
- Debt repayment methods:
  - *Snowball*: Pay off the smallest balance first.
  - *Avalanche*: Pay off the highest-interest debt first.
  - Remember to always pay at least the minimum amount due on your credit cards.
- Bankruptcy: a last resort that can provide a fresh start. Consult a reputable consumer bankruptcy attorney before moving forward.
- Building good credit may take time, but consistent and informed choices can put you on the right path.

### Get help from trusted sources:

The National Foundation for Credit Counseling:  
**NFCC.org**

Financial Counseling Association of America:  
**FCAA.org**

National Association of Consumer Bankruptcy Attorneys: **NACBA.org**