



Lutheran Social Service
for changing lives

For appointments call 888-577-2227
www.lssmn.org/debt

How Can I Establish a Positive Credit Rating?

- ◆ **Open a savings account and make regular deposits**
- ◆ **Open and use a checking account**
Always know your balance and avoid Not Sufficient Funds (NSF) checks
- ◆ **Obtain a limited-use credit card such as a department store card...and use it responsibly!**
Make small purchases and pay the card off every month when the statement arrives.
- ◆ **Take out a small loan at a bank or credit union.**
You may need some type of collateral, or a co-signer, to get the loan. If you do have a cosigner, make sure the loan is reported in your name to all credit reporting agencies. Put the money from the loan in a savings account, and make at least 6 monthly payments on the loan before paying it off in full.
- ◆ **Always pay bills on time**
Late payments or collection accounts will tarnish your credit record.
- ◆ **Demonstrate stability**
Stay at least two years at the same job; live at least two years at the same address.
- ◆ **Do not apply for too many lines of credit at one time**
Creditors view an excess of credit applications as a sign of potential risk. They may deny your request for credit due to the number of inquiries on your credit report.
- ◆ **Close inactive or not needed lines of credit**
Creditors may view open lines of credit as debts, even if you have no balance owed on those accounts.
- ◆ **Get a copy of your credit report from at least one credit reporting agency each year**
Use the report to correct any errors, to take care of any forgotten debts or to close inactive lines of credit.

Talk to your financial counselor if you are experiencing difficulty establishing or re-establishing credit. Counselors are trained to help!



NFC MEMBER
NATIONAL FOUNDATION FOR
CREDIT COUNSELING
People Who Care