First Person: The 5 Ways I Raised My Credit Score

[Tal Boldo](#), On Tuesday August 9, 2011, 4:27 pm EDT

I bought my new car with a 4.5% fixed seven-year loan and refinanced my home with a 5% fixed 30-year loan. And yet, six months earlier when my credit score was lower, these loans weren't open to me. Instead, my car loan rate would have been 6% and my mortgage 6.5%. Raising my credit score saved me $450 a month. Here's how I did it.

Total Available Credit - How much you owe creditors makes up 30% of your credit (FICO) score. Moreover, the ratio of this debt to your credit limit affects your score. To improve my debt-to-credit ratio, I called my credit card companies and asked if I could get a credit line increase, though I first made sure that this request will not trigger an inquiry on my credit (which would lower my FICO score). In addition, I reopened two closed credit card accounts, which increased my available credit even more.

Type of Loan - The type of loans on your credit report make up 10% of your FICO score. Revolving credit card loans, which are considered unsecured loans, are seen as a greater liability than installment loans. To raise my credit score despite being unable to pay off my credit cards, I took out a personal (installment) loan from my bank and paid off my highest-interest credit card with it.

New Inquires - Your recent credit applications comprise 10% of your FICO score. Known as Hard Inquiries (as opposed to Soft Inquires that don't affect your credit score), any application you make for a new loan, credit card, even sports club membership may result in an inquiry that will remain on your credit report for two years. To protect my credit score, I avoided filling applications that required my social security number.

Payment History - My payment history, which makes up 35% of my credit (FICO) score, was good. I had never been late in making payments on my loans. If I had been, however, the best way to raise this portion of my credit score would be to bring past-due accounts up to date and avoid missing payments in the future.

Length of History - Your credit history makes up 15% of your FICO score. Negative information like late payments or defaults stays on the credit report for seven years and will lower your credit score. Conversely, positive information over the preceding two years will raise the score. In my case, I had only to continue paying on-time to keep my credit history positive.