

Name _____

Boost Your Credit Score for a Mortgage: Your Path to Homeownership

Open-Ended Response Answer Key

1. To review your credit report for errors or inaccuracies, you should obtain a free copy of your report from each of the three major credit bureaus (Equifax, Experian, TransUnion). Carefully examine the report for any errors, discrepancies, or accounts that don't belong to you. If you find an error, you should report and dispute it with the credit bureau, providing any necessary documentation to support your claim.
2. Maintaining a good credit score offers long-term benefits, including easier qualification for loans, better mortgage terms, lower interest rates, and more affordable homeownership. A good credit score can save you money and open doors to financial opportunities.
3. Credit utilization is calculated by dividing the total credit card balances by the total credit card limits and multiplying by 100 to get a percentage. For example, if you have \$2,000 in balances and a total credit limit of \$10,000, your credit utilization is 20%. To reduce credit card balances, make larger payments, avoid unnecessary credit card use, and prioritize paying off high-interest debt.
4. Strategies for building and maintaining a positive credit history include paying bills on time, keeping old credit card accounts open, avoiding high credit card balances, and responsibly managing different types of credit. The length of your credit history is important because it reflects your experience in handling credit over time. To manage your credit accounts effectively, use them responsibly and avoid excessive debt.

