

Blog #3 – What is Credit?

Whether you have one line of credit or multiple loans and cards, navigating the world of credit can be confusing. There are hidden fees, loan sharks and more that you have to look out for. So, when you encounter problems with your credit, it's always a good idea to take a step back and ask, "What is credit?"

Simply put, credit is a financial vehicle that allows consumers and companies to borrow money from creditors. The more money they borrow and repay, the more valuable their credit becomes. In the United States, three major credit bureaus, [Experian](#), [TransUnion](#) and [Equifax](#) create a credit score based on your spending and repayment history.

Your credit score is the important number that appears on your [credit report](#). This is what lenders like Veterans First use to work with their clients. When looking at loan candidates, lenders look at factors like your income versus how much you want to borrow, how many existing and new lines of credit you have to establish your [creditworthiness](#).

Good credit enables you to make big purchases and puts you in good standing with potential employers and landlords. This score also informs [mortgage and interest rates](#) for the person.

How does Credit Suffer?

The first step to improving credit is identifying habits that lower your score. Overspending without paying back the debt on your credit card is the fastest way to lower your score. Making regular payments while maintaining a low balance on the amount of money you owe is the best way to keep your credit score healthy. Filing for bankruptcy, avoiding conviction and living outside of your means will suck the life out of your credit card faster than you can say, "Uh oh".

Veterans First has a few basic tips to get started on improving your credit. While these are all effective measures, be patient. It takes time to rebuild credit, depending on where your score currently sits. **Get a credit report** today to get started.