









## Checklist for Taking Out a Loan for the First Time

Applying for your first loan ever? The process may feel daunting, but it can be easier to manage with a checklist. Following the steps below will help you to prepare, improving your chances of qualifying for an affordable loan.

-  **1. Check your credit score.** When you apply for a loan, lenders will make their decision based largely on your credit score, so it helps to know what it is.  
  
There are lots of services online for ordering your credit score, but the easiest and most reliable option is usually just to purchase your score from one of the three major bureaus: Experian, Equifax or TransUnion. This can be done for as little as \$1.  
  
Once you know your score, you can do some research to find out what interest rates are typically offered to customers in your credit score bracket.
-  **2. Order your credit report.** Your report tells you the information used to generate your score. You can order one free report every year from each bureau.
-  **3. Fix any errors you see on your report.** Mistakes on credit reports are more common than many consumers realize. Those mistakes can unfairly lower your credit. If you run across any, fix them promptly to raise your score.
-  **4. Take other steps to raise your credit if you need to.** This might mean catching up on your bills, paying off old debts, or diversifying your credit.
-  **5. Gather your paperwork.** When you apply for your first loan, you will need to document your income, monthly expenses, and assets.
-  **6. Do the math.** Before you bring your documents to the lender, go over them yourself. Calculate what size of loan and interest you can afford.
-  **7. Give yourself some extra room in your budget.** When you do your calculations, try and give yourself more wiggle room than you think you will need. It is easy to overestimate your financial means.
-  **8. Choose a reputable lender.** Don't just work with any lender. Pick one which is licensed in your state and which has a stellar reputation. Taking a little extra time with this step can really pay off. Do not be afraid to shop around.



**Following these steps will help to ensure that you stay safe while applying for your first loan, and that you recognize a fair and competitive offer when you see it. Good luck!**