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What You Should Know About Your Credit

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Having good credit is everyone's dream, but many people don't have good credit.

Some people will do just about anything to have good credit. Sometimes people will hire someone or companies to fix their credit. You can spend a lot of money by doing this! You also can get ripped off too; because many of the people or companies really can't fix your credit, they just take your money and time. Now, if you are planning on buying a home in the future, good credit will help.

Take a few tips from me. Please know what's on your credit reports before you start looking for a home. The three Credit Bureaus numbers are: Equifax 1-800-685-1111, Experian 1-888-397-3742 and Trans Union 1-800-888-4213. You can make it easy on yourself when doing your home-work first.

Why should you check your credit? Whenever you apply for a loan, job, or an apartment, your credit comes under scrutiny. Your credit history and credit score are used by lenders to assess the amount of risk you represent. Lower credit scores or adverse credit history will result in higher interest rates that can cost you thousands of dollars in the long run. That is why improving your credit is so important.

Checking your credit report is the first step. Sometimes a small mistake can linger on your credit report and continue costing you money for years. For example, if you change addresses and a bill does not get forwarded to you, or

if a vendor makes a mistake in processing a payment, it may remain on your record as delinquent. According to a US Public Interest Group Report, as many as 70% of credit reports have errors on them.

How can you improve your credit score?

- Reduce your debt-to-credit ratio. Avoid leaving your account balances near the maximum credit limit, even if you can do so and still remain well within your budget. Credit bureaus interpret this as a sign that you are borrowing almost as much as you can handle, which they assume makes you a higher risk. A good rule of thumb is to keep your balances below 50% of your credit limit.

- Correct errors in your report. These are surprisingly common. A utility company or lender could mistakenly report one of your payments as late, which could adversely affect your credit rating until you correct it. Be advised that correcting an error can take as long as 90 days, so it helps to monitor your credit report and fix mistakes early.

- Make all your payments on time. This is particularly important in the months before you plan to apply for a loan or job when an employer might check your credit report. Why? A recent late payment will affect your score more than, say, a late payment from several years ago.

- Consider leaving old accounts open, even if you don't use them much anymore. The length of your credit history - how long you've been borrowing - is a factor in your credit score,

so it pays to keep these accounts alive. Also, closing an account will reduce the total amount you can borrow, which increases your debt-to-credit ratio.

- Pay off debt rather than shuffling it between accounts. Unless you are severely behind in debt and are taking steps to resolve it, closing some of your accounts will adversely affect your debt-to-credit ratio.

How can you protect yourself from identity theft?

- Shred or tear up the "pre-approved" credit card offers you get in the mail. A common tactic among identity thieves is to raid trash sites and fill out these offers in your name.

- Don't print your social security number on your driver's license or personal checks, and don't give it out unless it's absolutely necessary.

- Monitor your credit by obtaining your credit report, preferably a consolidated 3-in-1 report with information from all 3 bureaus. Consider enrolling in a credit monitoring service that alerts you of possible suspicious activity.

One more tip.

- Try going to Office Max or Office Depot and getting a credit repair kit. Most of the time you can work on your own credit and you also can save yourself lots of money.

Call Anthony for your Real Estate needs at 713-723-2737 or email: realestateanthony@juno.com.