

## Credit Rules, So Know The Rules

**No black marks on your credit report** can help keep you in the black. A good credit rating is taken into consideration when you buy a car or apply for a credit card or a mortgage. Bad credit can bring you higher interest rates, the need for a co-signer or a larger down payment on a home—if you even get approved for a mortgage. So monitoring your credit rating has become an important financial responsibility.

### **Who Keeps Score?**

“Credit scoring” is a collection of lender experiences in issuing credit to a consumer— your credit “score” accompanies your credit report. Scores range from 300 to 850 points—the higher the score, the better the applicant’s credit quality. Many lenders use credit scores in their overall strategy to help them make lending decisions.

Black marks on your credit report can undermine your credit score. What's more, credit bureaus can list negative information for seven years and bankruptcies for a decade. Here are some steps you can take to improve your credit score.

### **Fix errors.**

Mistakes happen. A 2004 study of credit report accuracy conducted by U.S. Public Interest Research Groups (PIRG) found that 75% of credit reports contained serious errors (false delinquencies, accounts that didn't belong to the consumer) or other mistakes (credit accounts that had been closed by the consumer but remain listed as open; misspelled or out-dated personal information). Inaccuracies can lead to the denial of credit. If you find a mistake on your report, notify a credit bureau. The lender in question will be contacted and if the information cannot be verified, it is removed from your file. Send any paperwork that you may have to help your case to the credit bureaus, too.

### **Pay down your debt.**

Lenders look at how close you are to the limits on your various cards, how much you owe in proportion to the credit you have available, and the number of accounts with balances you have.

### **Stay current.**

If you don't pay your bills on time (mortgage payments included), not only will you be charged a late fee, but you may be reported to a credit bureau. Granted, different companies have different styles when it comes to declaring a payment “delinquent”—grace periods vary, if they're even offered—but why take the risk?

### **Don't look for more credit.**

Opening several credit accounts, or even asking for them, in a short period of time represents greater risk, especially for people who don't have a long-established credit history. Inquiries for new credit remain on your credit report for two years.

### **Know the Score**

You don't have to wait until you have been denied credit to get a copy of your credit report and score. Order one at any time from one of the three big credit-reporting bureaus listed below.

Equifax (800) 997-2493; [www.equifax.com](http://www.equifax.com)  
Experian (888) 397-3742; [www.experian.com](http://www.experian.com)  
TransUnion (800) 888-4213; [www.transunion.com](http://www.transunion.com).

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