

Understanding Your Credit

Did you know?

Many credit rating files contain inaccuracies that can affect your credit rating. With the threat of identity theft, the possibility of data sneaking in from a file of someone with a similar name to yours, and creditor reporting errors, it's a good idea to keep an eye on your credit—particularly if you are thinking of making a large purchase, such as a home, in the coming year.

Your Credit Report

Most creditors use one of three major credit bureaus: Equifax, Trans Union, and Experian. Because creditors aren't required to report to all three agencies, the only way to get a complete overview of your credit is to request a report from all three, which you can do at www.MyFico.com. Once you receive your reports, check them for clerical inaccuracies, including late or uncredited payments. Review everything very closely and dispute any errors.

Disputes

If you find an error on your report, you can either complete the dispute form provided with your report or write a letter to the credit bureau. Clearly identify the error and explain why it's wrong. Keep a photocopy of the letter and any documentation for your own records. Credit bureaus must investigate errors within thirty days. Any item that is not verified as accurate will be removed and you will be sent a free, updated copy of your report.

What Lenders Look For

When lenders review your credit report, they are looking for a pattern of consistent, on-time payment. Too many open accounts, credit cards with high limits, and maxed out cards can all reflect badly on you. Close any opened but unused accounts, and be sure the creditor notes that the account was "closed at the consumer's request." Otherwise, lenders might think the creditor closed it for other reasons.



Make It a Habit

Understanding how your credit report affects your financial future is essential to smart credit management. It is wise to incorporate a timely review of your credit report into your financial planning, especially when your end goal involves a major purchase, like a home.

If you'd like more information on credit and home buying, please feel free to contact me at anytime.



By the way...

I hope this information has been helpful to you. If you know someone who could also benefit from this type of information, or who is in need of a trusted real estate advisor, please forward their contact information to me so I can get in touch with them. I'm never too busy for your referrals.

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