

To Your Credit. . .

It's to your credit to make sure your credit history is "clean" before visiting a lender's office. Following these tips could improve your credit rating enough to qualify for the home of your dreams.

Be Proactive

It's a good idea to review your credit report once a year, but it's especially necessary before you apply for a loan. Order a report from all three major reporting agencies – Equifax, Experian, and Trans Union Corp. Information (and errors) on one report may or may not be identical to what appears on another.

Each of the three agencies can provide a copy of your report. The reports are on each individual, and the cost varies from \$0 to \$30 per report. Only Experian will supply one copy each year at no cost, but keep in mind that any charge is minimal compared to how important the report is to your home ownership.

Be Thorough

Loan applications always require a summary of your debts. Be sure that your summary lists *all* your debts. Lenders can tell whether something has been left out on purpose. Your credit report should verify what you put on your application, not expose new or damaging information.

Although bankruptcies, judgments, and collections may jeopardize your chances for a loan, other – less serious – blemishes on your report are still potentially damaging. The number of times payments were late – by 30, 60, and 90 (or more) days – as well as a listing of creditors and high balances, will appear on your report. If you happen to be 30 days late one time, you may be okay. But if you've been 60 or 90 days late, your lender will probably want an explanation in writing.

When you apply for a mortgage loan, the lender will be more interested in your mortgage history than your department-store account history. The way you've handled similar obligations in the past demonstrates to the lender that your mortgage payment will be a priority.

Correcting Errors

If you find mistakes on your credit report, you can resolve the problem with the credit agency. But if incorrect information comes from a creditor, you'll need to work with the creditor first. In many cases, writing to the creditor to explain your dispute may resolve the problem.

If your last name is one used by many people – such as Smith or Jones – or if your name ends with Jr. or Sr., it's even more important to check your credit report. People with these names are the ones most likely to have mistakes on their files. Also, be sure that joint accounts are closed if you are recently divorced. This helps avoid anything from your former spouse's record showing up on your report.

Contacting the Reporting Agencies

A fee may be required for your credit report. Contact one of the following:

Equifax Information Service Center
P.O. Box 740241
Atlanta, GA 30374-0241
800/997-2493
www.equifax.com

Experian
P.O. Box 2104
Allen, TX 75013-2104
888/397-3742
www.experian.com

Trans Union Corp.
P.O. Box 390
Springfield, PA 19064-0390
800/888-4213
www.transunion.com