



Credit Report Q&A

BECAUSE YOU NEED TO KNOW EVERYTHING ABOUT YOUR CREDIT REPORT, CAPICHE?

Q: How do I get my credit score?

A: As of September 2005, the three nationwide credit agencies ([Equifax](#), [Experian](#), and [TransUnion](#)) are required by law to provide free credit histories to anyone who asks. Once every 12 months, you can order your report -- which will have your score -- at annualcreditreport.com.

After finding out your score, make sure everything on the report is accurate. Do you recognize each account listed? Have you closed accounts that are still listed as open? Is there negative account information listed that you believe is inaccurate? Any disputes you have should be documented and sent to both the creditor and reporting agencies, and be sure to make copies for your own records.

Q: What credit score will keep me from getting a loan?

A: Your credit report will also list your FICO score, which is what potential creditors will look at before giving you a loan. A score above 620 is considered good. On the other hand, a score lower than 580 will likely give you trouble when you try to get a loan without a down payment. About 35 percent of your score is based on your payment history, and any old late payments (that nasty college phone bill!) will stay on your record for seven years after the original due date (this date holds even if your debt is transferred to a collection agency).

The best way to improve your score is gradually: Make all your current minimum payments on time, pay any past debts, and keep card balances down to about 40 percent of your credit limit. Your score improves both as debts are paid and as negative history falls off your record. But if you see something on your report that doesn't quite jibe, review the answer to the first question.

Q: Will applying for more credit cards improve my score?

A: Not necessarily. But it won't hurt your score either as long as you don't max them out or miss payments. In general, a safe rule is not to apply for more credit cards than you actually need. In fact, every time you apply for a card, your score will go down by five points. But if you use it and make your payments on time, those points will quickly be restored. As long as you keep your balances low (within 40 percent of your maximum) and make all payments on time, credit cards can eventually help your score improve.

Q: How long do I have before my late payments are reported?

A: Late payments are usually reported to the credit bureaus within 30 days. However, it all depends on how often your creditor presents new information to the credit reporting agencies. Remember: Any late bill is eligible to go on your record, so unless you make arrangements with your creditor not to submit it, it'll eventually appear on your report.

Q: I have bad credit. Have I ruined our chances of getting a loan?

A: Not necessarily. If worst comes to worst and rocky credit has turned you into the most unpopular loan-seeker on the block, think about applying for the loan under your spouse's name only (assuming his or her credit is in better shape than yours). It's not ideal because, with just one salary involved, you'll have less-attractive loan options with higher interest rates. But don't despair: When you've finally whipped your own credit into shape, you can add your name to the paperwork later.

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-- The Nest Editors