

## What You Need To Know About Credit

Are you a good credit risk? Credit is a great convenience when used wisely and responsibly. Often times, people forget that credit is a privilege, not an inalienable right.

### What Creditors Look For

- Assets they can use in the event you are unable to repay the debt
- Factors affecting your ability to pay, such as job stability and income
- How much you owe and if you have made payments in a timely manner

Some people equate more credit with more money. This is not the case. Credit simply allows you to enjoy something today and pay for it tomorrow.

### How to Establish a Credit History

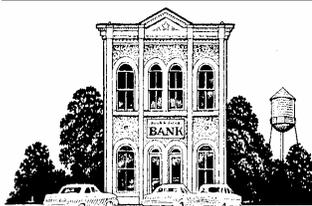
- Establish a checking and savings account
- Open a charge account with a department store and make prompt payments
- Apply for a gasoline credit card
- Find a co-signer

There are several factors that will affect your ability to obtain credit:

- Late payments
- Too many credit cards
- Paying less than the minimum payment
- Having your overdue account referred to a collection agency
- Declaring bankruptcy

If you look in your mailbox or read your e-mail, it would appear there is no shortage of credit. But beware! In most cases, it is better to destroy the credit offers received in the mail so that no one else will pick up the application and apply for a card in your name. If you receive offers via the Internet, simply press the delete button without ever opening the message.

Creditors usually base their decisions on your credit worthiness by looking at your credit report, which is a record of the balances on your loans and credit cards and your payment history. Credit reports also contain public record information such as bankruptcy, overdue property taxes and



### *Tips from your Community Banker*

child support and the names of everyone who has recently requested a copy of your report.

The Independent Bankers Association of Texas suggests you check your credit report at least once a year to make sure the information is correct. It is also wise to check your report to safeguard against fraud in case someone is using your personal information to set up false accounts.

### How Do I Get A Copy Of My Report?

There are three major credit bureaus:

Equifax

[www.equifax.com](http://www.equifax.com)

1-800-685-1111

Experian

[www.experian.com](http://www.experian.com)

1-888-397-3742

TransUnion

[www.transunion.com](http://www.transunion.com)

1-800-888-4213

If you are turned down for credit because of your credit report, you will receive an "adverse action" notice from the creditor. You are then entitled to a free copy of your credit report. Otherwise, there is a modest fee for your report.

Should you discover incorrect information on your credit report, contact the credit bureau immediately. Federal law prohibits inaccurate or obsolete information from being reported in your credit file.

Remember, good credit is a valuable commodity that allows you the convenience of enjoying something now and paying for it later. However, if misused, credit can be disastrous to your financial health.

*Provided as a public service by the Independent Bankers Association of Texas.*