



Rebuilding Your Credit

Your credit rating is a critical component of the loan approval process and plays a role in determining your interest rate. A poor credit rating can affect your purchasing power and your ability to get a home loan, but there are many things you can do to improve your credit. Here are a few tips:

- **Get a copy of your credit report and review it for accuracy.** Credit files are maintained by three credit reporting agencies - Experian, Trans Union and Equifax - and you can request a free copy of your credit report on an annual basis. Contact www.annualcreditreport.com or 877-322-8228 for a copy of your report.
- **Discrepancies on your report.** If you feel that any of the reported information is inaccurate, you can request that the data be removed. The credit agency will contact the creditor who has 30 days to respond and confirm the disputed items. If they do not verify it, the data will be deleted. **Contact your creditors directly.** Some creditors will remove derogatory information from your credit file if you pay a full or partial payment towards the debt. They may also “re-age” the account by making the current month the first repayment month, thus showing no late payments.
- **Add positive information to your file.** Send information to the credit bureaus that shows stability and the ability to make payments on time. For any accounts on your credit report that do not show you pay on time, send account statements and copies of cancelled checks to show your payment history, and the credit bureaus may add them to your history. If you have long-term employment, have lived in the same place for a length of time, etc., be sure to add documentation to your file that shows this stability.
- **Satisfy judgments, liens and collections.** Make it a priority to satisfy any unpaid judgments, liens, and collections against you.
- **Get credit in your own name.** It is important you have some credit in your own name. If you are married and your spouse has had financial problems, this will affect your credit. Be sure that you establish credit in your name alone.
- **Re-establish good credit.** Many banks will, in exchange for a sum of money deposited with them, give you a credit card. Use the card and make the payments on time. Your credit rating can quickly improve.
- **Obtain a secured loan.** If you have a passbook savings account or can open one, ask the bank to give you a loan against that money. They keep your passbook until the loan is paid in full. Make sure the bank reports on the loan to the credit bureau.
- **Work with a local store.** Some businesses will give you credit on a purchase regardless of your credit standing. Although you may pay a higher rate of interest, this is another way of re-establishing good credit.



© 2009 Axiom Financial. All rights reserved. Equal Housing Lender.

