



Question: I know that good credit is as important today as it ever has been. How do I find out my credit rating?

A: Any time you need to borrow money to purchase a car, home or other large item, the lender will examine your credit scores to see if you are “credit-worthy.” The concern is whether you will be able to repay the loan on a schedule you agree to follow. Today’s lenders are even more cautious about taking on unnecessary risk. As a result, your credit score becomes even more important in determining if you will be able to borrow the money you need.

Your REALTOR will want to know your credit worthiness in order to guide you effectively in finding a home that is within your financial reach and to assist you through the loan process. One of the first steps in that process may be to ask a lender to review your credit score and issue a letter showing that you have the resources to get and pay off an appropriate loan.

You should not leave the issue of monitoring your credit to anyone else. You can check your credit by ordering reports through one or more of three national credit bureaus. Equifax (www.equifax.com), Trans Union (www.transunion.com) and Experian (www.experian.com) are required by Federal law to make a free report available to you once a year. Several states, including Colorado, also provide by law that you be allowed to check your credit at no cost.

When you review your credit reports look for errors. You may find that payments you made on other loans are not properly recorded. Or, in rare cases, an error might have resulted in someone else’s debts showing up on your report. If you find errors, act quickly to have those corrected so they aren’t a factor when your loan application is reviewed.

It is possible to improve your credit score but it will take some time. Paying down any existing debt and fixing inaccurate information on your credit reports are the two most important steps to take first. Here are some other tips for improving your credit score.

- Always pay your bills on time. Late payments play a major role in driving down your score.
- If you have past-due bills now, get current and stay that way.
- Keep your credit card balances low. High debt-to-credit-limit ratios drive your scores down.
- Pay off debt, don't move it around. Owing the same amounts, but having fewer open accounts, can lower your score if you max out the accounts involved.
- Don't close unused accounts, because zero balance might help your score.
- Don't open new accounts that you don't need as a quick approach to altering your debt-to-credit-limit ratios. That can lower your score.
- A mixture of credit cards and installment loans, loans with fixed payments, can help raise your score *if* you manage the credit cards responsibly.

This article was provided by the Colorado Association of REALTORS® with additional assistance from Grand Junction REALTOR Sandy Barger.