

Taking Charge: How To Establish And Care For Your Credit

(NAPSA)—A positive credit history isn't just nice to have—it's a must-have in today's world. Whether you are trying to rent an apartment, set up cell phone service or utilities, or get the best rates on car insurance, knowing the information in your credit report is essential.

So what do you do if you're just starting out and haven't established a credit history yet or if you're starting over again after damaging your credit? There are no quick fixes but there are steps you can take.

Know what's on your credit report: Check your credit report regularly. By law, you can request a free credit report annually from each of the consumer credit-reporting companies: Equifax, Experian and TransUnion. You can request all three reports free at annualcreditreport.com. Make sure the information is accurate and up-to-date. If it isn't, report the error to the credit bureau and fix it.

Understand how your credit is scored: Your credit score is calculated using various criteria, such as length of your credit history and the types of credit you have. The two most important criteria are your payment track record (whether you pay your bills on time) and what you owe (your overall outstanding balances plus how much of your available credit you're using).

To have good credit, it's critical to pay all your bills on time—every time. One way to ensure that is to set up automatic payments through online bill pay. Pay more than your minimum payment or your balance in full whenever you can and don't max out your credit accounts. Keep your balances under control and try not to use more than 35 percent of your available credit.



Even if you've had problems in the past, opening new accounts responsibly and paying them off on time will help raise your credit score in the long term.

Get a gas card or retail store card: Generally, it's easier to be approved for these cards, though they often have higher interest rates than major credit cards. Always pay off higher-interest debt first.

Apply for a credit card: Retail and gas cards may help you build your credit history but your credit score is partly determined by the variety of credit you have, so adding a major credit card—a Visa or MasterCard, say—could help improve it.

If you can't get an unsecured card yet, consider a secured card. These can be used wherever major credit cards are accepted. You deposit money into an account, which becomes your line of credit. Then, you pay your balance as you would with an unsecured credit card. Your payments are reported to the credit-reporting bureaus and become part of your credit history.

Some things to think about when choosing a secured card:

- Are there application fees or an annual fee?
- Does the issuer provide an opportunity for the secured card to become an unsecured card after a time period of making payments on time and meeting other eligi-

bility criteria?

• Does the issuer report your payment history to major credit bureaus?

Consider an installment loan: As you establish your credit history, you may want to include installment loans to meet your occasional financing needs. This might start with auto loans or personal loans but may eventually include a mortgage or home equity loan. If you limit the amount you borrow and keep the term of the loan short, you may strengthen your credit without paying a lot of interest.

If you can't qualify for an unsecured loan or if you have some personal savings, consider a loan secured by your CD (certificate of deposit) or savings account.

Become a co-borrower with someone who has good credit: One of the quickest ways to establish or re-establish your credit history is to be added as a joint account holder on a family member's or friend's credit card or have him or her co-sign a loan with you. As a joint account holder, his or her payment history will show up on your credit report. If you make the payments on time, it will raise your credit score. Just remember, if either one of you doesn't pay on time, both of you will have a negative item on your credit report. Plus, you may not be able to have yourself removed as a co-borrower if your co-borrower defaults. Consider this option carefully with your co-borrower before taking any action.

Be patient: Establishing a good credit history is like losing weight—there's no quick fix. It takes time, effort and knowledge.

For more credit tips, visit Wells Fargo's Smarter Credit Center at www.wellsfargo.com/smarter_credit.