



Truths and Myths about your Credit Score

There are several very important truths about your credit score:

Truth #1: Your credit score is the single most important factor determining whether you'll get approved for a mortgage, car loan, refinance loan, or credit cards.

Truth #2: Your credit score affects your APR. If it's low, you'll pay very high interest rates, up to 23%.

Truth #3: Your credit score may affect how much you pay for car insurance, since insurance companies usually run a credit check before selling you insurance.

Truth #4: Your credit score may even affect whether or not you are hired for a job, especially if it's a managerial or financial position.

Truth #5: You have three credit scores, one from each of the three major credit bureaus, and the scores may vary by as much as 50 points or more.

There are also many widely distributed untruths, or myths, about credit scores:

Myth #1: Checking your own credit will lower your score.

The truth is you can check your credit through the bureaus or a legitimate score seller like MyFICO.com, as often as you wish without impact.

Myth #2: Your age, employment, race, gender, and income are factored into your score.

Personal information, net worth, and income do not affect your credit score. However, eliminating debt will improve it.

Myth #3: Credit Repair companies can remove all negative information.

You can dispute inaccurate information and credit agencies are obligated to investigate credit inaccuracies within 30 days or remove disputed information. However, no one can remove negative (but accurate) information from your credit report.

Myth #4: Too many credit card offers and shopping for loans will hurt your score.

It's true that too many inquiries will lower your score. However, you can shop for a mortgage, home equity loan, or car loan as long as these inquiries are made within 14 days of each other, so they count as one inquiry.

However, this grace period does not apply to credit cards. Credit card offers do not affect your score as long as you don't respond to them and use all the credit available to you. However, if the ratio of used-to-available credit is high, it reflects a higher risk. Always keep balances below the available credit line.

Myth #5: Marry your spouse and you marry his (or her) credit.

You do not inherit your spouse's good or bad credit. However, unlike many marriages, your own credit, good or bad, lasts forever.

And when you open joint accounts, the information is reflected jointly, on each of your credit reports.

Conclusion:

Take care of your credit score. Your financial health depends on it.