

Establishing or Reestablishing Credit



If you have never had credit, follow these important steps:

- Open a bank account.
- Have a record of stable employment.
- Live in the same residence for as long as possible or at least six months.
- Check your free credit report at annualcreditreport.com to make sure you do not already have a report.
- Open a secured credit card. These can be expensive, so check the terms carefully and comparison shop. Look for the lowest interest rates and fees. Make sure that the creditor reports the card to the credit bureaus and that they will convert the card to an unsecured card after a specific amount of time. You will have to give a deposit equal to the amount of the credit line.
- If you are not able to get a secured card, contact NovadebtSM to determine your best strategy.
- Pay all of your bills on time.
- Wait until you have an unsecured card for at least six months before applying for additional credit.
- If you are turned down for credit, do not apply for additional credit until you find out what the problem is and get it fixed. Too many inquiries can hurt your newly established credit score.
- Don't apply for too many cards. One or two is all you need.

If you had credit in the past but have a poor record now, follow these steps:

- Dispute any incorrect information on your report.
- Pay any outstanding bills. If you are unable to pay them, contact NovadebtSM. You may be able to establish a payment plan.
- Create a budget to be sure that you will not fall back into bad habits.
- Avoid any services that say they can fix your credit quickly for a fee. These are often scams that will leave you in worse trouble. Reestablishing your credit will take time, but you can do it yourself for free.

Other Tips

Avoid getting additional credit such as car loans, while you are establishing or reestablishing your credit. You may qualify but you will be paying too much.

You can also establish credit by adding your name as a co-borrower on someone's account who has a good credit record. However, this can be dangerous. If that person does not pay the bill, your record will be affected. If you don't pay, you may hurt the other person's record.

If you are not able to pay your balance each month or you are not able to get a card you, may need help managing your finances. Contact a reliable credit counseling agency, such as NovadebtSM.



Resources

Ftc.gov

Federal Trade Commission (FTC) provides information about your rights as a consumer in establishing credit.

Consumerfinance.gov

Consumer Financial Protection Bureau(CFPB) helps consumers with credit card issues.

Annualcreditreport.com

The official site to help consumers to obtain their free credit report.

An Educational Message from

novadebtSM

A Garden State Consumer Credit CounselingSM Organization



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