

4. Long history of credit

The longer you have had credit extended to you, the more favorably a lending institution will look upon you. Some lenders advise not closing old accounts... they have helped to establish your credit worthiness. You should check with your mortgage broker or lender as to whether you should keep old accounts open.

Remember, lenders are trying to determine that you will be able to repay the new debt as agreed. Well before starting the application process, check your credit score and your credit report, and make corrections to errors on your credit report.

What is a credit report?

A credit report is your record of repayment on the credit you have had extended to you. Car loans, credit cards, bank loans, even utility payments all can appear. Legal matters which are public record, that involved your payment history, such as bankruptcies and collections are all noted on your credit report as well.

It is a good idea for prospective home buyers to have their credit report checked before looking for a home, to ensure the accuracy of the report. Identity theft and errors on credit reports have risen in recent years. Everyone should check their credit reports on a regular basis to ensure this isn't happening to them.

If you choose to check your own credit, the three major credit reporting agencies will send you your credit report. By law, you may now receive your credit report for free, once per year.

The credit reporting agencies are:

EQUIFAX
P.O. Box 740241
Atlanta, GA. 30374
800-685-1111
www.equifax.com

TRANS UNION
Consumer Disclosure Center
P.O. Box 1000
Chester, PA 19022
800-888-4213
www.transunion.com

EXPERIAN (formerly TRW)
National Consumer Assistance Center
PO Box 2002
Allen, TX 75013
1-888-397-3742
www.experian.com

If you believe there are mistakes on your credit report, be sure to:

- SET THE RECORD STRAIGHT!** All three Credit Reporting Agencies' websites have an online dispute process. Gather all of your supporting information and submit it. The online process provides a legitimate "paper trail," but you can still do this via mail.
- Contact the company that reported the negative item. Ask them to send a statement about the error to the three credit bureaus.
- Make copies of all documents that support your contention that an item is incorrect. Send the information to the reporting companies.
- Follow up with the credit bureaus to make sure the error has been corrected. You must be persistent!!

Write a letter to each of the Credit Reporting Agencies listing the mistake and describe the problem in detail. There are federal laws that govern errors in your credit report. Contact the Credit Reporting Agency and they will assist you in addressing the corrections.

Clearing up incorrect information on your credit report takes time. You have the right to insert a 100-word statement in your credit report. Potential lenders will see your statement when they request your credit history. This statement may help mitigate or explain any negative items listed.

Send correspondence to the credit bureaus by Certified, Return Receipt Requested mail.

The "Fair Credit Reporting Act" requires credit bureaus to solve problems with your report in a reasonable amount of time. Thirty (30) days is the target. If you think that your situation is not being handled properly, contact the New York State Attorney General or the Federal Trade Commission at 202-FTC-HELP.