

This Free E-Book is brought to you by [Natural-Aging.com](http://Natural-Aging.com).

**100% Effective Natural Hormone Treatment**  
**Menopause, Andropause And Other Hormone Imbalances**  
**Impair Healthy Healing In People Over The Age Of 30!**

**Top 5 Credit Misconceptions**

By Cindy Morus

**Top 5 Credit Misconceptions by Cindy Morus**

We have all heard the rumors...from neighbors, relatives or friends. There are a wide variety of myths floating around about what you should and shouldn't do to improve your credit reports and credit scores. The buck stops here! Phelps Creek Financial Coaching has exposed these urban legends to provide you with the truth about credit:

- 1. Your score will drop if you check your credit** – Fortunately, this one is definitely not true. Checking your own report and score is counted as a "soft inquiry" and doesn't harm your credit at all. Only "hard inquiries" from a lender or creditor, made when you apply for credit, can bring your credit score down a few points. Worried about damaging your credit while shopping around for a loan? Multiple inquiries for the same purpose within a short amount of time (a few weeks) are grouped together into a less damaging period of inquiry.
- 2. Closing old accounts will improve your credit score** – To close or not to close, that is the question. Many people advocate closing old and inactive accounts as a way for improving your credit. In most cases, closing accounts will actually have the opposite effect. Canceling old credit accounts can lower your credit score by making your credit history appear shorter. Think twice before closing the oldest account on your credit report. If you want to reduce your levels of available credit, ask for your credit limits to be reduced or close newer accounts instead.
- 3. Once you pay off a negative record, it is removed from your credit report** – Negative records such as collection accounts, bankruptcies and charge-offs will remain on your credit report for 7–10 years after they are first posted. Paying off the account before the end of the set term doesn't remove it from your credit report, but will cause the account to be marked as "paid." It is still a good idea to pay your debts, it can improve your credit score, but the major improvement will come when the record expires.
- 4. Being a co-signer doesn't make you responsible for the account** – When you open a joint account, co-sign on a loan or become an authorized user on someone's credit card, you are taking on

## Top 5 Credit Misconceptions

legal responsibility for the account. Any activity on these shared accounts, good or bad, will show up on both people's credit reports. If you co-sign for a friend's auto loan and they don't make the payments, your credit profile will be hurt by their actions and visa versa. The only way to stop this double reporting is to refinance the loan or to have the creditor officially remove you from the account.

**5. Paying off a debt will add 50 points to your credit score** – Your credit score is calculated using a complex algorithm that takes into account hundreds of factors and values. It is very hard to predict how many points you can gain by changing one factor. For a person with a high credit score, just one late payment can cause a significant drop. If a person has a low credit score, it may not cause a large drop at all. There is no magical way to improve your credit score, just keep paying your bills on time, reducing your debts and removing negative inaccuracies from your credit report. Good financial behavior and time are the two most important factors on your credit score.

Cindy S. Morus ([www.phelps-creek.com](http://www.phelps-creek.com)) is a Certified Financial Recovery Counselor specializing in showing women and their families how to achieve financial well-being and peace of mind. She is also a Certified Credit Report Reviewer. Contact her at 541-387-2995 or [cmorus@phelps-creek.com](mailto:cmorus@phelps-creek.com) She is also the publisher and editor of "Financial Fitness", an internet gazette dedicated to helping people improve their financial fitness no matter what decisions were made in the past.

### **Credit Scores: Don't Waste Your Money**

**By Jeanette Joy Fisher**

Did you know that your credit score that you purchase online is not the same credit score your loan officer gets?

You probably know that when you apply for a mortgage, your loan officer gets all three credit reporting agencies reports with three different scores. From your three credit scores, most mortgage companies use your middle credit score to determine your credit worthiness.

Do you know that the credit score an auto dealer sees is not the same credit score your loan officer sees?

Imagine our surprise to find out that my husband's credit score for purchasing my new car one afternoon was 50 points higher than his top credit score was earlier in the day when he refinanced an investment house. This happened because credit scores get computed differently for mortgages and auto loans!

If you think that you have a great credit score because you recently bought a new car, think again. You may have been told that your credit score was 700 by a finance company. Therefore, you think that you have the perfect credit score to buy a house. Don't be surprised to hear from your loan officer that your credit score falls short of a prime rate mortgage loan.

You don't want to have your credit history checked too often. You do get a small penalty with a few

## Top 5 Credit Misconceptions

points deducted when you have too many inquiries on your credit report. However, when you're shopping for a car or a home loan, the credit reporting agencies batch your inquiries into one. In other words, you can call several mortgage lenders to shop for the best terms and rates without losing points.

Don't waste your money buying your credit scores. These scores are not the ones real estate lenders get. Instead, get your credit scores FREE by calling a loan officer.

Copyright © Jeanette J. Fisher

Jeanette Fisher teaches how to get out from under credit card debt, how to use credit to make money, and six ways to build strong credit to finance your first home and multiple investment properties. For a free ebook "Credit Tips for Mortgage Financing," see



This Free E-Book has been brought to you by [Natural-Aging.com](http://Natural-Aging.com).

**[100% Effective Natural Hormone Treatment](#)  
Menopause, Andropause And Other Hormone Imbalances  
Impair Healthy Healing In People Over The Age Of 30!**

## Top 5 Credit Misconceptions

