



Creating a Credit Record

Credit Learning Center



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It all goes back to your credit record.



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Credit Fundamentals

Creating a Record of Credit by Kyle May

Creating a Record of Credit

Establishing a credit history is extremely important. But like everything else, it has to start somewhere. And for most people it doesn't start with a major loan or credit card purchase. So how do you build your credit history without either of those? The first step is a checking or savings account. While neither of these will actually build your credit they will give lenders something to look at. They will show that you have money and they will show how you spend it.

A really good idea is to go to your bank and apply for a small loan. To get a loan without a cosigner you must be at least 18 years old with a steady source of income. But by applying for this loan, even if you put the money away and actually pay for the loan with the loan money, it will help you to establish a good credit report.

Another good thing to do is to apply for a store credit card or one of the major name credit cards like Visa or MasterCard. The most important thing to keep in mind with a credit card is that it is easy to get yourself in trouble, so spend responsibly and always pay your bills on time.

If you are trying to get a loan and you don't qualify by yourself, than ask someone with a good credit history to co-sign for you. This helps build your credit and theirs, but keep in mind that you need to make the payments. If you default, your co-signer will become responsible and that might damage your relationship along with your credit scores.

The biggest thing to keep in mind is that you need to spend responsibly. Always pay your bills on time and always pay at least the minimum payment. Never borrow more money than you can afford to pay back and you should be well on your way to establishing good credit.

We are talking about getting a credit card, but how do you know if you qualify for a credit card? If you are at least 18 years old and you have a job that you've worked at for a while than you are in prime condition to apply for one, but that doesn't mean you will get it. Lenders and credit card companies look at your credit history to see how you spend and how you pay back. This information will help them decide how much credit they can safely lend you and this is why it is important to develop a good credit history.

Okay now you are ready to start looking for a credit card. There is a variety to choose from. Some of them have no annual fees and earn rewards points, others earn you free travel time and others have low annual interest rates. There are platinum's and gold's and silver's. So with a thousand choices laid out before you, how do you know which one is right for you?

Things you need to think about are whether or not you are going to be borrowing the money long term or just for a few weeks. Because if you are going to pay off over a long term then you want a card with a low interest rate, but if you are going to pay in full each month then you will want a card that will reward you with points or miles. The choices are endless and you want to pick a card that is right for you.

Never forget that you have a responsibility once you have a credit card. It is really easy to lose track of how much you spend and fall into chaos. You need to regulate how much you charge and always make sure that you have enough real money to cover the payment. Don't be late on your bills and always make at least the minimum payment. Also, only apply for a credit card you need. Owning thirteen credit cards is going to do far more damage than good and especially don't apply for a credit card simply because it had a great promotional gift.



