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Credit – Truth vs. False

FALSE: A bad credit score will haunt me forever

TRUTH: Your score changes depending on what's actively reporting on your credit profile. If you have a financial setback but later begin to add positive payment activity to your profile the score will increase.

FALSE: My score will drop if I apply for new credit.

TRUTH: Applying for credit once will affect your score minimally if at all. However, if you apply for credit several times it will can negatively affect your score.

FALSE: My score alone determines if I will get credit.

TRUTH: Creditors look at several factors such as your overall amount of debt, credit and employment history to determine if they will extend you credit.

FALSE: You MUST keep a balance on your credit card to build a credit score.

TRUTH: Using and managing credit well are key factors which build your credit score. You do not have to keep a balance to maintain your score. It's best to pay-off your balance monthly to keep your debt ratio lower.

FALSE: When you pay-off past-due or old accounts they will automatically be removed from your credit report.

TRUTH: Items are not removed from your credit report until the legal statue of limitations specific to that item. Once items are paid off they no longer affect your score negatively but will remain on your report until the allotted time period.

FALSE: Credit bureaus never make mistakes.

TRUTH: According to a survey by the U.S. Public Interest Research Groups, nearly 8 out of 10 of all credit reports have errors and many of these errors can negatively impact your profile.

FALSE: Disputing accurate information will remove it from your credit report.

TRUTH: If the dispute claim is found to be false, that information will not be removed from your credit report.

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