

## Build Credit

One of the most important things that you will ever need in life is good credit. Without good credit, making large purchases could be more of a challenge than you can imagine. Quite recently, my grandmother needed to get a new vehicle. Since it had been quite a few years since she's had to purchase a car, even a used car was out of her price range. She needed to get a small loan in order to purchase the car. In the past, she and my grandfather had always paid cash for their vehicles and purchases. Their house had been paid off for many years, but it had been in my grandfather's name. Much to her shock, she didn't qualify for a car loan because of her credit score. Since she had always paid everything in cash, her credit score was a lot lower than it should have been. She had not had the opportunity to build credit because of always paying in cash.

A lot of young people who have not had time to build credit yet will often find themselves in the same situation. Without having any credit, a car loan will be difficult. Getting a house is incredibly challenging. If you've filed for bankruptcy and are starting over to build credit for yourself, it can be a challenge as well. Creditors need to know that you are going to be a good customer and will be able to repay your loans. They'll be much more hesitant to give a loan or any type of credit to a customer who has little or no credit history.

And so, the journey to build credit begins. What can you do to prove yourself to a potential creditor? If you've never had a credit card, apply for one or two. Perhaps your bank will allow you to apply for one through their institution. Having a credit card is one of the best ways to build credit. Even if you aren't using your credit card, it will show lenders that institutions have trusted you enough to extend credit to you, should the need arise to use it. Or, to help you build credit, make a few small purchases on the credit card each month. Pay it off when you receive the bill each month, in full. That way, you won't have a balance and you'll be able to build credit much faster. Make sure that you don't make any late payments. Even paying a bill one day late can affect your credit score.

Believe it or not, getting a store credit card can be easier than getting a major credit card. If you take advantage of a store's year without interest offers, you may be able to build credit that way as well. Your credit limit may be rather low, but any amount that is extended to you will help to build credit. Before you know it, you will be on your way to qualifying for a car loan, a mortgage or a loan for anything else that you may need to have for yourself. Keep in mind though that in your mission to build credit for yourself, you don't put yourself into debt. Just because you have a credit card doesn't mean that

you should use it to make purchases that you cannot afford. While you may be able to build credit for yourself, having too much debt will negatively affect you as well.