**Building Your Healthy Credit History**

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**Having a credit history may not only be beneficial to your investment planning, but also necessary.** In order to purchase any high priced item, such as a house, with anything but cash most people need to obtain a home mortgage. One of the items that banks, credit unions and the Small Business Administration review in the loan approval process is your credit history and your credit score. With a poor credit score, you will usually have to make a much larger down payment on the property.

**By building a good credit history and establishing a good to very good credit score, you have position yourself better to not only get a loan, but get a loan at a an attractive interest rate.**

The three major credit bureaus, TransUnion, Equifax and Experian, create and maintain your credit history and then derive your credit score from that history. **When applying for a mortgage, the lender looks at your credit score that is the average of the three scores issued by these credit bureaus.**

**The first step is to establish a level of financial stability by opening a checking and, if possible, a savings account.** Another reason to begin building a savings account is that lenders like to see at least several months worth of a mortgage payments in your combination checking and savings account.

Another easy way **to start building a credit history, or repairing one, is to get a "guaranteed" credit card.** Essentially it is a debit card that begins to act like a credit card. When investigating the cards, make sure the fees are reasonable. If the card is opened with a $300 balance, make sure that at the end of the 6 month period of establishing a good payment history the fees are not structured so as to eat up your balance.

These credit repair and history building cards work by the card holder initially depositing money in an account. The cardholder than makes purchases with the card, sends monthly payments on the account and after six months of timely payments gets their balance (less any fees) credited to their account.**After that process, the card holder can request that the credit limit be increased to $1000 to get it to the level that helps your credit score.**

**For homeowners, an equity-building route is to purchase an item (that you need), such as an appliance, on an installment loan and make regular, on-time payments.** Beware of installment loans that call for payments that are mostly interest payments or have prepayment penalties. If you are on a payment plan whose payments mostly go towards interest, set your own minimum payment level that is higher so that most of your payment goes to paying down the loans principal.

**Gas station credit cards are usually easier to get than a regular credit card**and usually carry lower limits. The best discipline with a gas credit card is to use it an pay it off at the end of the month, or only leave an outstanding balance of under 25%.

Building or repairing your credit is easy, but takes financial discipline in order for these steps not to back-fire and hurt your credit history. **Financial discipline is, after all, the main underpinning of any credit building exercise and strategy.**