

# Give yourself some credit

Everyone is talking about the economy. Not just in the U.S. but throughout the world. The stock market "ride" rivals the roller coaster on Morey's Pier. The housing market has slowed. People are facing the risk of losing their primary homes. Many are walking away from their vacation homes or investment properties because they just can't make the payments. Companies are cutting back on personnel and jobs are hard to find. Yes, these are the toughest economic times since the Great Depression.

What do we do? I have yet to see or hear anyone in print or on television with *the* answer, but I have some advice you may not have considered to help you through this. First you must take a hard look at your financial position. Collect all of your bills; determine the payments needed every month for your mortgage, rent, car, taxes, credit cards, food, utilities and anything else that is paid monthly. Subtract that from your net income. Some are afraid to do this because they don't want to know how much their "out go" exceeds their income. Also, add up the amount you are paying in

finance charges on credit cards each month. Don't throw the bills in a drawer and ignore them. You may be shocked and upset but you must know the truth if you really want to improve your financial position.

In today's world, having good credit is more important than ever. If your credit is poor, it costs you more and will continue to cost you more for many things. Being a Realtor®, I knew about the sub-prime mortgage market where people with questionable or poor credit were required to pay higher interest rates due to the higher risk factor of their loans. This has been a large cause of the foreclosures and economic troubles we are facing now. I also knew that if you have poor credit, you pay a higher interest rate on credit cards. But it goes further than this. In this tight credit market you may be denied a loan for a car you desperately need or a home improvement that has to be done. If you do get a loan, you will probably have to pay much higher interest rates than someone with good credit. Many people who have had open lines of credit on home equity loans have had them



**Real Estate  
Realty**

By Suzanne Smigo

cancelled by their bank or mortgage company. This severely limits your options when things break down or wear out.

I was surprised to learn that our credit score also determines the rate we pay for insurance on our cars and homes. Apparently, the statistics show that people with poor credit submit more insurance claims than those with good credit. So with more risk, the

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person with lower credit pays more. Paying your bills on time indicates to insurers that you are a safer driver and a better risk.

If you don't own a home, finding a rental is also affected. Landlords check the credit of potential renters because statistics also reveal that those with good credit will most likely pay their rent on time and take good care of the property. I found this to be true with renting out a home we own. My current tenants have stellar credit. I checked it before offering them a lease. It is no surprise to me that their rent, due on the first of the month, is usually paid by the 20th of the previous month - plenty early. These are people I never worry about the condition of the property, I'm happy to have them and want them to stay as long as they like. I've heard horror stories about late rentals and what have I learned from this? I will only rent to those with high credit scores.

You may be denied a job due to poor credit. This is especially true with jobs involving handling money.

The current rule of thumb is, like it or not, you are being judged by your credit score. The good news is that there are ways to improve your score so that you can get better rates and be judged as credit worthy.

You are entitled to a free credit report each year, so take advantage of it and get a copy. Be sure to look closely and dis-

pute anything that has already been paid or that is incorrect. This alone can raise your score.

Pay your bills on time whenever possible. OK, this is a no-brainer. Now I realize that sometimes this is impossible, but I am amazed at people who have the money and are either too lazy to pay bills when they are due or they just don't care if they're late. Remember, you are paying more for and being

judged on this behavior.

It is sometimes possible to lower the interest rate you are paying on credit cards by calling the provider and asking for it. Be kind and professional on the phone when you explain your situation. It may not work but what do you have to lose? I worked in customer service for years and believe me, the nice folks get more than the nasty ones. I could tell when someone was sincerely in a

bind and I wanted to help so I used all the latitude I had available to work something out.

So, my suggestions are to face the truth of your financial situation and work on lowering your outstanding balances by paying off as much as you can, on time. This will eventually raise your credit score and lower some of the rates you pay and put the money saved back in your pocket. Also get a

copy of your credit report each year and confirm that it is accurate. You deserve the credit - just make sure it's good.

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