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## South Florida Sun-Sentinel.com

### Seven common credit myths dispelled

With the economy reeling and home loan rates at a nine-month high, lenders are scrutinizing everyone's credit history like never before. Yet, many Americans don't realize the impact of late payments on their credit score and their finances. "Being knowledgeable about your credit standing is becoming increasingly more important by the day," says Lucy Duni, vice president of TrueCredit.com. "Businesses, ranging from insurance companies to wireless providers and some employers, are now reviewing consumer credit information as a routine part of their application processes." When it comes to credit, knowing fact from fiction and understanding how to act is critical. Here are some common credit myths that may be preventing you from engaging in effective credit management:



**Myth:** My score will drop if I check my credit. **Fact:** Checking your own reports and scores is considered a "soft inquiry" and has no negative impact on your credit score.

**Myth:** Reviewing any one of my three credit reports occasionally will tell me everything I need to know about my credit standing. **Fact:** Occasional monitoring will give an incomplete snapshot of your credit standing. You should, instead, check all three of your credit reports and scores frequently throughout the year because the information and scores contained in each of those reports can vary at any given point in time.

**Myth:** There's only one score that all lenders use to determine my credit-worthiness. **Fact:** There are literally hundreds of different scoring models used by lenders in the marketplace today.

**Myth:** Closing old credit card accounts will clean up your credit reports. **Fact:** Some people advocate closing old and inactive accounts as a way to manage their credit. In most cases, closing your older accounts will make your credit history appear shorter, which can negatively impact your overall credit standing.

**Myth:** Once you pay off a delinquent loan or credit card balance, the item is removed from your credit report. **Fact:** Negative information such as late payments, collection accounts and bankruptcies will remain on your credit reports for up to seven years. Certain types of bankruptcies stick around for up to 10 years. Paying off the delinquent account won't remove it from your credit report, but it will update the account to indicate it as "paid."

**Myth:** If I don't pay a medical bill on time because I believe it is incorrect, I can't be held accountable. **Fact:** If you fail to pay a medical bill in a timely manner, the delinquent payment may be reported as late to a credit bureau. If you believe a medical bill you have received is wrong or was sent to you in error,

it's best to contact the provider to resolve or discuss the matter prior to the bill becoming past due.

Myth: The "credit bureaus" report people as having either good or bad credit. Fact: Credit reporting companies compile information that is provided directly and voluntarily by consumer lenders. If you have a credit card, home or auto loan, or make other monthly payments, those parties are likely reporting details of your payment track record.

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