



NATIONAL FOUNDATION FOR
CREDIT COUNSELING

*Knowing the difference can
make all the difference.*

NFCC PRESS RELEASE

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ABC's of Building Credit

College Graduates Enter the World of Credit at a Difficult Time

Silver Spring, MD - Recent college graduates are undoubtedly anxious to get on with their lives and do very grown-up things such as enter the workforce, buy a car and upgrade from dorm life to a nice apartment. The reality is that it's going to take credit to achieve many of their dreams, and if they've not established credit while in school, now is the time to start.

"Today's graduate will be attempting to obtain credit during a time when lenders are taking a very close look at all applicants. Someone without an established, positive credit history is likely to have a more difficult time establishing credit than his or her big brother did a few short years ago," said Gail Cunningham, spokesperson for the National Foundation for Credit Counseling (NFCC).

To assist graduates as they enter the world of credit, the NFCC offers the following ABC's of establishing and maintaining a positive credit file:

A – Apply for credit judiciously. Don't be a kid in the credit candy store. Applying for too much credit at once can send the wrong signal to the lender, making it appear that you are desperate for credit. Additionally, too many inquiries can have a negative impact on your credit score, and too much plastic in your wallet only increases your temptation to spend. It's smart to start slowly and move along the credit path at a measured pace.

B – Be aware of how credit works, then work it to your advantage. Know that you'll need at least three lines of credit, or else your file will be considered too thin for the all-important credit score to evaluate. The scoring model also likes to see different types of credit handled responsibly, so apply for both open-ended credit such as credit cards, and closed-end credit loans where the payment is the same each month. Pay your bills on time, and don't use more than 30 percent of your available credit. Doing these things will earn you a high credit score which equals a low interest rate on your credit cards and loans, making you a winner in the credit game.

C – Consider a co-signer. If you've been denied credit based on your own merit, try another route. Ask a parent to co-sign on a loan or credit card with you. This is a risk for the co-signer, as the payment history is reported on his or her credit file, too. Thus, if you fail to make timely payments, both of your credit histories will be dinged. Another option is a secured credit card. With this

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product, you put up money as collateral for the card and are granted a line of credit in that amount, so the issuer has no risk. Handling this type of credit responsibly will likely lead to being offered an unsecured card, and meanwhile you've built a positive credit record.

“The financial world in which we live requires us to have access to credit,” continued Cunningham. “If you're a college graduate, you're an educated person. Now become educated about your finances. The young person who understands the importance of treating his or her credit obligations responsibly today is laying the foundation for a stable financial future.”

If you'd like more tips on building a positive credit report, reach out to an NFCC Member Agency. To find the one closest to you, dial toll free to (800) 388-2227, or go online to www.DebtAdvice.org. For assistance in Spanish, call (800) 682-9832 or visit www.Terminconsudeuda.org.

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The National Foundation for Credit Counseling (NFCC), founded in 1951, is the nation's largest and longest serving national nonprofit credit counseling organization. The NFCC's mission is to promote the national agenda for financially responsible behavior and build capacity for its Members to deliver the highest quality financial education and counseling services. NFCC Members annually help four million consumers through close to 830 community-based offices nationwide. For free and affordable confidential advice through a reputable NFCC Member, call (800) 388-2227, (en Español (800) 682-9832) or visit www.nfcc.org. Visit us on Facebook at <http://www.facebook.com/NFCCDebtAdvice> and on Twitter at <http://twitter.com/NFCCDebtAdvice>.