

## Get A Free Credit Report

Right now -- as the holiday shopping bills start to arrive -- might not be the best time to mention this, but have you thought about your credit rating?

Your credit history is crucial! Most small businesses, and all new businesses, get credit based on the owner's credit-worthiness. Lenders check credit scores whether you're applying for a line of credit, loan, credit card, mortgage, equipment loan, or even a lease.

They'll also set interest rates based on your credit; a higher (better) credit score may save you hundreds -- even thousands -- of dollars in interest. Before you can become a credit card merchant, companies check your personal credit. Some investors check credit reports on entrepreneurs before deciding whether to invest in their companies.

So it's important to check to see that your credit report is accurate. Federal law entitles you to one free credit report from the three nationwide credit-reporting agencies each year (in addition to a credit report if you're turned down for credit).

There's only one authorized web site for getting this free credit report -- [AnnualCreditReport.com](http://AnnualCreditReport.com). You're likely to get spam directing you to other so-called "free" credit reports, but don't believe them.

It's also useful to understand some terms:

- Credit report or credit file

Lenders who give you credit (such as banks, department stores, and credit card companies) report your history to one or more credit-reporting agencies. The three major national agencies are Experian, Equifax, and TransUnion. Each maintains files detailing your credit history -- what accounts you have, how much you owe, and whether you pay on time.

- Credit score, credit rating, or FICO score

Each credit reporting agency gives you a number based on a mathematical formula (devised by the Fair Isaac Corporation, or FICO) weighing the data in your report.

The law doesn't entitle you to a free copy of your credit score. However, you can purchase a copy of your credit score from any of the credit reporting agencies or when you request your free report from [AnnualCreditReport.com](http://AnnualCreditReport.com).

You can request all three free reports at one time, or spread them out throughout the year. If you're just starting your business or if you're seeking a major loan soon, it's probably a good idea to get all three to check for inaccuracies.

Credit – Rhonda Abrams