

How to Build and Establish Credit

Establishing credit can be a very difficult task, especially at a young age. You will often think to yourself, "I can't get credit because I have no credit and I don't have credit because I can't get any!" It's important to start getting your credit score up as early as possible. Without a decent credit score it is virtually impossible to get a car, house, or any other expensive items. Even when it comes to student loans, if you choose to go with a private lender, you may have a difficult time obtaining one without a decent credit score.

With a good credit history your chances on getting accepted for a loan are much higher. While submitting credit card applications can be depressing due to the amount of rejections you will get, don't give up. There are "secrets" around this that will enable you to establish some amount of credit.

One of the most popular ways to establish credit is to go to your local bank in which you have a banking account with. Have your parents or any other person with a decent credit history co-sign for you to get a secured credit card. Usually the limits on these are fairly low (\$300-\$1000) due to not having any history. You will probably be upset at the low limit you have, but it is important to not have a large limit for your first card.

Now with this credit card you can make relatively small purchases and pay at least the minimum amount for each bill received. The most important rule to remember here is to be responsible with the card. Don't just buy stuff because you "can" buy stuff. Only purchase what you know you can pay off. Therefore, don't go out and buy a \$900 television set if you are making \$300 a month. It is also important that you don't use the card for several small purchases such as: fast food, movies, etc. Of course at the moment you think you can pay it off at the end of the month, but after many small purchases the more in debt you get.

If you aren't able to get someone to co-sign for you there are other options available. Many gas stations or department stores have credit cards that nearly anyone can get as long as you can provide proof of a certain amount of income per month. With a department store card just purchase an amount of items that you know you can pay off soon. Doing so will increase your credit score seeing that you are paying on time. Missing a payment by even one day can deduct many points from your credit score.

Having negative points on your history will show banks or car dealerships that you aren't as reliable when it comes to making payments. Also having a bank account will help your chances of getting a credit card. As the bank account won't help your credit score, it will show the company you are applying with that you have money. The key point to gaining credit quickly is to pay at least the minimum payment each month.

Also check out [College Student Credit Cards](#).