

## How Errors in Your Credit Report Can Affect You

*Article 1 of 9 – 1<sup>st</sup> of a series on credit rebuilding begins with a discussion of how bad credit can affect you...*

Very few things in life can have a more devastating effect on your lifestyle than a poor credit score. A low credit score can cost you hundreds or even thousands of dollars per month.

### Credit Cards

Most prime credit cards are entirely out of reach to consumers with bad credit. And the few credit cards that are available to them (known as "sub-prime" cards) typically require exorbitant setup fees or recurring monthly fees, offer very low credit lines, often require cash deposits, and in most cases do not even report your positive credit activity to the credit bureaus.

### Automobile Financing

If you are making payments on a car, you are probably paying between \$5,000 and \$9,000 more just for having bad credit. This added interest shows up every month in a higher payment. Take a look;

<b>\$20,000 car paid over 5 years</b>			
CREDIT STATUS	RATE	PAYMENT	COST OF BAD CREDIT
Perfect	10%	\$424.94	\$0.00
Mildly Damaged	14%	\$465.37	\$4,722.54
Damaged	20%	\$529.88	\$8,593.30

### Home Mortgage

Bad credit in auto financing can really hurt, but it is nothing compared to the cost of bad credit when a home is involved. A typical home can cost between \$50,000 and \$130,000 more in interest if you are buying the home with bad credit.

<b>\$100,000 home paid over 30 years</b>			
CREDIT STATUS	RATE	PAYMENT	COST OF BAD CREDIT
Perfect	7%	\$655.30	\$0.00
Mildly Damaged	9%	\$804.62	\$50,155.24
Damaged	12%	\$1,028.61	\$130,791.63