

ESTABLISHING CREDIT

Building credit takes time and patience. In the United States, there are three Credit Reporting Agencies (CRAs) – Equifax, Experian and TransUnion and they do not share information with each other. In addition, they are not able to receive transferred credit history from your home country.

Credit in the United States is linked to a person via their social security number (SSN), and unlike in other countries both the good and the bad are reported. Credit history and credit score are determined by patterns of payment (late or timely), loans that have been taken out, amount being lent, any defaults in payment (i.e. bankruptcy, foreclosure, etc). Any bad markings on a person's credit can last about 7 years. The CRA's cannot discriminate against you, only report on information gained based on your payment and loan history. You officially start building your credit history when you get credit from a lender who reports your account and payment history to one or more of the CRAs.

Having poor credit or no credit may create complications in getting goods and services requiring ongoing payment, like mobile phones, apartments, (car) loans, and more. In addition, be wise in building your credit. Once you start building credit, you may be approved for multiple credit cards for low amounts. Be careful in only using them for what you are able to pay back. In addition, when a potential landlord or loan officer inquires on your credit, your credit report will reflect it. Each inquiry is recorded and if there are too many inquiries at the same time, it can negatively impact your credit score.

Step One: Get a Social Security Number (SSN)

Unfortunately, you cannot get a SSN solely for credit purposes. Social Security numbers are used to report wages to the government for tax purposes. Social Security numbers are assigned to foreign workers who are authorized to work in the United States via a visa or employment authorization document. The Social Security Administration (SSA) does not charge for a Social Security card. You can apply for your SSN as soon as you land, however the SSA will not process it until after you've been in the country 10 days and all papers have been processed through Homeland Security. When you apply, you will not leave with your SSN. However, after waiting the 10 business day cycle, you can call to get the number or stop in for a printout. That way, you can provide it when applying for drivers license, banking, phone, etc. Otherwise, your card is mailed to you in approximately 2 weeks.

Be cautious about giving your private information, especially your Social Security number, to anyone. Identity theft, the crime of obtaining the personal or financial information of another person is rampant. To prevent identity theft, experts recommend that you regularly check your credit report with major credit bureaus. See Free Credit Report Information to learn how to do this.

Step Two: Get Accounts in Your Name

Get an apartment, utilities, phone service, car, etc. in your name and pay timely and consistently.

If you are a foreign worker, you must apply for a Social Security card.





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TIP: In general, when you are first establishing your banking relationship in the US, it makes a lot of sense to shop around first. Talk with the bank and find out what they can do to help you get established in the US.

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Step Three: Get a Bank Account

Open a checking account and perhaps, a savings account for the ability to pay bills. You'll be able to manually write checks or use a "Bill Payer" system that the bank provides. To open a bank account, most banks will require the following:

- Proof of US Address. Sometimes a letter on company letterhead and signed indicating where you'll be residing temporarily while looking for your home or apartment can be used, along with your previous address.
- 2 forms of ID – Passport, Driver's License or country issued Photo ID (to confirm your identity).
- Your VISA or employment authorization document.
- Name, address, phone number.
- Money for deposit – each bank will have a minimum deposit.
- Social Security Number – this is required by most banks.
- Citibank, Chase and HSBC are three banks that will allow you to open an account without a social security number. All that is needed is your passport and VISA; however, they request that you update them with your SSN once you receive it.
- Bank of America will allow you to open an account with proof that your application has been submitted to SSA.
- TD Bank, New York City (also branches on the east coast) is more flexible not needing social security numbers up front. <http://www.tdbank.com/>.
- Check to ensure there is a local branch in your new destination.

Note: Those banks that will allow you to open an account without a social security number (SSN) will not be able to issue a bank credit card until you receive it.

Step 4: Get Credit

CREDIT CARDS

If you have a credit card issued by a company or bank that also issues cards in the US, you might try finding out from them whether they can issue you a US-based credit card.

Secured Credit Card

A similar option is to get a secured credit card. This is a major credit card that requires a security deposit. [Research and Compare Secured Credit Card Offers on Credit.com]

Retail Store Credit Cards

Retail cards are credit cards issued for use at specific retail stores. Some examples are Saks, Macy's, Bloomingdales and The Gap [and gas stations]. Retail cards are generally much easier to obtain even if your credit history and credit scores aren't in the best shape.

- Pros – Again, you are building your credit history.
- Cons – You are limited in where you can use the card and the interest rates are generally very high. Also, credit limits on retail cards are typically very low. [Taken directly from www.immihelp.com]

Student Credit Card Programs

Most reputable credit card issuers offer student card programs that require little or no credit history. These cards are generally offered through a program with a college or university. The credit card issuers who participate in student card programs are betting that if they can get “in your wallet” first that you will remain loyal to them as you go from student to wage earning employee.

- Pros – These cards are generally very easy to qualify for and you are building a credit history.
- Cons – These cards generally have very low credit limits and, therefore, cannot be used for any major purchases. [Taken directly from www.immihelp.com]

Major Credit Card Companies

American Express, Discover, Diners Club, DCU (Digital Federal Credit Union)

LOANS

A secured loan or regular loan (even for a car) can be achieved through your bank or credit union, but be sure that they will report it to the CRAs. Otherwise, you will not be building any credit history. A Secured Loan can usually be obtained from the financial institution where your checking account is held. A deposit is required as collateral for your loan. (Your credit line is generally equal to the amount you have on deposit.)

COSIGNER

If you have someone that will agree to be a cosigner, this is a great way to build credit. Ensure that both of your names are on the application. Otherwise, you will not build credit history.

In summary, follow these 4 steps and use your credit cards to show a positive payment history. You won't build the credit overnight. Give it about 60 days after you pay your first bill, then you can check your credit (see Free Credit Report Information to learn how to do this). Slow and steady – the goal is to build credit, not go in debt. Only use the credit cards for what you can afford and what you would have normally paid for in cash. You can make a payment to the credit card company right after using the credit card or pay it in full each month. Generally plan on it taking at least 6 months to get a credit history started.





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NATIONAL RENTAL SERVICE

TIPS for Credit Concerns:

Going about overcoming a poor credit history is not unlike finding a job.

You need to have a well prepared "resume" with references and overcome the landlord's concern that you won't pay your rent on time or possibly at all.

Free Credit Report

Information: You are entitled to one free credit report a year from each credit reporting agency (Equifax, TransUnion & Experian); however, they will not have Beacon (credit) Score which is used by many property management companies.

You can get a copy of your Credit Report for free at www.annualcreditreport.com
For more information, see www.bankrate.com
Your credit score can be obtained from www.creditkarma.com

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Resources: Gerri Detweiler from credit.com's article "How to Build Credit When You're New to the USA," 11/19/12 and "How to Build Credit if You Are New to the United States," 02/07/2011 & www.immihelp.com's Establishing Credit History

If you are interested in a rental listed directly by the landlord, your credit rating may never rise above the radar. Some private landlords do not use sophisticated credit checking systems to qualify their tenants.

Real estate agents or property management companies with rentals will run a credit report and adhere to stricter rental guidelines for qualifying and accepting rental applications. First, call the apartment community or property management company to determine their credit policy and what is needed. If there is some flexibility in the policy:

- Explain your situation.
- Indicate you are relocating with your company.
- If this is a promotion or continuous employment, emphasize this as well.
- Then understand what it is needed for you to become a serious contender.

Helpful Advice:

Have your offer letter/employment verification letter available indicating your salary, a contact person at the place of employment, indication if this is a new position or you've been with the company and, if possible a reference that they are paying for your relocation. Get 1-2 creditor references from those whom you have established a steady payment plan with such as your bank, a loan officer, or even credit card company.

Prepare a list of personal references or compile letters from those whom the property manager would trust such as pastors, priests or rabbis, as well as other community leaders. If they know you, they might be willing to act as references, or talk to the prospective landlord. If you have an outline or payment plan established regarding repayment of past debts, it will show that you are willing to improve your standing.

In advance, determine who can be a co-signer if needed (someone with great credit). These are some web sites that offer this service (none have been investigated; however, this is an article from Smart Money on whether it is worth the fee:

www.insurent.com • www.wecesign.com/renters.html • www.co-signer.com

Talk with your employer to see if an automatic withdraw, payroll deduction or direct transfer deposit is a possibility. This provides a landlord a better guarantee of payment.

Also, if you can afford it, you can offer to pay double or triple the rent or deposit. Usually it can be negotiated to have a payment plan over 2-3 months. Note: Some states limit the amount of security deposit that can be collected up front.

Note that many communities will require that you make 2-3 times the annual rent.

Below you will find an example of a letter of explanation for those with credit concerns. This is a guide for you to use when creating a letter for your potential landlord. By providing an explanation, the landlord may be better able to understand and work with you to overcome any credit issues. An extra month's rent may be required up front, or something else of that nature. The example is only a guide and while it has proven its success, we recommend consulting with your agent the best way to move forward in each unique situation.

Create a Letter of Explanation

December 26, 2013

To Whom It May Concern,

I feel that your house would be a great fit for me. By way of this letter, I'd like to introduce myself. I have been living in Kentucky for 2.5 years now. I am the youngest of five children and value family very much. I look forward to turning your house into my home, where I can entertain friends and family.

INSERT PICTURE

For 6.5 years, I have been employed at X company. I started off as an hourly employee and worked hard to develop my skills. My skills and accomplishments got me promoted to manager and relocated to Louisville, KY. I have been a manager for the last 2.5 years further developing my skills and knowledge of the business. I now have been promoted to General Manager and my company is relocating me to Augusta, GA.

While in KY, I worked in three different stores causing me to move multiple times. All of my landlords were happy with my tenancy and would welcome your call.

Landlords: David Johnson 270-xxx-xxxx, Martin Nobody 502-xxx-xxxx

In addition to the application, I have also included my offer letter for your review indicating my salary, as well as my credit report dated 12/26/13 from Experian. As you will see, every creditor listed has a payment history of "OK" meaning on-time with the exception of an outstanding student loan of \$4,962. I had a short-term personal issue and notified the bank of the temporary problem with the hopes of arranging a deferred payment schedule. I have since made a payment that put this up-to-date and can now continue to make my monthly dues.

I have become much more responsible eliminating all of my credit card debt and living within my income. I am very tidy and have respect for other people's property and will ensure that your home is left in good condition. I hope that you will consider me. I would like to call this "home" and believe it would be a great fit.

Regards,
John Doe

216-xxx-xxxx

Attachments: Offer Letter, Credit Report