

Credit is like a job: you have to search for it

By **MARCY BOYCE**
Battalion Reporter

It's the old "Catch 22." You want credit, but most creditors require previous credit references and you have none.

For students trying to stand on their own two feet by establishing credit, this is one of the biggest problems, said Emil Broze, head of the installment department at First Bank and Trust in Bryan.

Resolving this problem, said David Benson, finance lecturer here, can be just like looking for a job.

"You've got to go around knocking on doors and convince people that you are credit worthy," he said.

And once the individual has found a creditor who believes him, he said, it is best to take out a small loan and then make the payments promptly. A credit card will serve the same purpose, he said.

Regardless of what most people believe, said Michael Laughlin, vice-president of the Bank of A&M, "just the fact that an applicant is a student doesn't automatically disqualify him for credit. There are many other factors which we take into consideration."

One of the most important, he said, is the applicant's ability to repay the loan. They determine this by subtracting an estimate of monthly expenses from the applicant's gross income, he said.

This ability to repay is also determined by the type of job he holds and his salary earned, Laughlin said.

The length of time he has been with his present employer is also a reflection upon the in-

dividual's economic stability, he said.

Checking and savings account records are also a reflection upon this stability, said Claude Joyce, vice president of Community Savings and Loan Association. For example, he said, creditors look to see if the applicant has a history of insufficient funds, whether or not he has saved any money and what his average balance is.

Moreover, Laughlin said, it has become increasingly important for an applicant to be a cus-

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tommer of the bank because the present high interest rates are making loanable funds scarce.

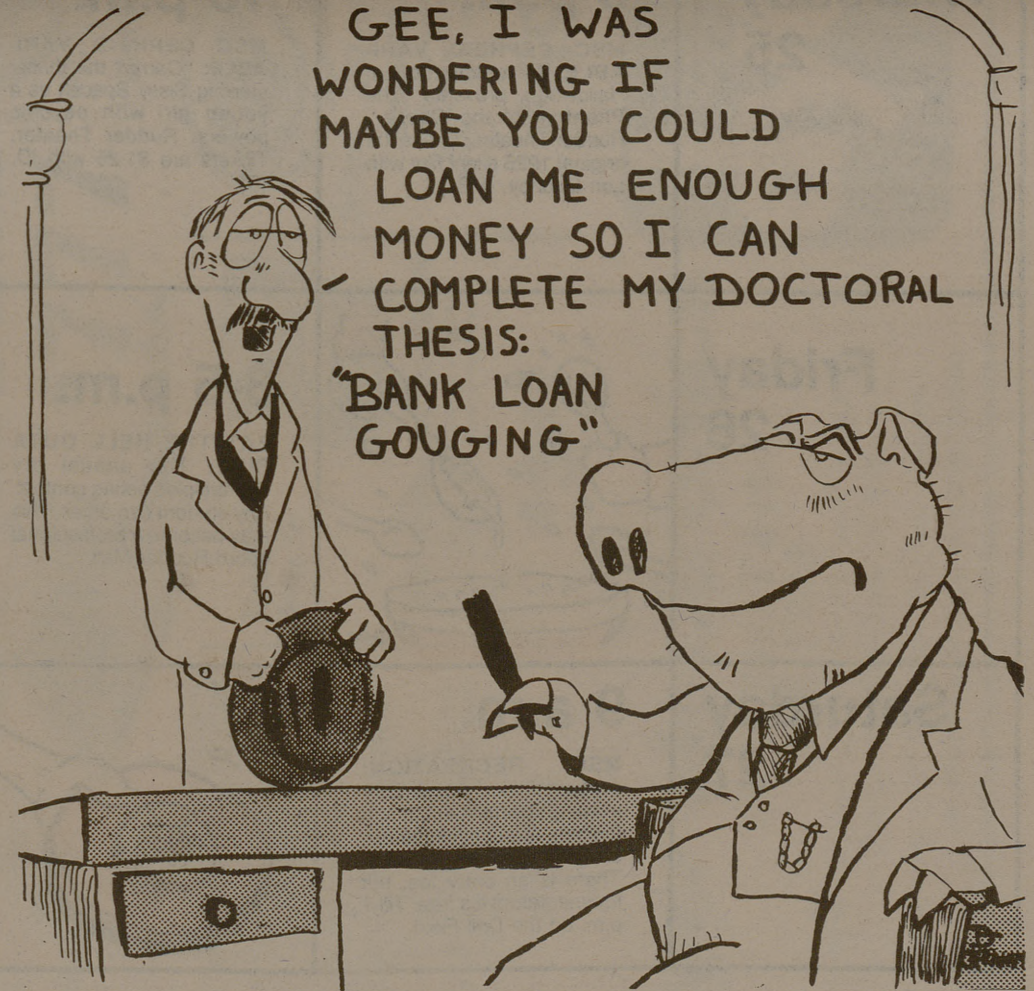
"So we have to be much more selective," he said.

Nevertheless, Laughlin said, these are just guidelines and exceptions are often made.

For example, he said, he has granted credit on the basis of an applicant's potential as a customer, such as a senior who has received confirmation of employment and a specific salary once he graduates.

But, in the event that a creditor considers the student too high of a risk, an alternative is to ask someone who does meet the qualifications to co-sign the loan.

Unfortunately, Benson said, the co-signer is as legally re-



sponsible for repayment as the original debtor, even though he reaps none of the benefits. And default can injure the co-signer's credit status just as well, he said.

Regardless of all the precautions creditors take before granting credit, there are always those individuals who default on payments.

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However, Jim Locke, student legal adviser, said first the cred-

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itor must notify the customer that a report is being made to the Credit Bureau.

The information on the report is incorporated into a credit file on the debtor as to the number of times he has been late over 30, 60 and 90 days, said Katie Calhoun of the local Credit Bureau.

This month-history system is replacing the previous one in which a debtor was ranked on a scale of one to nine — nine being the highest risk, she said.

A default remains on the consumer's credit file for seven years from his last payment, Calhoun said. And, she added,

any creditor who is a member of the Credit Bureau is entitled to this information in the credit file.

The Fair Credit Reporting Act, however, entitles the con-

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sumer to place an explanation for his credit default in the file along with the creditor's dissatisfactory account, Locke said.

That same act also gives the

consumer the right to know what is in his file. But if he feels there is a discrepancy, Calhoun said, the complaint must be resolved with the creditor.

"We don't have any authority to remove information from the credit file," she said. Both inputs and removals are made by the creditor.

If it is a billing error, Locke said, the consumer should contact the creditor within 60 days. The creditor then has 30 days to revise the bill or send proof that it is correct as is, he said.

If anyone gets credit, the best thing to do is nurse it along. It's hard to get, but can be lost easily.

Women can acquire spouse's credit rating

Students aren't alone in their struggle to establish credit. Women, too (who may also be students) find themselves in the same predicament, in spite of discrimination laws.

Ten percent of women today are divorced or separated; 13 percent are widowed. And many find that they have not only lost a husband, but their credit rating as well, because all credit was recorded in their husband's name only.

Measures which took effect June 1, 1977 should help prevent this situation, said Jim Locke, student legal adviser. The Equal Opportunity Act now requires that credit be reported in both the husband and wife's name if both are to use the account.

Should a woman attempt to establish credit in her name only, Locke said, she is protected by the Texas discrimination laws and should be given the same consideration as any other applicant.

Credit applications are handled by account numbers so there will be no distinction made between males and females, said Robert Keahey, credit manager for Sears in Bryan.

"The decision is already made by the time we get to the name," he said.

Nevertheless, Locke said, he recognizes that some discrimination does in fact exist.

"I think the only real reason is that creditors don't have that much confidence in the woman's earning power," he said.

"Women, for reasons which may or may not be their fault, (such as pregnancy, quitting to get married, or less pay for equal work) do not have the same job security as men do."

And creditors take this into consideration when making decisions, he said.

A woman can determine if she has any credit rating at all, by visiting the local Credit Bureau. If she doesn't have a rating, but wants credit reported in her name, she'll have to contact the firms she and her husband are dealing with. They are the ones who report credit.

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