

## New resident's quest for U.S. plastic By Erica Sandberg



### Dear Opening Credits,

I want to apply for a credit card, but I am not sure which one. My credit score is 729. I currently have a secured credit card and a checking account with Bank of America. My income is above \$70,000, but I am new to this country, having moved here just two years ago. I don't want to be rejected by a credit card company. Please advise. -- *Pranav*



### Dear Pranav,

No one wants to be rejected by an individual or a business they'd like to attract. But while you can't guarantee that your advances will be accepted, you often can make yourself pretty appealing and strengthen your chances. When it comes to a company offering credit cards, that means proving how great of a borrower you've been in the past, and how terrific you will likely be in the future.

You may be worrying too much about being denied. It seems to me you've got what it takes right now to attain the plastic of your dreams. Here's why:

1. You have a decent credit score. FICO scores range from a low of 300 to a high of 850, and the closer those numbers are to the top, the better your credit rating is. Most banks and other credit issuers consider a score of 729 to be perfectly fine.
2. You're already charging. The secured credit card that you have is helping you generate a credit history that all lenders will assess. If you've charged regularly and repaid what you borrowed on time and kept the balances well below the credit line, you've been doing very well. Since you've been in the U.S. for a couple of years, I hope you've had that card for as long. If this is the case, that should be just enough time for a new creditor to gauge your short and long-term history.
3. You are working and your income is good. Credit reports and scores are not the only factors in credit assessment. The potential credit issuer will also look at the amount of money you earn. This makes sense, because if you're unemployed, how will they know that you have the means to repay what you borrow? With a decent salary and few financial obligations, chances are high that you'll pay back the amount you charge. That makes you a solid candidate for a new line of credit.

OK, so all that should alleviate much of your concern about how a credit issuer will view you. Now what type of card should you get? Since you have a checking account with Bank of America right now, that might be a smart place to start as you're already a customer. I would give the bank a call and ask what credit product you might qualify for, based on your dealings with them.

One more thing: When you apply for a credit card (or any other type of loan where your credit report and score is checked), that will result in a hard inquiry, which will temporarily cause a small dip in your credit score. So don't apply for numerous cards at one time. If you are rejected for some reason, don't apply for another one for a couple months in order to allow your credit score to recover.

Finally, I'd like to take this opportunity to tell you how well you've been doing, with seemingly little guidance on this subject. Many Americans struggle with the credit system we have in place, and misusing credit is all too common. Keep on doing what you're doing. So far it's working for you.

## Opening Credits



Erica Sandberg is a prominent personal finance authority and author of "Expecting Money: The Essential Financial Plan for New and Growing Families."