

# Build Your FICO Scores & Increase Your Overall Credit Rating



*Start Living the Life of Your Dreams!*

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*Disclaimer: You are receiving this guide under the assumption that you have repaired your credit and no longer have none to minimal delinquent accounts reporting on your credit file. All information in this guide is for informational and entertainment purposes. This guide does not contain or offer any legal advice whatsoever. If you need legal counsel, seek out an attorney. Neither I, nor anyone associated with the development of this guide is an attorney, and the information presented in this guide is not to be taken literally. It is solely the opinion of the author. You have the responsibility to do your own due diligence when it comes to building and repairing your credit profile.*



**Is cash still King?** Yes, but only if you have more than enough of it lying around.

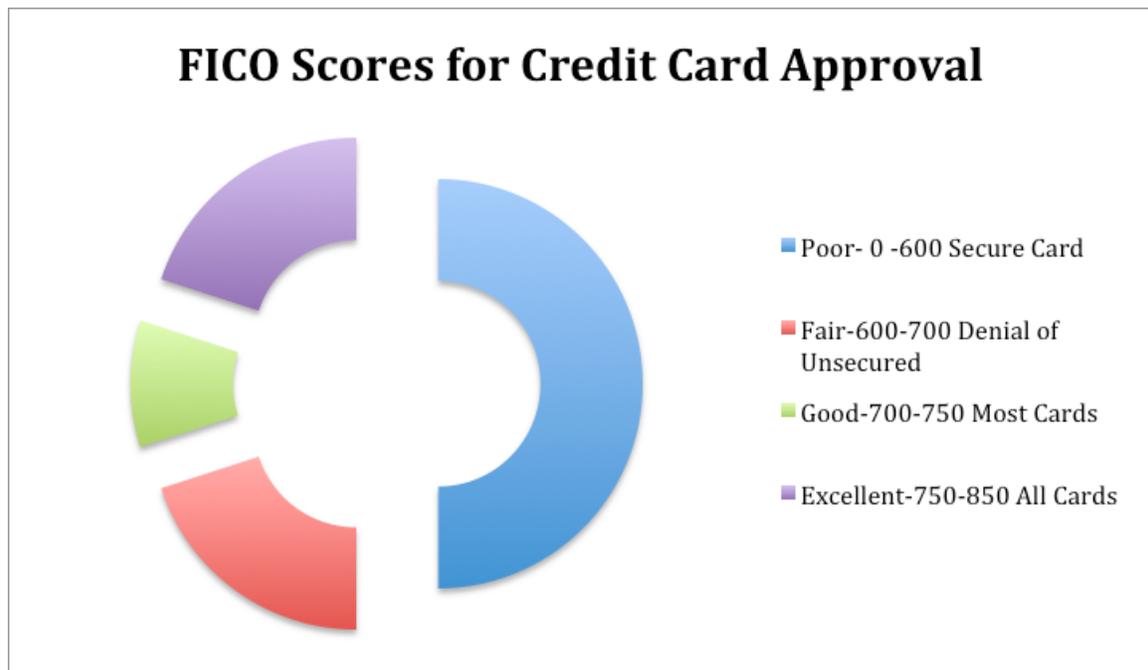
But cash for most people with average or low credit scores doesn't get very far. Like many other things, houses, cars, and airline tickets aren't paid for with cash. At some point, we have to use credit or our standard of living is limited.

Once your credit scores are improved, you are less risk to creditors and become eligible for higher credit limits. Better credit equates to a better lifestyle.

## **Credit is crowned Queen**

The best way to build credit is to get credit. If you already have credit card debt, you can raise your credit scores by paying down the debt and by asking the creditor for credit line increases. But only request increases every 3-6 months if you have been on time with your payments.

## Use credit cards to rebuild credit



### Major Credit Cards

Here is a list of a few major credit cards to rebuild credit. They have the best reviews at the time of this publication. These creditors may complete a hard pull inquiry on your credit. As with any venture, check each creditor's requirements and read their terms before completing an application to ensure these cards are right for you and fit your situation.

Unsecured cards are the most desirable cards because they offer the most rewards and don't require a security deposit. Once you start building credit with a secured card, you can ask the creditor to transfer your secured card to unsecured status. You can also apply for an unsecured card when your scores are above the 700 range.

#### 1. Capital One Secured = 4.5 Stars

Quick Review of Terms:

- \*No annual fee
- \*Reports to the 3 major credit bureaus
- \*Security deposit of \$49, \$99, or \$200 required
- \*Credit limit increases are available after 5 monthly on time payments

#### 2. Avant Card = 4 Stars

Quick Review of Terms:

\*Credit limit increases are available after 6 monthly on time payments

\*No hidden fees

### [3. USAA Secured Card Visa = 4 Stars](#)

Quick Review of Terms:

\*Interest-earning CD

\*Determine your own credit limit (@250-\$5,000)

\*No foreign transaction fees when used outside of the USA

### [Additional Credit Card Offers With a 4 Star Rating:](#)

1. [Fingerhut Credit](#)
2. [First Premier Bank Mastercard](#)
3. [Total Visa Card](#)
4. [Credit One Bank Visa](#)

### [Department Store Accounts](#)

Retail store card cards are also a way to begin establishing credit, especially if you manage them correctly. The credit limits offered can sometimes be lower than major credit cards, and the interest rates tend to be extremely higher. This means that you can reach your credit limit rather quickly during just one shopping spree. These cards are only good for use at selected stores, so purchases should be kept to a minimum. I recommend applying for these cards only if you've been turned down for a major credit card. These cards shouldn't be used for building your wardrobe; the name of the game is building your credit.

[\\*JC Penney](#)

[\\*Kohls](#)

[\\*Old Navy](#)

[\\*Target](#)

[\\*My Jewelers Club](#)

My Jewelers Club immediately approves \$5,000 in credit. They do report to the credit bureaus as long as you pay the annual membership fee and any down

payments applicable at time of purchase. Your monthly income must be \$1400.00 minimum.

## 9 Best Practices:

1. Apply only for a credit card that is approved for bad or slow credit starting out, if your scores fall below 700. Make sure that the creditor reports to Experian, Equifax, and Transunion. You want your payment history to make a positive impact on your overall credit scores.
2. Keep your credit card balances below their credit limits. The ideal rate is 30% of the credit line.
3. Pay your credit card bill before the due date. Even a 30 day late pay affects your credit and can drop your scores anywhere from 90 to 110 points.
4. Pay more than the minimum amount due. This shows lenders that you are creditworthy for increases in credit limits.
5. Do not waste time with opening accounts with creditors that do not report to the credit bureaus. Some creditors only report when you default on your agreement. One creditor in particular is Stoneberry. Stoneberry doesn't report monthly to the credit bureaus, unless you default. In essence, they do not assist in establishing good credit, but they are quick to report when you miss your payment.
6. Do not apply for more than 5 accounts per year. Each application is a hard pull inquiry. Hard pull inquiries are worth 3-5 points of your credit score.
7. Do not cosign for anyone! You're putting your good name at risk by cosigning for a debt for someone else. Not only will you be responsible for the debt if the person you cosigned for defaults, but also the credit bureaus will add it to your credit file.
8. Do not add others as an authorized user to your accounts! Even though you are the primary account holder, the authorized user has your credit at their disposal and can max out your card.
9. Do not ever max out your card! This will lower your credit scores, because your debt to credit ratio will be higher than the favored rate of 30%.

## Installment Loans

Installment loans fit into the plan of building credit, because they can be a part of the "mixture of credit" lenders look for. This includes auto loans, mortgages as well student loans. Student loan debt cannot be removed from your credit reports; therefore, if you have defaulted on your student loans, you should contact the loan servicer and request them to have them reinstated and put on a payment plan to bring your account current. Before applying for any new credit or taking out a loan, always make sure that you can afford an additional monthly payment.

The last three recommendations for you to build credit is through a credit builder program, having rental payments reported, and becoming an authorized user on someone else's account.

### Credit Builder Account - [www.selfender.com](http://www.selfender.com)

Opening a credit builder account may prove to be a good way for those with limited to no credit to start building credit. The way it works is, you will basically be setting up a CD savings account and making deposits to it every month. This is not an installment loan. According to [Self-Lender](#), "The credit builder account is designed to help you help yourself save money and establish credit history in a safe, responsible way."

For example: you can opt to commit to \$48 per month for 12 months, you would pay \$15 for an admin fee; at the end of the 12 months, you'd be able to cash in the CD.

They have pretty good reviews listed on their website. Some report increases in scores as much as 100 points within six months of joining. They report monthly to the three major credit bureaus. Be mindful, if you're late with your scheduled payments expect late fees, and all payment history, whether good or bad, is reported to all three credit bureaus.

### Rent Reporters

[Rent-Reporters](#) is another way to begin establishing credit. The way it works, you'll sign up and pay a \$95.00 fee to begin. Rent-Reporters will contact your landlord and report your last two years of rental history. Following that, you'll be charged \$9.95 per month. Rent-Reporters will continue to report your current rental payments. They're website notes how FICO scores can increase 30-50 points within a 30-day period. The downside to this program is that if you cancel, your rental history will be removed from your credit file and you can expect your scores to revert back to what they originally were before signing up. The way to take advantage of this program is by staying enrolled until your scores are high enough, by having a mixture of credit reporting in good standing. Keep it until you no longer need your rental history to boost your scores.

## Authorized User

Becoming an authorized user means you are authorized to use someone else's credit. This person adds you to their account and the credit line is reported on your credit file. Your score can shoot through the roof if the card has a high credit limit, a low balance, and an excellent payment history.

Now, you are able to make purchases on the card as if it was your own, but you're not the primary account holder. Which means that you're not sent the bill, nor do you have any rights to make changes to the account. You also cannot dispute any late charges or dispute any collection attempts if the primary cardholder defaults on the account.

The primary cardholder does have the option to hold onto the card that is mailed out in your name, preventing you from using it, but this is something the two of you should agree upon before being added to the account. This should be expected, since your main goal is to build credit and not take on additional debt.

Being an authorized user can benefit you only if the primary cardholder has a strong on-time payment history and keeps the balance at or below 30% of the credit line. The downfall to being an authorized user is when the primary cardholder misses a payment on the account. Why, because all activity on the account is reported on your credit file, as well as the primary cardholder's file. So, it's imperative that you make sure, whomever you ask to add you as an authorized user, is responsible in paying their debts.

## The Best Way to Manage Your New Credit

The best way to manage your new credit is to change your mindset and view credit as being advantageous to you. Realize that credit cards are not the same as debit cards. They are much more beneficial to you. When you swipe your debit card, the money is immediately taken from your bank account. You'd have to wait for your next pay date to have that money replaced. But with a credit card, when you swipe it, and pay on that card, that credit is available to you once again. Plus, you're showing the banks that you're responsible with debt when you pay a portion or all of it back within a 30-day period. Being responsible eventually opens up doors to having more credit extended to you.

**The key to making your credit cards advantageous to you depends on these three things:**

1. Know your pay dates
2. Know your credit card due date
3. Know the date the creditor reports to the credit bureaus

First, arrange for your payment due date to coincide with your pay date. You can do this by calling up the creditor and make a request to change the payment due date to the same day you get paid. This way, you ensure you don't miss a payment since you know you have the funds available to pay it. Next, when you make your payment, pay the entire balance off to ensure you are not going over the 30% DTC ratio. You also won't accrue any interest and this will save you money in the long run.

Next, don't use the card until the day(s) after the date your balance is reported to the credit bureaus. This date is the statement date listed on your bill. If you can't find it on your bill, you can call up the creditor and ask what date they report your account to the credit bureaus. Creditors report to the credit bureaus about five days after the due date. Therefore, if you make your minimum payment on the 1st and the creditor doesn't report until the 5th, any new charges you make between the 1st and the 5th are reported to the credit bureaus for that billing cycle. This lowers your credit score because your balance was increased with those recent purchases.

A lot of times when creditors see that you are paying your balance off every month, they'll notice that they're not making any money off the interest. Oftentimes, they'll increase your credit limit, *which increases your credit scores*, in hopes that you will spend more and not be able to pay the balance in full. This is done so that they'll make money from the interest accrued.

In conclusion, it takes credit to build credit, and you can start by building your credit with secured major credit cards, retail credit cards, installment loans, as well as credit builder programs, and/or by becoming an authorized user on someone else's account. It's to your best interest to be responsible with credit; and take the time to learn about how credit works and use it wisely to your advantage so you too can live the life you've always dreamed of.

To YOUR Success!