

Self Help Credit Repair

Congratulations on taking the first step towards purchasing a home. While there are a few things we must take care of on credit, the roadmap we discussed will get you there!

Your roadmap

Step 1:

Obtain a copy of your credit report at <https://www.annualcreditreport.com> – by law you have the right to receive a free copy every 12 months. It is important to note that this service provides credit information from all three bureaus: Equifax, Experian and Transunion. For more information on your rights visit – <https://consumer.ftc.gov/articles/free-credit-reports>

Step 2:

Read through the instructions on the following page. As supplemental information, this video will walk you through the steps as well. Pay careful attention and take notes on the “two credit card” method.

<https://www.youtube.com/watch?v=lekU5YiVwtQ&t=91s>

Step 3:

Going it alone can be frustrating. If you feel as though you need professional help, I don't blame you! Reach out to Mikah Abigail Credit Services. There is a separate cost to this, but a consultation is free and most save far more than they spend. Call them at (516) 471-1170 or email micah@micahabigail.com

Step 4:

Download my contact card - I'm here to help. Reach out with any questions you have! Download at...

www.bradsalerno.com/contact

Your Credit Repair/Boost Instructions

There are two parts to fixing your credit. The number one mistake most people make is focusing only on one or the other while the truth is, that both must be done in lockstep to see improvement. Following the below instructions, you will be on your way to higher credit scores and homeownership!

FIX THE OLD	ESTABLISH NEW CLEAN CREDIT
<p><u>Inaccurate Information:</u> Call the creditor and work with them to get it removed. This may include late payments, accounts which are paid off that still show a balance, etc. Keep in mind that your credit report is a snapshot in time and balances are not reported in real time. If you have recently made a payment it takes 30 to 60 days to reflect. Also note that blanketly disputing everything doesn't work like it did in the past and that this strategy can hurt you. Only dispute items that are in fact inaccurate.</p> <p><u>Pay of bad debts:</u> Collections, judgements, charge-offs. Since these are already bad debt, feel free to negotiate payoffs on those debts. Often you can get these paid off for 50% or less of what you owe.</p> <p><u>Past Due Accounts:</u> We are talking about accounts that are not yet collections, judgements or charge-offs but that are past due meaning you are behind on payments. You must immediately bring these accounts current. You will see immediate boosts in credit scores with this alone.</p> <p><u>Pay down revolving credit lines:</u> Revolving credit lines are ones where you have a credit limit and can charge against it, increasing your balance, and/or pay them to reduce your balance. An obvious example is a credit card but other such accounts like this exist including credit limits issued on bank accounts. Preferably these accounts are paid off and then you follow the instructions on establishing new credit but at the very least these accounts need to be paid off or down to below 10% of the available credit limit. If your balance is over 50% of your credit limit this will have a devastating impact on your credit score. Between 30% and 50% there is a negative impact. Between 10% and 30%, there is no positive or negative impact. Below 10% there is a positive impact to your credit scores.</p>	<p><u>Pay your current bills on time:</u> This should go without saying but you have current bills and must continue to pay them on time.</p> <p><u>Two Credit Card Method:</u> The fastest way to build credit is using the two credit card method. If you already have two or more open credits cards pay all of them off and pick two that you are going to continue to use going forward. If you do not have two credit cards obtain two. Keep in mind, car loans and other installment debt cannot replace these two credit cards. Credit cards are the fastest way to build credit.</p> <p><u>Here are the rules when using these cards.</u></p> <ol style="list-style-type: none"> 1. Use your card every month. Never charge more than 10% of the credit limit in any given month. Example: if you have a credit limit of \$300, charge no more than \$30 in a month. Set up a subscription service like Netflix and you can set it and forget it. Otherwise, just charge something (a pack of gum, milk, some gas) but make sure it's less than 10% of the credit limit. Charge something every month. 2. When the bill comes, pay it in full. Not early, just pay it on time, never late. By paying in full you pay no interest. <p>These two things done monthly show the scoring agencies that you use credit (not a zero balance), you use it wisely (charging less than 10% of the limit) and you paid it on time (paid in full monthly).</p> <p><u>Secured Credit Card:</u> If your credit score is already low you will most likely have to obtain a secured credit card. This is a card where you give the credit card company a deposit to hold and they in turn give you a credit card with a low credit limit. Do an google search for "Secured Credit Card With No Annual Fee" and see what comes up. And because you are going to pay this card in full each month as described above, you don't have to worry what interest rates they charge because you will never pay interest.</p>