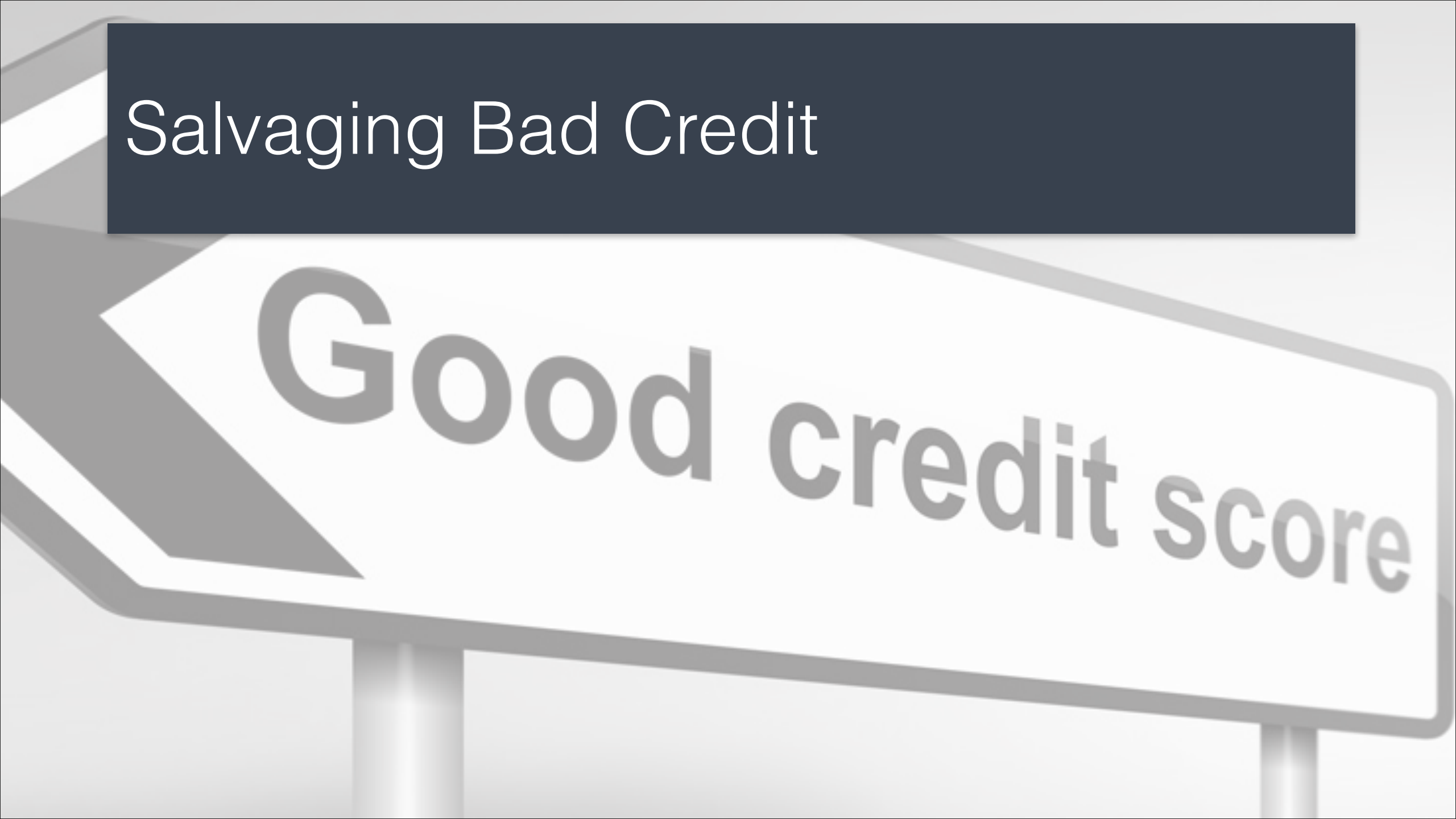


Salvaging Bad Credit



Good credit score

What Goes In Your Credit Score

- Payment history: This includes late payments, the number of accounts with a record of late payments, and negative legal actions such as bankruptcy. This makes up 35% of the final score
- Accounts owed: These include the type of accounts, account balances, total amount owed, the ratio of debt to available credit and the percentage of remaining installment debt. This makes up 30% of the final score

What Goes In Your Credit Score

- Length of credit history: This looks at the age of your oldest and youngest credit account, the average age of all credit accounts, and your use of the individual accounts. This makes up 15% of the final score
- Types of credit: How and where you received credit in the past makes up 10% of the final score
- New Credit: Several applications for new credit can reflect poorly on your credit score. If you keep the requests within a 30-day period, the score is not affected. New credit counts for 10% of your final score

3 Important Things You Can Do

- Check Your Credit Report – Credit score repair begins with your credit report
- Request a free copy of your credit report and check it for errors (Equifax, Experian, TransUnion)
- Examples: Late payment that was actually made on time
- Paid debt that is still listed as in collections

Payment Reminders

- Setup Payment Reminders – Making your credit payments on time is one of the biggest contributing factors to your credit scores
- Some banks offer payment reminders through their online banking portals that can send you an email or text message reminding you when a payment is due
- Automatic payment set-up

Reduce Credit Card Usage

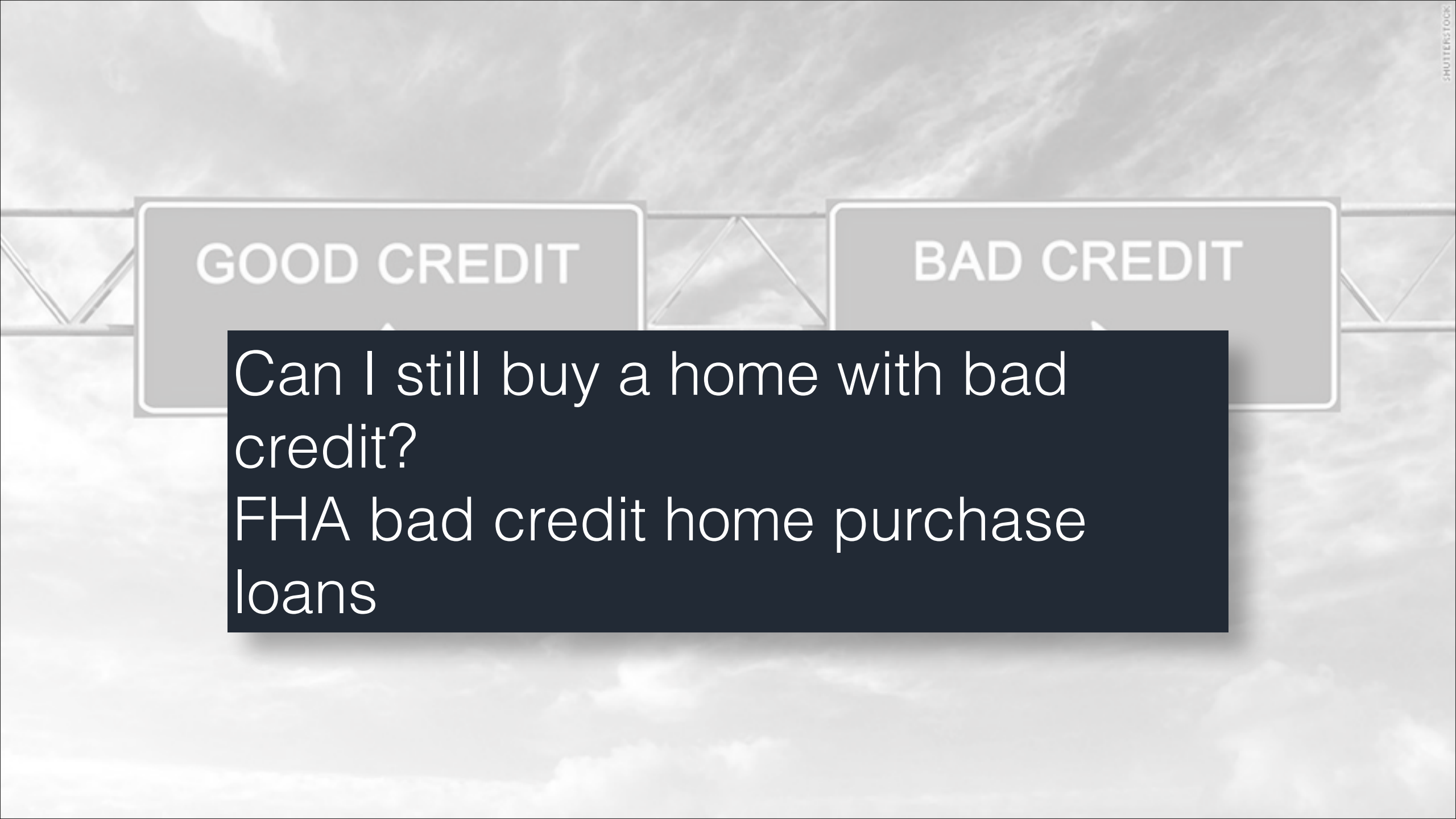
- Reduce the Amount of Debt You Owe – This is easier said than done, but reducing the amount that you owe is going to be a far more satisfying achievement than improving your credit score
- The first thing you need to do is to reduce the usage of credit cards
- Use only when absolutely necessary

Keep It Simple

- Pay the bills on time
- Reduce the amount of money you owe
- Do not exceed your credit card limit
- If you find any mistakes in your credit report, correct them at once
- Try to spend the minimum funds on your credit card
- Avoid big and unreasonable purchases
- Differentiate between 'Wants' and 'Needs'

Repairing Negative Information

- Be open and honest with your creditors
- If you know you are going to have a late payment or trouble paying, contact your lender
- Pay down current and past-due debts first
- Do not fall into the trap of paying off old debts by postponing payments of current debt
- Ideally, you should use 20% or less of your credit availability
- Example: If you have total credit card credit of \$10,000 available to you, do not let the balance exceed \$2000 for any lengthy period

A grayscale image of a bridge with two signs. The sign on the left says 'GOOD CREDIT' and the sign on the right says 'BAD CREDIT'. The bridge is set against a cloudy sky background. A dark blue rectangular box is overlaid on the 'BAD CREDIT' sign, containing white text.

GOOD CREDIT

BAD CREDIT

Can I still buy a home with bad credit?
FHA bad credit home purchase loans