

Understanding Credit: A Quick Overview

Your credit score is a three-digit number that represents your creditworthiness. Lenders use it to decide whether to approve loans, credit cards, and other forms of credit. The better your score, the easier it is to get approved for financing with favorable terms.

Key Credit Score Factors:

1. Payment History (35%): Always pay bills on time - this is the most important factor.
2. Credit Utilization (30%): Keep your credit card balances under 30% of your credit limit.
3. Length of Credit History (15%): The longer your accounts are open and in good standing, the better.
4. Credit Mix (10%): Having a variety of credit types (credit cards, auto loans, mortgages) improves your score.
5. New Inquiries (10%): Avoid too many hard credit checks in a short time - they stay on your report for 2 years.

Credit Score Ranges (FICO Model):

- 800 - 850 (Excellent): Best rates and loan options.
- 740 - 799 (Very Good): Great rates and easy approval.
- 670 - 739 (Good): Qualifies for most loans at average rates.
- 580 - 669 (Fair): Higher rates but still eligible for loans.
- 300 - 579 (Poor): Limited options, often requiring secured loans.

Credit Tips, Repair Action Plan & Final Thoughts

Tricks, Tips, and Resources

1. Credit Piggybacking (Authorized Users)

Boost your credit by becoming an authorized user on someone else's credit card. Their positive payment history can be added to your credit report, improving your score. This method is free and effective without needing to use the card.

Tip: Ask a trusted person (parent, spouse, or friend) with a long-standing credit card and a history of on-time payments to add you as an authorized user.

2. Trade Lines (Rental History Reporting)

- Rental Karma: Reports your last 24 months of rent payments to TransUnion, improving your payment history which makes up 35% of your credit score.

Tip: This is especially useful if you have a thin credit file or no traditional credit accounts.

3. Auto Loan (Installment Account)

Secure an auto loan through Auto Credit Express, which approves applicants with credit scores as low as 500, provided you are 18+ years old and earn at least \$1,500/month.

Apply here: [Auto Credit Express Link](#)

Tip: Consistent, on-time payments for installment loans can increase your credit score significantly.

4. Home Loan (Installment Account)

Explore homeownership through NACA (Neighborhood Assistance Corporation of America), which offers mortgages with:

- No down payment
- No closing costs
- No fees
- No perfect credit requirement

Official Website: [NACA](#)

Learn More At: <https://www.naca.com/purchase/>

Tip: This is an excellent resource for first-time homebuyers or those rebuilding credit.

5. Credit Cards (Revolving Account)

Start building credit with a secured credit card if you are new to credit or rebuilding.

Check these resources:

- [CreditCards.com](https://www.CreditCards.com)
- [Bankrate.com](https://www.Bankrate.com)

Tip: Pay off the balance each month to avoid interest charges and keep utilization low.

6. Boost Credit Score by Paying Rent

PRBC reports rent and utility payments to credit bureaus. This helps individuals with limited credit histories to establish and grow their credit scores.

Tip: Consistently reporting non-traditional payments like rent can establish a positive payment history over time.

Credit Repair Action Plan

1. Check Your Credit Report Regularly - Obtain free copies at [AnnualCreditReport.com](https://www.AnnualCreditReport.com).
2. Dispute Errors - Identify and dispute inaccuracies with each credit bureau.
3. Pay Down Debt - Focus on reducing credit card balances below 30% utilization.
4. Build Positive Credit - Use a mix of installment and revolving accounts to diversify your credit profile.
5. Limit Hard Inquiries - Space out applications and dispute unauthorized inquiries.

Tip: Regularly monitoring and maintaining your credit profile helps you stay on track and achieve your financial goals.

Final Thoughts

Improving your credit takes time and consistent effort. By following these strategies and using the resources provided, you can take control of your financial future and achieve your credit goals.

If you need personalized guidance, contact me today.