DISPUTE WITH PURPOSE – ADDING NEW ACCOUNTS

Deleting negative information is a significant part of rebuilding your credit. But, many consumers fail to add new accounts to their credit profile during this process. Your FICO score is comprised of the following:

WHAT IS A FICO SCORE?

- PAYMENT HISTORY – 35%
- CREDIT UTILIZATION – 30%
- LENGTH OF CREDIT HISTORY – 15%
- CREDIT MIX – 10%
- INQUIRIES/NEW CREDIT – 10%

It's imperative that you add new accounts as soon as possible to your credit profile. **First Progress** is a secured credit card, that has a 100% approval rate. www.firstprogress.com While rebuilding your credit, you must show lenders that you can manage your finances, a step in the right direction is to make sure your credit utilization always remains at 10% and lower.

For example, if your credit limit on your First Progress card is $300, your balance should never be more than 10% or $30. When your credit card statement generates, you should pay $25 of the balance. The next month, charge another $30, your monthly payment should be another $25. Ideally, you should pay the balance in full, but you are rebuilding your credit and lender wants to know you can manage your financial affairs. Payment history and credit utilization comprise 65% of your credit score, if you make a mistake in these two areas, you can do real damage to your credit score.

After six months, when negative accounts have fallen off your credit report, you are maintaining your First Progress card, there should be an increase in your credit score. You can apply for another credit card, in which you have the opportunity to significantly increase your credit limit. I would suggest using the **Capital One** pre-qualification link:

https://findmycard.capitalone.com/en/PageVersions/LandingPages/LP_ONE_V01.aspx

Most credit cards have a pre-qualify link that you can use to avoid a hard inquiry on your credit report. Below are other links you can use for pre-qualification purposes:

Credit One/First Premier – two of my least favorite cards because of the fees. I would only keep these cards for no more than six months. Once your score improves, apply for additional cards and close these accounts.

https://www.creditonebank.com/pre-qualification/data-entry/indexB

https://www.premiercardoffer.net/PersonalInfo/BLOJGCXA2%200010OMI

Discover IT - I really like this card. The interest rate is high, but they will graduate the card to unsecured status, if you manage all your debt responsibly:

https://www.discovercard.com/application/prequal

Self – Lender – self lender is an installment loan, where you can save money and build credit simultaneously. They don't check your credit report (they do use Chexsystems – a credit report for your banking history) and this is a fantastic way to add an installment loan to your credit mix.

Store Cards – I'm not a huge fan of store cards, but they tend to have more relaxed approval guidelines and they will help you increase your credit score. **Warning – store cards have high interest rates (25% or higher) and they will lower or close your credit cards, if you max out your other cards or are delinquent on other debt.**

My suggestion - keep the cards open for up to 12 months. Purchase a small item and pay it off immediately, once your score increases, close the card and focus on building credit through major credit cards (i.e. Visa, Mastercard or Discover). Below are the links to the largest lenders for retail cards:

https://upgradedpoints.com/synchrony-bank-store-credit-cards/ (Synchrony Bank)

https://upgradedpoints.com/comenity-bank-store-credit-cards/ (Comenity Bank)