Top Five Credit Repair Secrets They DON'T Want You To Know

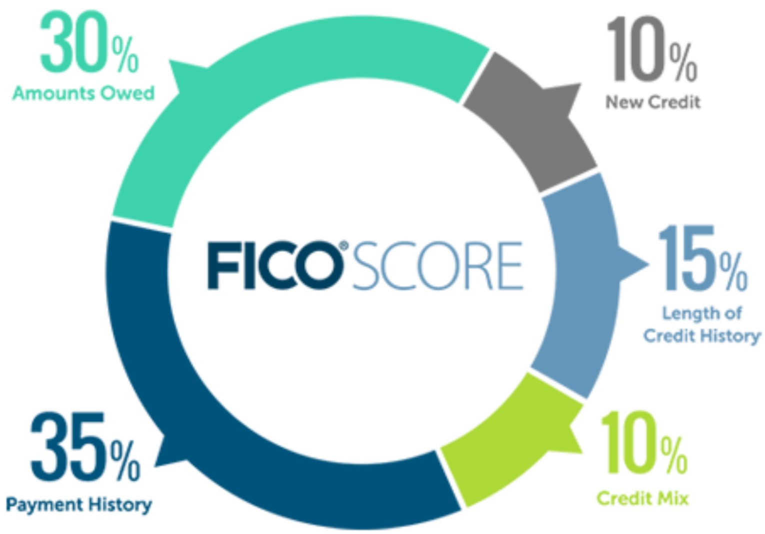
What Is Credit and Why is it Important?

Getting approved for a loan, buying a car, a home, or even something as little as purchasing a cell phone in your name all utilizes credit. *Credit* is buying something now, with the understanding you will have to pay it back later. Your *credit score* is a number between 300-850 that depicts your credit worthiness. Understanding your credit score and why it is actually important will help you increase your score and get your buying power back. If you have struggled maintaining your credit I want you to think of this ebook as your one stop shop to excellent credit. I will give you the inside scoop on all of the tips and tricks that will help you increase your score. Learn all secrets creditors do **NOT** want you to know in less than 50 pages!

I know what you're thinking, Who am I and what makes me an expert? My name is Sharese WIlson Bouie. I am one of the owners of Helping Hands Financial Solutions LLC. Since 2017, Our company has helped over 1,000 clients achieve the credit they deserve. My road to excellent credit has not always been a pretty one. When I was 19 years old I bought my first "big girl purchase" which was a 1994 Ford Tempo. This car meant a lot to me because I bought it with my own money and credit. A few years later after not being able to keep up with my car note my car was repossessed. Voluntary repossessions can cause your credit score to drop by at least 100 points, if not more. This is due to two key factors; One being the late payments that cause the repo and the collection account that is likely to result from it. Like most Americans I took out a couple student loans and ended up getting myself 50,000 in debt. I am blessed to say that I have paid off all of my debt and maintained a credit score in the 800’s from learning and applying the credit secrets I will share with you in this ebook.

Secret Number One:

<u>How Your Score Is Calculated</u>



In order to fully understand your credit score, you need to know how your score is calculated.

This chart is a visual representation of the 5 categories your credit score is divided in.

Amounts Owed:

30% of your are the amounts you owe. Having credit accounts and owing money on them does not necessarily mean you are a high-risk borrower with a low FICO Score. However, if you are using a lot of your available credit, this may indicate that you are overextended—and banks can interpret this to mean that you are at a higher risk of defaulting. ***Even if you pay off your credit cards in full each month, your credit report may show a balance on those cards. The total balance on your last statement is generally the amount that will show in your credit report. A larger number of accounts with amounts owed can indicate higher risk of over-extension.***

Your credit utilization ratio on revolving accounts-the percentage of your available credit you're using-is an important factor in your FICO Scores. Using a high percentage of your available credit means you're close to maxing out your credit cards, which can have a negative impact on your FICO Scores. **In some cases, a low credit utilization ratio will have a more positive impact on your FICO Scores than not using any of your available credit at all.**

For example, if you borrowed $10,000 to buy a car and you have paid back $2,000, you still owe (with interest) more than 80% of the original loan. Paying down installment loans is a good sign that you're able and willing to manage and repay debt.

The amount of debt that you owe is an important part of your credit and makes up 30% of your FICO Score. Keep track of your debt and credit utilization.

Payment History:

35% of your score is calculated in your *payment history*. The first thing any lender wants to know is whether you've paid past credit accounts on time. This helps a lender figure out the amount of risk it will take on when extending credit. **A few late payments are not an automatic "score-killer." An overall good credit history can outweigh one or**

two instances of late credit card payments. However, this is the largest percentage in calculating your credit score and you MUST stay on top of paying your bills on time.

Length Of Credit History:

15% of your score is calculated in the *length of your credit history.* In general, having a longer credit history is positive for your FICO Scores, but is not required for a good credit score. Here is a breakdown, Your FICO Scores take into account:

- How long your credit accounts have been established, including the age of your oldest account, the age of your newest account and an average age of all your accounts
- How long specific credit accounts have been established
- How long it has been since you used certain accounts

If you need help establishing credit, apply for a secured credit card. A secured card is a card where you provide cash collateral for the line of credit. FICO Scores look at secured cards the same as any credit card. Most banks and lending institutions not only offer secured cards, but most also report secured card activity to the credit bureaus. You can apply for a secure credit card by going to www.helpinghandssolutions.net

Credit Mix:

10% of your credit score is calculated in your *credit mix.* FICO Scores will consider your mix of credit cards, retail accounts, installment loans, finance company accounts and mortgage loans. Don't worry, it's not necessary to have one of each. The types of credit you have are known as your credit mix. They can include a mix of accounts from credit cards, retail accounts, installment loans, finance companies and mortgage loans.

New Credit:

The last 10% of how your credit score is calculated in the *new credit* you obtain. Research shows that opening several credit accounts in a short amount of time represents a greater risk—especially for people who don't have a long credit history. **Opening several new credit accounts in a short period of time represents greater risk - especially for people who don't have a long credit history. Your FICO Scores take into account several factors when looking at new credit.**

Secret Number Two:

Credit Repair Works best when paired with tradelines.

Credit Repair Works best when paired with tradelines. A primary tradeline is an account that an individual has in their name where the creditor has extended some form of credit to that person specifically. They are financially responsible for that account and this is reflected on that persons credit report. The best credit repair companies will provide you with all of the information and options that you need to make an informed decision about your financial future. A “tradeline” is the credit industry’s term for an account on a credit report. Credit card accounts, personal loans, and mortgages are all examples of a tradeline that would appear on a credit report.

Tradelines play a key role in determining an individual’s credit score. Adding new tradelines to your credit report is one way to improve your credit score, allowing you to build a positive payment history. If you have no credit or bad credit, secured credit cards, store credit cards, and credit builder loans are the best options for getting new accounts. Buying tradelines from a reputable business, the tradelines should all be from reliable banks, have perfect payment histories, and have low utilization. Since these factors are going to be about the same for each card, the two main things to consider when choosing tradel;ines are age and credit limit. If you are looking for a tradeline to boost your score go to www.helpinghandsfinacialsolutions.net and sign up for one today!

Secret Number Three:

A Debt Collector will buy your debt for pennies on a dollar, but will still pressure you into paying the full balance

If you've ever received a phone call or a letter from a debt collector, you know it can be stressful. Debt collectors attempt to collect money owed to a landlord, medical service provider or some other creditor. And while paying or settling your collection accounts may certainly look better to future lenders, there's no guarantee your credit scores will improve as a result.

A collection account is an entry on your credit report that indicates default on a previous obligation. The original creditor either sold the defaulted debt to a debt buyer or consigned the debt to a collection agency. The goal of the collector, not surprisingly, is to work on behalf of its client to collect the defaulted debt from the debtor, or as much of it as possible.

Collection accounts often are reported to the credit reporting agencies, and are allowed to remain on credit reports for up to seven years from the original debt's first delinquency date, per the *Fair Credit*

Reporting Act (FCRA). The FCRA legally allows our credit repair company to dispute any obsolete and erroneous items negatively affecting your credit report. Most of our clients hire us a credit repair company to dispute collection accounts that are negatively impacting their credit score. You can go to www.helpinghandsfinacialsolutions.net to start the credit restoration process at any time.

Secret Number Four:

Bankruptcies DO NOT disappear from your credit report

While Bankruptcies may help you erase or pay off past debts, those accounts will not disappear from your credit report. All Bankruptcy- related accounts will remain on your credit report and affect your credit score for seven to 10 years, although their impact will lessen over time. Bankruptcy is a tradeoff. It wipes away or reduces debt that you can't afford to pay, but it tells the world that you're a credit risk. That gets reflected on to your credit score, which can drop dramatically and make it tough to borrow and spend.

Getting a credit card, a personal bank loan or a mortgage can be very difficult in the near term, and it can take years before fallout from the bankruptcy to clear. A person with an average 680 score would lose between 130 and 150 points in bankruptcy. "Someone with an above-average 780 score would lose between 200 and 240 points. In the end, both people would be tagged risky borrowers, making it difficult or impossible to get loans or unsecured credit." According to debt.org.

Individuals usually file bankruptcy under either of two chapters of the federal bankruptcy code. Chapter 13 stops collection actions and creates a plan for borrowers to partially repay creditors over a fixed number of years. Chapter 7 doesn't have a repayment plan and eliminates most unsecured debts, meaning the creditors can’t recoup what they advanced.

If you file Chapter 7, your bankruptcy will negatively affect your FICO score for 10 years. A Chapter 13 filing, because it involves partial repayment, remains on your record for seven years after receiving a Chapter 13 discharge or dismissal.

Secret Number Five: Medical Bills Will Not affect your credit as long as you pay them

Medical debt is handled a little differently than other types of consumer debt. Since Most health care providers don't report to credit bureaus, your debt would have to be sold to a collection agency before appearing on your credit report. Most medical providers won't sell the debt to a collection agency until you are 60, or 90 even 120 days or more past due. Exactly when that happens depends on your health care providers.

Unpaid medical bills can stay on your credit report for seven years from the original delinquency date. Because your payment history is the biggest single factor in your credit score, accounting for about 35% of your score, having a collection account such as unpaid medical debt in your credit history can have a significant negative impact.