

Credit Repair Tips For Everyone

Are You Ready?

Are you ready to get your credit repair effort in gear? There is no time like the present. Here is a collection of powerful tips from a nationally recognized credit repair expert that you can use right away.

Using Your Credit Cards

There is nothing wrong with using your credit cards. Credit cards allow you to manage both purchases and unforeseen events over time. There is also nothing particularly wrong with running your balances up to the limit - unless you need your credit scores to be at their best in the short term.

Credit Repair and Your Credit Card Balances

The FICO scoring model recognizes five different credit card usage levels and adjusts your scores accordingly. These levels are 20, 40, 60, 80, and 100 percent; the lower your balance the higher your score. This should not be taken lightly. Changing your credit card balances can cause a swing of over 100 points on your credit score. If you are applying for a loan every point on your score counts, so keep those balances down.

Store Cards Can be Good Business

Everyone likes a good deal. So when a cashier at a department store offers a discount in exchange for opening a new store card, it can be tempting. Sometimes accepting the offer is the right thing to do. It can be good business to save a little money. But in the world of credit repair, timing is everything. When that store card hits your credit report it will put a big dent in your credit score.

The Problem with Store Cards

Store cards contain three credit score hits in one little package. First is the inquiry, second is the new account, and third, almost inevitably, your new balance will be close to the card's limit. If you don't need your credit score anytime soon there is no problem, but if you will be applying for a loan, or are in a credit repair program, think twice before opening that new store card.

How Many Credit Cards

Too many credit cards are not great, so a bit of financial simplification may be in order, but don't get carried away. Many people start a credit repair program and decide to tidy up their life by closing all but one credit card. This can send your credit score into a tailspin. If you have more than five open cards, go ahead and trim down, but otherwise leave them open. Your credit scores will thank you.

Rebuild Your Credit Now

After a period of financial difficulty many people find themselves with no open accounts. You need to have open accounts to build your credit scores. Credit repair takes time. Don't wait until you have cleaned up the old derogatory information on your credit reports before applying for your new credit cards; start building now.

Secured Credit Cards for Credit Repair Success

If you can't get approved for regular credit cards, get secured cards. Secured cards require a small saving account which will secure your new credit line. Open two secured accounts, keep the balance under twenty percent of your limit and you will see big credit repair results before you know it.

Authorized User Accounts – The Good News

Authorized user accounts provide two benefits. First, they are easy to get; anyone can add you to their account as an authorized user. Second, you inherit the benefit of the primary card holder's payment history on that account. So, assuming they have a good history, your credit score will increase accordingly. A great credit repair trick - or is it?

Authorized user Accounts – The Bad News

The problem with authorized user accounts is that Fair Isaac and Company has removed the credit score inheritance benefit from the new version of the FICO software. The credit bureaus will be adopting the new software over the next year or so and the score benefit will be gone. It's time to build real credit. If you cannot get unsecured credit cards, apply for secured cards. Take action today.

Don't Ignore Collection Letters

The last thing you want to find in your mailbox is a collection letter. It is tempting to ignore it. Unfortunately, if you ignore that collection letter for more than 30 days you have lost a golden credit repair opportunity to validate the debt. If you read the collection letter carefully you will see a notice that you have 30 days to challenge the collection. Don't miss your chance.

Credit Repair and Debt Validation

Collectors are governed by the Fair Debt Collection Practices Act, which says that if challenged they must, upon request, provide proof of their legal right to collect and an accounting of the amount due. This accounting should come from the original creditor. If the collector cannot provide the requested documentation they must cease collection efforts and not report to the credit bureaus.

Start Your Credit Repair Project Today

Every point on your credit score matters. Credit repair takes time. You cannot afford to delay. Just make sure to do your homework. Educate yourself. There are great resources on the web. If the project seems daunting, hire a professional. Expert credit repair services are very affordable and should include everything you need to optimize your credit score.

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