

Top 10 Ways to Repair Credit and Boost Your Score

What should you do if you have bad credit? Here are 10 tips that are designed to improve your credit history and raise your credit score:

1. **Pull a copy of your credit history** from AnnualCreditReport.com. Sponsored by the three credit-reporting bureaus, Equifax, Experian and TransUnion, AnnualCreditReport.com is the only place you can go to get a truly free copy of your credit history. Each credit-reporting bureau is required to give you one copy once a year.
2. While you're there, **buy a copy of your credit score from Equifax.com.** Equifax offers a FICO score, also known as a Beacon score, which is from Fair Isaac, the company that created the concept of credit scoring. Most creditors will pull a FICO score, so you should see what they're seeing. Your credit score will give you a snapshot of what your credit information means to your creditors. The FICO score runs from 350 to 850. The higher the number, the better.
3. **Check your credit history thoroughly.** You're looking for errors, misinformation and negative information that might count against you. File a dispute with the three credit-reporting bureaus if you spot any errors.
4. Understand what kind of debt you're facing. **Make a list of everything you owe**, the interest rate each debt carries, and the minimum payment due each month. Then, prioritize your debt: mortgage, real estate taxes, credit cards and medical bills should be paid in that order.
5. **Negotiate with your creditors for a lower interest rate.** Paying less in interest means more of your payment each month goes toward paying down your balance. If you have a good credit score (over 720 is a starting point), you should be able to find other credit cards featuring 0% to 5% in interest for the first year, or for the life of a balance transfer (check out sites like CardRatings.com and CardTrak.com to compare credit-card offers.)
6. **Pay down the debt with the highest interest rate first.** Pay your mortgage and home equity loan and lines of credit in full each month. Then, make sure you have enough cash to make all of the minimum payments due on your debt each month. Then, throw any spare cash at the debt that carries the highest interest rate first. Once you've paid down that debt, transfer all of the extra cash you're paying each month to the debt with the next-highest interest rate, and so on.
7. **Pay everything on time**, even if you can make only the minimum payment. The most crucial component of your credit history and credit score is your ability to pay your bills on time each month.
8. **Don't charge more than 25% of your maximum available credit limit.** If you carry a credit-card balance that is a higher percentage of your available credit limit, your credit score will go down.
9. **Don't open and close a lot of accounts.** Again, a credit score tells current and future creditors how likely it is that you won't pay back your debts. It assesses how risky a borrower you are today. Every time you apply for a new credit card, that creditor pulls a copy of your credit history from the credit-reporting bureaus. That "inquiry" gets reported on your credit history.
10. **Don't share credit** (except with a spouse). Once you're a co-signer for a loan, you're legally obligated to make those payments -- whether or not you can afford them.

(By Ilyce Glink, Front Door - Powered by HGTV)

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Regards,

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