

2015

Credit Repair Tips

Madelyne Colon
mcolon8@student.goodwin.edu

Follow this and additional works at: http://digitalcommons.goodwin.edu/bus_writ_stu_pubs



Part of the [Business Commons](#)

Recommended Citation

Colon, Madelyne, "Credit Repair Tips" (2015). *Business Writing*. Paper 5.

This White Paper is brought to you for free and open access by the Department of Social Science, Business and Education at DigitalCommons@Goodwin. It has been accepted for inclusion in Business Writing by an authorized administrator of DigitalCommons@Goodwin. For more information, please contact mnowlan@goodwin.edu.

Credit Repair Tips

It is possible to restore damaged credit by following the simple guidelines outlined below. It is vital to understand that although these tips have a proven track record, the process itself takes time and there are no quick fixes. The following tips will help restore your credit and rebuild your FICO score.



- **Request your credit report**

It is imperative that you look over your credit report to make sure there are no errors, such as late payments or inaccurate information. If you identify an inaccuracy, you have the right to dispute your credit report with the appropriate credit bureau.

- **Payment reminders**

Making payments on time is one of the most important guidelines for repairing and maintaining your credit. There are many ways to schedule and ensure on-time payments. With current technology, there are tools on our organizers that can assist us in developing consistent and timely payment habits.

- **Reduce debt**

Decreasing your credit card debt is imperative. Developing a disciplined and personalized spending system to keep your credit-to-debt ratio at a minimum of 30% of your credit limit will help you to maintain a healthy credit score. There are many strategies you can implement to reduce your debt, such as paying off your largest debt first or paring down the amount owed on your credit card with the highest interest rates. Any specific strategies you can adopt to reduce your debt will bring you one step closer to success.

Maintenance



- **Make payments on time**

35% of your credit score is based on your payment history, so maintaining a strict agenda to pay your debt on time is crucial. If you are behind and not currently making payments by their due dates, it is imperative to change your payment habit and stay current with your debt. FICO scores increase when healthy payment behaviors are shown on your report.

- **Total debt remaining**

30% of your credit score is based on your debt-to-credit ratio. Keeping your debt down below this 30% threshold is important in increasing your overall credit score. It is vital to pay down your debt on your existing credit cards, to avoid opening up multiple credit cards within a short time period, and also to avoid closing out active credit cards.

Bankruptcy Repair



- **Patience**

The process of repairing your credit after filing bankruptcy takes time and requires patience, good credit decisions, and practical spending habits. It can take up to 10 years to completely rehabilitate your credit score. Applying for new credit cards may be difficult. There are three standards that banks look at to determine the credit card offer: how current the information is, the frequency of late payments, and the severity of the negative information. As time passes, you will be able to establish a positive track record. The process of bankruptcy is a chance to start with a new beginning, and it shouldn't be taken lightly. Only through time will you be able to rebuild your credit.

- **Repair Tips**

- Examine your credit report, and make sure that previous debt that was part of your bankruptcy is eminent.
- Maintain a strict budget and adhere to it.
- Strive for new credit with self-control.
- Pay bills on time with automatic payments.
- Search for secure credit and/or prepaid credit.
- Pay student loans on time; they aren't exempt from bankruptcy.
- Keep credit debt as a low of 30%.

Quick Tips



- **Ask for a higher credit limit**

- The potential benefit will be to lower your credit card utilization.
- This approach only works if there is a consistently positive payment history.
- Assure the customer service rep that you are a respectable consumer, illustrate how your payment history has improved, and then ask for a credit limit increase.
- Make sure you verify that no new hard inquiry is created on your credit report.

- **Write a “Goodwill Adjustment letter” for any late payment**

- The possible benefit will be to remove any late payments.
- It's important when writing the letter to explain why your payment was delinquent.
- Express how loyal of a consumer you have been and how payment lapses will not happen again.

- **Transfer your credit card balances**

- The possible benefit of this strategy is that it will strengthen your debt and decrease your total number of accounts.
- Some credit cards offer introductory balance transfer rates. This allows you to transfer all your debt to one credit card without paying interest on those balances for a year or two.
- All payments must be made within that time period or interest will be added to the entire transferred amount.

In today's modern world, the importance of good credit has never been greater. An individual's credit score can have a significant impact on all the facets of life. From the joy of buying your dream home and having the creditworthiness to purchase whatever you'd like, to the despair and stress associated with receiving calls from bill collectors, our credit scores can have positive and negative implications.



Madelyne Colon

Madelyne Colon is working toward her BS in Business Administration. She has attended Capital Community College and Ashford University, and she is finishing up her studies at Goodwin College where she is currently in her junior year.