



## **12 Easy Steps** **to Improve your Credit Score**

The availability of good credit is critical in developing and maintaining a prosperous lifestyle. Many of us don't really understand how to create and manage a healthy credit score. Part of it is that we don't take the time and put in the effort to learn about what to do in more detail, and the other part is that when we do, we find a lot of complexity. I sat down with Valeri James owner of Simple Credit Consulting/Training Inc. and asked her for some basic tips, here is what she said;

- 1. Always pay bills on time!**
- 2. Always live below your means!**
- 3. Save money in a savings account for small to large purchases. If we don't need it, don't buy it! If we want it, save for it!**
- 4. Check your credit reports every 6 months for errors, inaccuracies, misleading info, duplicate items, and negative credit that is obsolete. A FREE credit report can be obtained once a year at: [www.AnnualCreditReport.com](http://www.AnnualCreditReport.com). If you want to pull your credit reports more than once a year, they can be purchased for around \$9 with each credit bureau. If you obtain your credit reports at [www.AnnualCreditReport.com](http://www.AnnualCreditReport.com) or from one of the credit bureaus, your scores will not be lowered.**
- 5. Keep credit card balances low to approximately 1/3rd of the limits. Never go over this amount and never max out your credit cards, this will result in lowering your credit scores. Stay on top of your credit limits, be aware, some credit card companies are lowering consumers limits for no reason and unannounced.**
- 6. Have two or three revolving credit cards open at any given time. Having too many open revolving credit cards, even if they are at a zero balance, shows that you could go out tomorrow and run the credit card limits up. If you close any accounts you want to close the newer ones and NOT the older ones. The older ones give you a higher credit score. Lending companies look at the time period of the open credit card accounts. They usually look for at least one to two years of paying your payments on time.**
- 7. If you have your social security number on your driver's license, have it changed to a regular computer generated number. If you lose your driver's license, it has all the information someone needs to take your credit identity, i.e. they can use your information to obtain credit, buy things on-line, obtain credit cards, etc...**

Taking the social security number off your driver's license will also prevent automobile dealerships from running your credit reports without your authorization. Some dealerships will ask you to provide your driver's license for insurance purposes, but actually use your social security number, name and address to run a credit report on you to see if you have good enough credit before spending more time with you.

- 8. Opt out from Pre-Approved junk mail by calling: 1-888-303-7722**
- 9. Do not casually apply for credit, or freely pass out your social security number. Applications for credit show up as inquiries on your credit report, indicating to lenders that you may be taking on new debt. Tip: Insurance companies now require your social security number just to give you a quote. Don't have your credit pulled often (called a hard pull); Your goal here is to prevent from excess inquiries appearing on your credit reports which will hurt your credit scores.**

**10.** Lenders want to see stability. This means living in one place for more than 2 years, staying with the same job/career for more than 2 years, etc. If you think you will be moving around, obtain a Post Office box so you will look more stable.

**11.** If you have any collection accounts out there, negotiate for a lower amount (called settling your debt out). This will save you money, but understand that this does not mean they will take the item off your credit report. It will show "paid collection" however, this is better than an "open collection". You can/may be able to do some credit repair to get derogatory items off your credit reports when either paid or not paid. The federal law, the Fair Credit Reporting Act says under section 611, that if anything on a credit report is inaccurate, obsolete, duplicate, misleading or unverifiable, the item must be deleted or corrected. By law it is the consumer's right to have an accurate credit report. The statistics are staggering as to the number of mistakes the bureau's make on people's credit reports.

**12.** Also, if you have collection agencies calling you, you should exercise your right under the Fair Debt Collection Practices Act and have them "validate the debt". This will accomplish 4 things: 1. have this unknown company prove that they have the right to collect on the alleged debt; 2. have the unknown company prove that the debt is valid; 3. stop them from making harassing phone calls; and 4. stop them from putting another negative mark on your credit report.

Valeri says that any changes to our credit report can affect our scores dramatically. For example, simply closing two accounts not only lowers the number of open installment accounts (which generally will improve your score) but it also lowers the total number of all open accounts (which generally lowers your score). Furthermore, such an action will affect the average age of all accounts that could either raise or lower your score. As you can see, one seemingly simple change actually affects a large number of items on the credit report. Therefore, it is impossible to provide a 100% accurate assessment of how one specific action will affect your credit score.

Scores are as follows:

700 – 850 Excellent	These types of scores can get you the best interest rates possible
621 – 700 Good	You can obtain loans, but you may be subject to higher interest rates
561 – 620 Fair	A loan is possible, but you will pay higher interest rates and more down
300 – 560 Poor	You definitely need to bring your scores up higher to be able to obtain a loan

With over 25 years of experience as a Certified Credit Consultant™, Valeri A. James has helped thousands of consumers improve their credit reports by getting the following items deleted or corrected on their credit reports; foreclosures, short sales, bankruptcies, late payments, tax liens, collections, charge-offs, and more. This is made possible by utilizing 3 federal laws. Valeri can be reached at (480) 786-1234 if you have any questions.

Good luck!

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*As an investor himself, as well as a licensed Realtor®, Dimitri has over a decade of real estate experience. Dimitri's specialties include primary residences, second homes, investment properties, commercial properties and land. He has been recognized for being a Multi-million Dollar Producer, and is an accomplished Realtor® committed to superior results for his clients.*

*"Strive not to be a success but rather to be of value" Albert Einstein*