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How to Repair Your Credit and Improve Your FICO Credit Score

It's important to note that repairing bad credit is a bit like losing weight: It takes time and there is no quick way to fix a credit score. In fact, out of all of the ways to improve a credit score, quick-fix efforts are the most likely to backfire, so beware of any advice that claims to improve your credit score fast. The best advice for rebuilding credit is to manage it responsibly over time. If you haven't done that, then you need to repair your credit history before you see credit score improvement. The tips below will help you do that. They are divided up into categories based on the data used to calculate your credit score.

3 Important Things You Can Do Right Now

1. **Check Your Credit Report** – Credit score repair begins with your credit report. If you haven't already, request a free copy of your credit report and check it for errors. Your credit report contains the data used to calculate your score and it may contain errors. In particular, check to make sure that there are no late payments incorrectly listed for any of your accounts and that the amounts owed for each of your open accounts is correct. If you find errors on any of your reports, dispute them with the credit bureau and reporting agency.
2. **Setup Payment Reminders** – Making your credit payments on time is one of the biggest contributing factors to your credit score. Some banks offer payment reminders through their online banking portals that can send you an email or text message reminding you when a payment is due. You could also consider enrolling in automatic payments through your credit card and loan providers to have payments automatically debited from your bank account, but this only makes the minimum payment on your credit cards and does not help instill a sense of money management.
3. **Reduce the Amount of Debt You Owe** – This is easier said than done, but reducing the amount that you owe is going to be a far more satisfying achievement than improving your credit score. The first thing you need to do is stop using your credit cards. Use your credit report to make a list of all of your accounts and then go online or check recent statements to determine how much you owe on each account and what interest rate they are charging you. Come up with a payment plan that puts most of your available budget for debt payments towards the highest interest cards first, while maintaining minimum payments on your other accounts.

More Tips on How to Fix a Credit Score & Maintain Good Credit

Payment History Tips

Contributing 35% to your score calculation, this category has the greatest effect on improving your score, but past problems like missed or late payments are not easily fixed.

- **Pay your bills on time.**
Delinquent payments, even if only a few days late, and collections can have a major negative impact on your FICO score.
- **If you have missed payments, get current and stay current.**
The longer you pay your bills on time after being late, the more your FICO score should increase. Older credit problems count for less, so poor credit performance won't haunt you forever. The impact of past credit problems on your FICO score fades as time passes and as recent good payment patterns show up on your credit report. And good FICO scores weigh any credit problems against the positive information that says you're managing your credit well.
- **Be aware that paying off a collection account will not remove it from your credit report.**
It will stay on your report for seven years.
- **If you are having trouble making ends meet, contact your creditors or see a legitimate credit counselor.**
This won't rebuild your credit score immediately, but if you can begin to manage your credit and pay on time, your score should increase over time. And seeking assistance from a credit counseling service will not hurt your FICO score.

Amounts Owed Tips

This category contributes 30% to your score's calculation and can be easier to clean up than payment history, but that requires financial discipline and understanding the tips below.

- **Keep balances low on credit cards and other "revolving credit".**
High outstanding debt can affect a credit score.
- **Pay off debt rather than moving it around.**
The most effective way to improve your credit score in this area is by paying down your revolving (credit cards) debt. In fact, owing the same amount but having fewer open accounts may lower your score.

- **Don't close unused credit cards as a short-term strategy to raise your score.**
- **Don't open a number of new credit cards that you don't need, just to increase your available credit.**
This approach could backfire and actually lower your credit score.

Length of Credit History Tips

- **If you have been managing credit for a short time, don't open a lot of new accounts too rapidly.**
New accounts will lower your average account age, which will have a larger effect on your score if you don't have a lot of other credit information. Also, rapid account buildup can look risky if you are a new credit user.

New Credit Tips

- **Do your rate shopping for a given loan within a focused period of time.**
FICO scores distinguish between a search for a single loan and a search for many new credit lines, in part by the length of time over which inquiries occur.
- **Re-establish your credit history if you have had problems.**
Opening new accounts responsibly and paying them off on time will raise your credit score in the long term.
- **Note that it's OK to request and check your own credit report.**
This won't affect your score, as long as you order your credit report directly from the credit reporting agency or through an organization authorized to provide credit reports to consumers.

Types of Credit Use Tips

- **Apply for and open new credit accounts only as needed.**
Don't open accounts just to have a better credit mix – it probably won't raise your credit score.
- **Have credit cards – but manage them responsibly.**
In general, having credit cards and installment loans (and paying timely payments) will rebuild your credit score. Someone with no credit cards, for example, tends to be higher risk than someone who has managed credit cards responsibly.
- **Note that closing an account doesn't make it go away.**
A closed account will still show up on your credit report, and may be considered by the score.