



1. **Make your payments on time:** Every late payment can hurt you, and in more than one way. Many utility companies report your payments to the credit bureaus. It also costs you more if you pay late as you usually pay an added late fee. Late fees may be small but when you're working on reducing debt, every dollar counts. A new late drops your score big time!
2. **Review your credit report:** Your credit report is your way of obtaining new credit and keeping up with your credit that you already owe. If you don't know where you stand it's hard to move forward. Get a copy today!
3. **Make a budget:** Budgeting is important. It helps you see the big picture and gives you a plan with defined steps to reach your goal. If you need to be reducing your debt to improve your credit, then having a budget will help you. Today you can start and budgeting with goals set is going to help you see the big picture, a great credit score!
4. **Know your rights:** Both debtors and creditors have rights, but creditors are usually much more aware of their rights than debtors are. Knowing your rights gives you as a debtor a way to deflect harassing collection calls and a measure of control in the situation.
5. **Set goals:** Repairing your credit and reducing debt is difficult at times. Setting goals like paying off one credit card within a certain amount of time with a reasonable budget will help keep you focused. Make your goals and give yourself a treat when you reach each step. Treat, not by putting you in more debt. So, also think of the treats now that are free but you just seem to not have time to do. Example for me, walk with a good friend.

6. **Always pay something:** Even if you can't pay all of your bills in full, always make the minimum payment by the due date.

7. **Don't fall for the sales gimmick of buy now pay in 6 months:** How many times have you gone into a store and seen an offer of a new credit card and you do not have to pay for a certain amount of months. Remember, you're still spending money, and that has to come from somewhere. If you do not have the money to pay for it, do not get the item and new account. Remember your credit goals!

8. **Pay off high rate cards first:** If you've got two credit cards that you need to pay off, take the one with the higher interest rate and pay it off first while making the minimum payment on the other card.

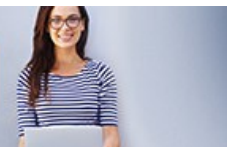
9. **Consolidate your student loans:** Student loan consolidation is great because each semester when you take out a loan it is a loan account on your credit report.

10. **Put your credit cards away:** An important part of getting out of debt is making sure you don't get new debt. If they are not in your wallet when you are out then it helps control the temptation.



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11. **Store cards are easier to get:** It can often be easier to get a department store credit card than a major credit card, especially if you have little or no credit history. This can be a real help if you are trying to build a credit history. Get a store card and use it for a while before applying for a major credit card.

12. **Reminder on introductory rates:** Be careful of the fine print on a fantastic interest rate for the first six months or year. Then you get hit with a massive rate increase. The introductory rate doesn't matter, what matters is the rate you'll be paying over the long term.

13. **Prepaid cards don't help your credit:** Just to review this, a prepaid card and debit card do not report on your credit reports. So, they may look like a credit card, but again no credit reporting.

14. **Make deals when you can:** If you receive a collection letter and you do not have the money to pay it in full, but they did not report the account yet as you called as soon as you received the letter, you can settle the account. (If you save more than \$600 on an account then you have to be aware of receiving a 1099. Ask them about this in more detail).

15. **Don't co-sign for anyone:** It's simple enough; anyone who wants you to co-sign for them can't get the credit on their own. If you co-sign this account goes on your credit report and how it gets paid will report that way. Also, you are responsible for the account equally as the other person. Co-sign = Joint account, so do not get into co-signing.

16. **Manage your money online:** Online banking is something else you should consider seriously. It lets you see what's happening with your money in real time, and also transfer money from one account to another. If you can set it up for online bill payments and direct deposit, as soon as your money comes in you can pay your bills, move money over to savings and put the rest where you can get at it.

17. **Save your receipts:** Keep your receipts for every purchase or payment; you never know when they may come in handy. Until you see the payment on your account, it is good to keep.

18. **Check your statements:** It is so important to check your credit cards statements, bank statements to make sure all items are correct. It may take some time, but this is your money it is worth your time.

19. **Get a secured card:** If you have a really poor credit score and want to improve it, one option is to get a secured credit card. With a secured card you send the provider money and they then open a line of credit equal to your deposit. Because they are extending you credit, even though it's secured by your deposit, you need to pay this account as if you do not have it secured by your deposit. This will help build your credit history so remember pay on time and in full each month.

20. **Consider Layaway:** If you really need to buy something but you don't want to pay high interest rates, because you know you can't afford to pay off right away then layaway is an option. Yes you have to wait for what you're buying, but by the time you get your item you will feel great it didn't put you into debt.

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BECOME APPRENTICE

21. **Watch for hidden fees:** This could also be written as read the fine print, but either way it's important. Some agreements may have additional charges tacked on in the fine print, whether for paying the debt off early or for specific methods of payment. Always read the fine print.

22. **Maxed out your credit cards:** 30% of your FICO credit score is based on your balances so if you have maxed out credit cards this is impacting your score. Focus on paying these down when you can.

23. **Pay the card off in full every month:** If at all possible, it's a good idea to pay your card off completely every month so that you can avoid paying interest. This is a way that you use healthy credit. You are using credit not because you do not have the money, but to build a good history, pay on time and build rewards that many credit cards offer.

24. **Budget for gift giving throughout the year:** Important to put some funds to the side for gift giving. You want to not build up debt over the holiday season as no one would want a gift from you that you can't afford.

25. **Remember free, and cheap, entertainment options:** I remember when I was building my company and had very little money. I would take my daughter to the library every week, we would go the park, we would check out what local events for free would be going on in town and the list always seemed to be long. Also, to have friends over we did pot luck.

26. **It all adds up:** When you're looking at your budget, one thing you need to pay attention to is how small expenses add up. Just remember that and also know that as your credit score goes up, your interest rates can go down on new loans.

27. **You can't rebuild credit without using credit:** You must rebuild your credit with healthy new credit. Use your new secured credit card for something you're already buying like gas. That gas will rev up your credit score in time with a good payment history.

28. Time heals some credit debt wounds: Most states have a statute of limitations on some debts. This doesn't mean the debt goes away, but what it does mean is that once a certain time has passed they are no longer able to sue you to recover the money. Check with your state.

29. Settlements: Depending on your debt, you may be able to make a settlement to pay some or all of your debts for less than full amount. While it is a way to avoid further collections like a judgment, it's not without its costs. Your settlement amount is classed as taxable income, form 1099. Also, it will report on your credit report as a settled account. This is a negative account, but again if you only can do a settlement it might be a good option as it will show as paid and the healing of time can begin.

30. You “check-in” on your budget & credit reports regularly: Things change, and the budget that worked for you in June, may not work in December. You may have paid off one credit card, or perhaps you have a new bill. You need to make sure that your budget reflects your current needs and expenses. Keeping on top of your debts and rebuilding your credit requires that you know what's going on in your budget. Reviewing your credit reports during the budget check in is also good timing.

31. Once something goes to collections the original creditor doesn't have it: It's no secret that most people don't like collection firms. Many people try to ignore the collection calls and letters. The problem with this approach is that the debt is not going to disappear. If the account is accurate and you do owe it, a paid collection in time is better than not having it paid. The reason is, it can go into further debt by obtaining a judgment or just keep getting transferred from one collection company to another. *Remember, a paid collection is negative and will remain on your credit report even after being paid. Time does help the paid collection not hurt the credit score as much as in the recent time.

32. Credit Inquires: Be aware of the fact that each time a potential lender checks your credit it is an inquiry. So be careful of how many times you are having a credit inquiry.

During These Credit Crunch Times You Must Know More About Your Credit

You can get your credit report for free at www.AnnualCreditReport.com.

Remember to be aware of your credit and use it in a healthy manner. This will help you obtain loans with lower interest rates when you need them. The first step is reviewing your reports. If you want to send your request in the mail use this form: [Annual Report Request Form](#)