Raise Your Credit Score Fast!

The absolutely, positively, easiest and best way!

Written by Dan Ridenour

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MANY PEOPLE FROM ALL TYPES OF BACKGROUNDS HAVE ALREADY INCREASED THEIR CREDIT SCORES USING THE STRATEGY DESCRIBED IN THIS BOOK:

"After reading this book, I learned several things I had recently done that have a negative impact on my credit score. I wish I had read this book 6 months ago. The information is priceless"
M. Galenski, Account Manager

"I was amazed by the information and how potentially simple it would be to improve a credit score. This information is something that everyone needs to be aware of if they desire to improve their credit score."
J. Breneman, Graduate Student, Ball State University

"Dan told me what I needed to do and I did it. A couple of months later my credit score was "60" points higher. I was just amazed. I would recommend Dan to anyone."
C. Zachary, Business Owner

"I gave Dan my information. He instructed me on what steps I should take to increase my score. In less than two months my score was up "45" points. His methods work, I know first hand." S. Beaty, Sales Executive

"I own a large number of rental properties. Dan showed me some ways to increase my already good credit score and it worked. The information he provided will save me thousands of dollars in interest over just the next few years."
B. Ames, Rental Property Owner

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Introduction

I believe the information is this book covers an important topic. It matters not whether our credit scores are great, good, average, fair, or poor…we are each attached to our credit scores. Credit scores can impact our interest rates, our insurance premiums, and even they type of job we can obtain. Right or wrong, credit scores are supposed to be an indication of a person's character. A simple three digit number that tells the world who and what we are.

Fortunately, anyone who truly wants to increase their credit score can do so. And can do it fast. Usually in less than sixty days. I have seen it happen time and time again. Here are just a few of the credit score increases that have occurred recently by consumers using the information in this book:

Mary from 513 to 603 (+90 points) in 46 days.

Joe from 497 to 556 (+59 points) in 43 days.

Sherry from 602 to 645 (+43 points) in 38 days.

George from 595 to 662 (+67 points) in 60 days.

Sam from 671 to 698 … (+27points) in 19 days.

The simple truth is that everyone would be well served to learn methods to increase their credit score. It is common knowledge that the higher a persons' credit score, the lower their interest rate. With that lower the rate, a person can afford a better home. They can purchase a better vehicle to drive and quite frankly, will live a more comfortable life. People with high credit scores have more spending money each month because of the savings they enjoy through lower interest rates.

Credit scores impact not only interest rates but also help determine the insurance premiums we pay. Credit scores can even influence the types of jobs we can obtain as more and more employers pull the credit of job applicants to help screen potential hires.

I recommend that you take some time to read the strategy in this book. Then take action immediately. By implementing one or more of the methods in this book, you can drive up your credit score in less than 60 days too.

Enjoy,
Dan Ridenour

CHAPTER 1

IT'S NOT JUST YOUR PAY HISTORY!

I have spent twenty-four years in the mortgage industry and have found that nearly everyone understands that their credit score is important but they mistakenly believe that paying their bills on time is all they have to do to achieve a high credit score. THIS IS SIMPLY NOT TRUE.

"According to Experian:
the average credit score in the U.S. is 678"

If it were true that paying your bills on time is all someone had to do to receive a great credit score, then everyone who paid their bills on time would have an above average credit score. This means a 678+ credit score.

Then how would you explain this story?

In September 2006 I reviewed the credit file of a local doctor. This doctor had a perfect pay history in the last

three and ½ years with just one late payment in March 2003. The doctor's credit score was only 673. That score is below average! Please understand this scenario. A person with a perfect pay history for the last 41 months on all of their credit accounts and the result for them was a BELOW AVERAGE SCORE.

PERFECT PAY HISTORY YET A BELOW AVERAGE CREDIT SCORE !

The doctor was perplexed and little embarrassed. I wasn't perplexed at all. I assured her that I see perfect credit histories and below average credit scores paired together all the time. The reason for a below average credit score is usually due to a few very simple rules. But, most people have no knowledge that these rules even exist and merely hope for the best.

The result:
People accidentally lower their own scores.

You see, paying your bills on time is important. In fact, your pay history makes up 35% of your credit score. The maximum credit score is 850. That means 35% of your score equals “297.5 credit score points”. How you pay your bills will determine only 297.5 credit score points while 65% of your credit score comes from factors other than your pay history. These other factors equal “552.5 credit score points”. This total is nearly twice as many credit score points as can be earned with an excellent pay record.

It doesn’t seem right does it? If someone pays all their bills on time it would seem that they deserve to have a high credit score. The doctor in the example paid all of her credit accounts on time each and every month, yet still had a below average credit score.

Are these 65% factors really that important? You better believe it.

I had client named Randy. Randy had a credit score that met the loan program guidelines by a hair. I told him that no changes in his situation could be allowed because he was right at the cutoff point of qualifying for his loan. We needed 580 or better for this loan program and he was at 581. Unfortunately, after his mortgage application and before his loan was to close, he made one mistake. That one simple action dropped his score by 27 points. Randy no longer qualified and he did not

get to buy the house. All because he didn't know that it's not all about your pay history.

The purpose of this book is to give information on credit scoring that provides consumers a fair chance. An old boss of mine, Curtis Jordan once told me, "there are only two reasons someone doesn't do the right thing. Either they don't know how to do it or they don't want to do it." I never forgot what Curtis taught me that day.

My goal with this book is to teach people one strategy, so that the reader will know **"what"** to do. If people will then take that **"know how"** and apply it, the results for them will be astounding. At least they won't be lowering their credit scores by accident as in this story.

I had a client who is in the banking industry. Five years earlier they had owned a business. The business failed and the client had filed bankruptcy. Since the bankruptcy (51 months ago), the client had opened four credit cards, two automobile loans and a mortgage. Over the last 52 months, this client had never been late on a payment. Their credit score was only 611.

A person with a perfect pay history for the last 52 months on all of their credit accounts and the result was still a BELOW AVERAGE SCORE.

PERFECT PAY HISTORY YET A BELOW AVERAGE CREDIT SCORE !

I could immediately see why his score was low and it had nothing to do with the perfect pay history. It was because of one thing. This one thing makes up the largest part of the 65% factors. Remember that only 297.5 points come from pay history while 552.5 points come from other factors.

So what is the most common of all mistakes made by consumers when it comes to their credit? A mistake that very few consumers know about and even fewer can grasp just how much it is wrecking their credit scores.

This mistake is however, the main topic for the remainder of this book. So let's move on to the next chapter and learn the absolutely, positively, easiest and best way to increase your credit score fast.

CHAPTER 2

Lower your credit card balances to 50% or less of your high credit limits.

The purpose of this method is to increase your credit score quickly. This increase is accomplished by recognizing that the credit scoring system will bump up your score when you bring a credit card balance below 50% of that cards high credit limit. This is, without a doubt, the easiest and fastest method available to increase a persons' credit score.

Thirty percent (30%) of your credit score is determined by this ratio under the FICO model. Twenty three percent (23%) of your credit score under the new VantageScore model.

Each and every day, the credit scoring system will determine what your revolving balances are and divide those balances into that cards available credit limit. This number provides the ratio. A low ratio will increase your credit score, while a high ratio will lower your credit score. It's all about risk.

The credit scoring system is designed to provide lenders with a picture of an applicant's danger factor, meaning likelihood of delinquency. Contrary to what some may believe, lenders do not want to repossess houses or cars or other items. Lenders want interest payments. Lenders almost always lose money when they have to take back property. Lenders are not in the property ownership business so they don't do a very good job of maintaining and selling the repossessed units. Lenders are very good at the money lending business and that's what they prefer to be doing.

The credit scoring system is supposed to alert the lender of a "good" or "bad" risk by assigning a credit score. The balance ratio portion of the credit score is by far the best way for a person to have an impact on their credit score.

Your pay history cannot change. You either paid your bills on time or you didn't. Your length of credit history cannot change. You have either had credit for several years or you haven't. But your balance ratio can change. And it can change every day. That one fact – THAT THE BALANCE RATIO CAN CHANGE – is why it's the absolutely, positively, easiest and best way to increase your credit score fast!

Here's how the balance ratio portion of the credit scoring system works. Let's say you have a Visa account with a $1,744 balance. That $1744 is divided by the $2,000 credit limit = an 87.2% ratio. An 87.2% ratio is very bad and this person's credit score will be lowered by the credit scoring system. The score is lowered so that the lender will view the applicant with caution.

Basically, if you owe more than 80% of your credit limit you are considered (according to the credit scoring model) someone who cannot handle revolving credit. It's all about risk.

The Credit Scoring System will follow the same formula for each of your revolving accounts. A grand total ratio using the totals of all your revolving accounts is also calculated. These ratios are then tabulated and combined will impact up to **255 credit scoring points** (30% of your score) on FICO. And impact up to **230 credit scoring points** on VantageScore.

The credit scoring system uses five major factors when determining the total credit score.

These five factors are:

Factor #1- pay history	= 35% of the score
Factor #2- revolving ratio	= 30% of the score
Factor #3- length of history	= 15% of the score
Factor #4- types of accounts	= 10% of the score
Factor #5- recent activity	= 10% of the score

Dramatic increases in your credit score can be obtained quickly if you reduce your ratios to below the 50% threshold. There is no better method to change your score than to use this strategy.

EXAMPLE #1:

I had one client go from a 497 score to a 556 score in six weeks using this strategy. That is a 59 point increase.

EXAMPLE #2:

Another client increased their score from 597 to 662. The utilization of this method lowered the interest rate on their construction loan from 8.5% to 7.375%. They saved

thousands of dollars in interest costs simply by restructuring where they owed money.

The ratio of balance to high credit limit can work against you as well. If for example, you buy an item on credit your ratio can go up and this increase in the ratio will lower your credit score. Let's say you buy a washer and dryer on your Visa card for $850. If your credit balance plus this new $850 puts your ratio over the 50% threshold, your credit score will drop dramatically. In the same vein, if you make a payment on your Visa of $850, the scoring system will take note of the lower balance and apply a new ratio. If that new ratio is now under 50%, your score will improve instantly.

No other method can have the same type of instant results. Pay history will remain on your credit for seven to ten years. But a new balance on a credit card (either higher or lower) is calculated instantly by the scoring system. As a result, your credit score can change instantly. Or at least as soon as the balance on your account changes.

I recommend that you review your credit card statements each month when you pay your bills. Make this review a regular part of your bill paying routine. Take the high credit limit on the statement and multiply it by 50% (.50). Be sure that your balance always remains below that 50% number.

If your ratio is above 50%, the next three chapters in this book will share some steps that you can take that will help lower your ratio and as a result, increase your credit score.

CHAPTER 3

Move money owed on one account to another.

To help demonstrate moving money owed on one account to another take a look at the example in Figure 1A. This person has eight revolving accounts. Six of the accounts have ratios that are over 50% while two of the accounts are less than 50% ratios. The Credit Scoring System will lower the credit score on this person because of the high number of accounts that are above 50%. **The balance to high credit ratio part of the credit scoring system determines 30% of your credit score under FICO and 23% of the score under VantageScores.** For this part of the scoring system, it doesn't even matter if the accounts are paid well or not.

Figure 1A:

Account	High Credit Limit	Balance	Percent
Visa #1	2000	1544	77.2%
MasterCard	1500	130	8.7%
Discover	1000	694	69.4%
Target	600	322	53.7%
Sears	1200	694	57.8%
JC Penney	800	483	60.4%
LS Ayers	600	422	70.3%
Visa #2	2500	485	19.4%

So here's what we do to increase the credit score.

Take the 2nd Visa (the one with the $485 balance) and get a $600 cash advance. I would recommend holding the advance to just $600 because many cards will assess a cash advance fee. The $485 balance + $600 advance = $1085 new balance. It is important to keep the balance under $1,250 because that is the 50% threshold amount on that particular account.

Next take the Mastercard (the one with the $130 balance) and get a $575 cash advance. The $575 cash advance + $130