

# Bad Credit? How to Improve Your Score!

A person is not defined by a fall from grace, but by how they react *after* the fall. If you've encountered some problems with bad credit, take some specific steps to rebuild your credit score.

As the great German philosopher Friedrich Nietzsche said: "Whatever doesn't kill you makes you stronger." This sentiment also applies to the world of bad credit. Late payments on a loan, or too much debt, can wreak havoc on your credit score. To reverse this toxic effect, take these steps to improve your credit rating.

## Examine Your Credit Report

Your credit report is a financial snapshot. It reflects your payment history and the amount of debt that you're currently carrying. If you have quite a few late payments, you'll naturally find that you have a low score. However, credit bureaus sometimes make mistakes on your report. There may be an account that reported an erroneous late payment, or your credit report may list several open accounts that are actually closed. These types of errors can be detrimental to your overall score. Carefully review your report for such confusion.

## Learn What Makes Your Credit Bad

Take a step back and really understand what caused your score to plummet. If late payments and excessive debt loads are the cause, you'll need to take action. Analyze your bill paying procedures. Do you have a system in place? Ensure that they're all paid in a timely fashion. For your debt load, try to pay off credit cards that have hefty

balances first. Also, be sure to keep your balances well below your credit limit. If the credit bureaus see that you're maxing out on a card, they'll lower your score.

## Use Different Accounts

If credit cards got you into a financial mess, you may have a tough time getting a new one without a sky-high rate. You may need to use alternative forms of credit to rebuild your score. Consider opening a checking and savings account, for example, but be careful to avoid overdrafts. Credit bureaus monitor your overall financial picture; so managing these accounts well could reflect positively on your score.



You can also consider taking out a *secured* credit card. To acquire this piece of plastic, you simply make a deposit with the issuing company, and your credit limit will equal the size of the deposit. Taking out a secured credit card and then making your payments in a timely manner will show the credit bureaus that your money management skills have improved. Over time, a higher score will reflect your new financial responsibility.

While a bad credit crunch may feel like the world has come to an end, you can work your way out of it. By understanding your credit score, and opening alternative credit accounts, you can eventually regain your financial footing. You'll be taking baby steps out of the gates but, with a little time, patience and some effort on your part, your financial status will be stronger than ever.

# Be Prepared to Launch a Credit Card Action Plan!

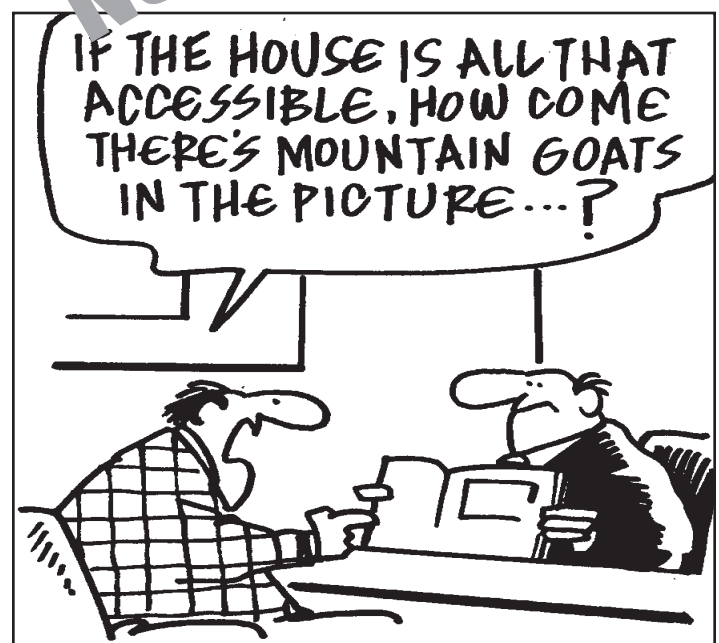
Credit card interest rates are on the upswing. You may not be safe from the increases, even if you always pay your bills on time. In this tough environment, card issuers are acting aggressively to offset a growing pile of default-related consumer debt losses. They're spiking interest rates, cutting credit limits, and implementing higher fees and service charges.

## The Credit Card Action Plan

It's likely that you'll have to absorb some type of cost increases related to your credit cards. But you may be able to minimize the impact somewhat, particularly if you have good credit management habits. Here's what you need to do:

- **Get organized.** Make sure that there's no chance of you missing a payment or exceeding your credit limit. Either scenario will get you slapped with stiff penalties. Avoiding these situations also gives you more leverage when your card issuer attempts to raise your interest rates.
- **Make bigger payments.** If it isn't realistic to pay off your credit cards, try to make bigger monthly payments. The smaller your debt balance, the less leverage the card company has over you.
- **Hit the pavement.** Start looking at other credit card options. You might find a good deal by walking into a local credit union or community bank; many of these institutions have managed to side-step a lot of the industry turmoil.
- **Negotiate.** If a card issuer tries to increase your interest rates, call them up and negotiate. Let them know that you can take your business elsewhere if they won't reconsider.
- **Don't put yourself in a corner.** Give yourself time to find a new card issuer, and get approved for an account. Instant approvals aren't the norm any longer, so plan on waiting a few weeks to receive your new card.

There's only one foolproof way to avoid getting hit with increased interest rates and fees, and that's to kick the credit card habit completely. If you make this your long term goal, you can eventually wash your hands of the whole thing.



# 5 Essential Tips to Find Your Ideal Home!

Most of us move house many times in our lifetime and it is more often than not, an exciting thought, but can be very stressful in practicality. The more prepared you are and the clearer you are about what you want, the easier the whole process will be. If you are thinking of moving at some time in the future then you might want to keep these tips in mind.

## Tip #1: As If...

Clear out your house "as if" you are moving. It doesn't matter if you have found a place or not; just *imagine* that you have, and you now have to do the first part of the moving process, which is to organize yourself and get rid of everything you are *not* planning to take with you. Use this time as a great opportunity to give away or throw out anything that you haven't used in the last year. This is a very powerful exercise and it works. You are essentially letting the universe know that you are serious and need to move house. Also, by doing all the clearing out early, you are going to find the moving process so much easier when you actually do move. You may even look for a house for a long time to no avail and then maybe two weeks later find a great place to live. Either way, you'll be ready. Also, when you do finally move it will make the moving process so much easier and less stressful as you have already done most of the hard work.

## Tip #2: What Are Your Priorities?

List the five things that are most important to you in a new home. If you are married, or with a partner, then you both need to write down your top 5, so that you are clear about what you both want. For example, do you want to be able to walk to shops? Does it have to be quiet? Do you need a garden? Do you want high ceilings? Does it need to be light and bright? Write everything down and then, if you are moving by yourself, look at the top 3 things you can not in any way do without and, if you are with a partner, the top 3 things you can not each do without, so that you can dovetail them together. These are your essential needs. It is unrealistic to think that you will get everything you want in a place, but

if you can get your most important needs met that is a great start, and you can always save the following for the next house you move to.

## Tip #3: Project Forward

Visualize what you want and where you see yourself living. Imagine yourself there. How do you want to feel when you live there? What do you want to be able to say to your family and friends about your new place? Visualize what you might see on the inside. The more you are clear in your mind's eye what you are looking for, the more likely you are to find it. If again you are moving with a partner then sit down and visualize it together. Get very clear collectively so both of your energies can focus in the same direction. This can be very powerful.

## Tip #4: Trust Your Gut

Notice your experience when you first walk in to a place. Did you have problems finding it? If you did then other people will. Do you feel that you can breathe when you walk in to the space? Can you see that you will be productive there? Can you imagine how you would decorate it? Find out if there is a barking dog next door. When you go to look at places trust your gut reaction; if it feels right when you enter, it probably is. If it doesn't, then don't try to make it fit and keep looking until you do find what you want. Be patient.

## Tip #5: Ask the Right Questions

Each home that you live in has its own individual atmosphere or environment, so find out whether the people who lived there previously were happy living there. ...What *didn't* they like about living there? Ask if the present owners like the neighborhood. Are there any annoying neighbors you should know about? Ask about traffic noise, airport flight patterns, local crime rate, and the overall safety of the neighborhood. If you ask these sorts of questions you should get a good idea of the surrounding environment of the home as that environment will affect you as well.

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## From the Inside: Should I Lock My Rate?

Locking your interest rate means your lender guarantees the rate on your loan even if market rates change *before* closing. Most lenders will allow you to lock your rate for 30 to 60 days, with the option to extend the rate-lock period for a fee. So how do you know whether to lock your interest rate? It depends on whether you expect rates to rise or fall *before* you close on your home. No one knows for sure which direction rates will go at a given time, so it's difficult to make a reliable prediction. It helps to keep track of announcements from the Federal Reserve Board, whose monetary policies have an effect on mortgage rates, and to talk to your financial advisor or lender about what may happen in the near term.

### "What will my mortgage payments include?"

For most borrowers, each monthly mortgage payment goes toward the following:

- Principal, which is the total outstanding balance of the loan.
- Interest, which is the cost of borrowing money.
- Taxes, which are levied on the property by the local government.

- Insurance, which protects the owner and the lender from losses caused by fire and natural hazards.

### "What's a Real Estate Appraisal?"

A real estate appraisal is the practice of developing an opinion of the value of property, or what is commonly called "market value." Appraisals can vary by state, but there are three main parts to a home appraisal:

1. *The Inspection* — A licensed appraiser comes to the property and inspects it to determine fair market value.
2. *Comparables* — After the inspection, the appraiser researches similar homes in your area and compares recent sales to determine market value.
3. *Final Appraisal Report* — Using the data gathered from the inspection and comparables research, your appraiser issues a final appraisal report.

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