

CREDIT IMPROVEMENT -- PATH 2 (aka The Steve Plan at some places)



There are two paths one must travel to improve credit scores. The first is to address the negative items on one's credit profiles, and delete as many as possible. This document describes the second path in considerable detail.

Credit Improvement requires that the client work toward the establishment of new credit, and learn the proper use of all their credit.

People in Central Texas are referred to a local Credit Union to implement two credit building programs that are certain to do the job at minimal expense to them. The questions you want to ask are as follows:

Revolving Credit Program

- Do you offer Secured Credit Card Program? If yes, go to next question, if no, say thank you, and move on to another institution.
- Do you have an annual fee for this Credit Card Program? If No, next question, if Yes, thank you.
- Can this Secured Credit Card become an unsecured one at some point? If yes, next question.
- How long can it take to become a regular Credit Card? If up to 12 months, next question.
- Does the activity on this account report to all three credit bureaus (e.g., TransUnion, Equifax, and Experian)? If yes, next question.

The Credit Card Utilization should be for those purchases usually done with a debit card (e.g., gas and groceries). And here are some secrets to maximizing your credit score.

- The balance reported to the credit bureau is the balance on the account the day after the statement closing date.
- Keep the reported balance under 30% of the total credit limit; pay-off if at all possible.
- Any balance carries with it an associated minimum payment. This payment becomes part of the debt to income ratio calculation. In most cases this ratio must be under 43% including the Principle, Interest, Taxes and Insurance on the transaction.

Installment Credit Program

- Do you offer a loan against savings program (e.g., Share Secured Loan)? If yes, next question.
- Does the activity on this account report to all three credit bureaus (e.g., TransUnion, Equifax, and Experian)? If yes, next question.

To maximize the benefit of this Installment program,

- The Loan Amount should be on the order of \$1,000.
- The Term of the Loan should be 6-months.
- Deposit the proceeds of the loan back into your account
- Set automatic payments to loan
- Calendar the fourth payment for a pay-off.
