

# THE GUIDE TO **CREDIT REPAIR**



**FREE**  
**eBook**



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A car is one of the biggest purchases you'll make in your lifetime. Like other major buys, it requires its fair share of financial preparation.

One of the first things you'll have to do before making a big purchase such as this is straightening up your credit. We've all probably heard this before, but some of us may not be entirely certain what it means.

We've put together this guide to answer some of the most common questions consumers have about credit. What is credit? How do you improve your credit score? How long does it all take?

We'll answer all these questions and more in just a few minutes. Now, let's get started with the basics...

## ► Understanding Credit

If you're something of a financial novice, then you're going to need to get acquainted with the basics of credit. Arming yourself with this knowledge will help you to better plan for and execute major purchases going forward.







## What is credit?

So, let's start with the fundamental question: what is credit?

To put it simply, credit is borrowed equity. Any time you pay for an item with money that isn't yours (say...with a credit card), you're building up credit.

## So, what is credit history?

You might not realize it at the time, but every transaction paid for with borrowed equity is compiled into a report. Major credit bureaus, such as Equifax, Experian, and TransUnion, are always keeping track.

The credit report itself is a list of all these transactions, with a firm record of all your repayments. All U.S. citizens are eligible for one free credit report a year; however, you can visit a bureau's website at any time to request an update (for a price).

## How does the credit score factor into this?

Depending on how many credited purchases you make, your personal report might be quite long. So, to make things easier to read for potential lenders, a mathematical algorithm was created to help predict future repayment behaviors.

General rule of thumb states that the higher the credit score, the better. Here's a little breakdown of the ranges.

- **Ideal Credit: > 750**
- **Good Credit: 700-749**
- **Okay Credit: 650-699**
- **Poor Credit: 600-649**
- **Bad Credit: < 600**

Based on these numbers, lenders will be able to tell how good of an idea it is to give you a loan and what kind of rates you've earned. Needless to say, that can greatly sway your purchase.

## ► Repairing Your Credit

There's plenty of reasons why someone's credit might fall to the bad end of the spectrum. If yours has fallen recently, know that you're not alone. There's plenty of people in your shoes, and they're still able to make the purchases and get the loans that they need.



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Of course, credit repair is possible for all, too, and it can certainly make these purchases that much easier.

Step one of repairing your credit is to get your most recent credit report. That way, you'll know exactly what kind of work needs to be done.

So, let's get started at square one.

## 1. Stick to your budget

There's plenty of different tactics you can take when rebuilding your credit. However, they all revert back to the same principle: spend responsibly. One of the easiest ways to live by this maxim is to live by a meticulous budget.

Simple budgeting requires you to make a list of all your monthly expenses and subtract them from your total monthly income. Within these parameters, you need to leave some wiggle room to account for unexpected expenditures, as well as that fun-money we all need to stay happy.

## 2. Make payments on time

Once you have a set budget, you can go about setting some monthly or weekly payment reminders for yourself, as well. When life gets busy, it's easy to forget. Fortunately, there's tons of methods to help us remember.

- Set up a mobile reminder (you're probably on your phone frequently, as it is).
- Make a hand-written calendar (the old-fashioned way is still solid).
- Leave yourself sticky notes (and leave them places you won't be able to miss them).

## 3. Shave off your debt

This one will take time. We all live with some modicum of debt, but when it's a lot, formulating a plan of attack can be a little tricky.

Just remember: there's no problem with taking baby steps.

Start from the bottom and work your way up. Pay off the smaller, easier debts first to free up some room for yourself. Then, begin saving for the bigger ones. It may take time, but that debt will diminish or disappear at some point.



## ► Managing Credit Cards

Credit cards: can't live with them, can't live without them, right?

Credit card use certainly has its pros and cons, but the truth is, when used responsibly, they can make a wonderful addition to your wallet. Not only that, but they can be a huge help in your credit repair efforts!

Here are some tips for managing your credit cards.

### **1. Less is better**

Getting ahold of a credit card is easy. As a matter of fact, if we all had a quarter for every credit card offer we've received since turning 18...well, we'd definitely be richer. If you apply for one, the odds of getting turned down are slim.

However, it's best to stick with as few credit cards as possible. This will reduce your temptation and simplify your outstanding debts and credit lines.

### **2. Keep your balances low**

Managing your balances smartly is one of the best ways to repair your credit. Keep the balances low by using your credit cards only when you have the money to pay them back in your bank account (or when you know that money is incoming).



Then, pay back the balances as soon as possible. This habit will revitalize your credit, and help you build some responsible habits in the process.

### 3. Use them regularly

Piggybacking off that last point, it's important to use your credit cards regularly when trying to rebuild credit. We recommend designating some of those usual expenditures in your budget as credit purchases.

For example, your budget tells you that you're going to spend X amount of money on gas every month. You know you have the money, so instead of using your debit card or paying with cash, why not choose credit at the pump? You'll be able to pay it right back shortly thereafter.

## ► Common Credit Questions

So, we've gone through some of the best ways to repair your credit. Now, let's talk about the other common questions that consumers have about this topic.





## **How long does it take to rebuild credit?**

The answer to this question differs for everybody, depending on their score at the beginning of the process, as well as the breadth of the delinquencies on their credit report.

Bear in mind, these delinquencies will remain on your report for seven years. Other negative data has a shelf-life of up to ten years.

These won't disappear right away, but if you stick to the above tips, you can see a noticeable improvement over the course of a year.

That's right: it does take months to see a change. In the end, it's totally worth it. Be patient with your credit.

## **What happens if I have no credit?**

Some people might think the solution to avoiding bad credit is having no credit, but that's not the case at all. Remember, your credit score is an indicator of how reliable you are in making payments. If lenders see nothing at all, they may be equally as hesitant to take you on.

If you're starting from the bottom, though, you can only go up. Open up your first credit line and make all your payments on time. You'll have your first FICO score within six months. If you've been diligent, it'll be a good one.



## What if there's an error on my credit report?

Credit reports don't just include information on spending. They contain the details of where you live, if you've been arrested or sued, and whether or not you've ever filed for bankruptcy. Often, this information is totally accurate, but errors do show up (especially if you've dealt with identity theft in the past).

If you check your credit report regularly, you can pick up on these errors right away. When you do, you'll want to contact your credit reporting company to dispute them.

At one time, disputing an error might have required a handwritten letter. These days, it can probably be done online. Visit the credit reporting company's website or call them directly to get the process started. Things should clear up within the month.

## ► Want to Learn More About Financing?

Now that you understand the basics of improving your credit score, you might be wondering how to best reap the benefits.

Well, if you head down to your local Nissan dealership, you can sit down with their finance team and hash out some ideas. Before you know it, you could be qualifying for your next auto loan.

To learn more, contact your local Nissan dealer today!



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