

# STUPID CREDIT TRICKS



©2004—Secor Consulting

**Trick #1:** Never “max out” any of your credit cards. Whenever you find it difficult to pay off your credit card debt, at the very least, you must reduce each credit card balance to *less than half* of its available credit limit.

**Trick #2:** Never, ever allow any credit card balance to exceed its available credit limit. Your credit scores will take a major beating every month that a credit card’s current balance remains above its credit limit. This inverse condition can easily strip over 100 points from your credit score in a few months.

**Trick #3:** Here is an interesting twist on Trick #2. Ask each of your credit card companies to increase your available credit limits without pulling credit. Many credit guarantors will increase your credit limit based solely on your past record of timely payments. This will effectively decrease your debt ratio and instantly improve your credit scores by 20 points or more.

**Trick #4:** Never close an inactive revolving credit account unless it reflects abused credit. Closing an inactive credit account does absolutely nothing to improve your creditworthiness. In fact, arbitrarily closing an account may actually harm your overall credit rating by decreasing the average time that your accounts have been open.

**Trick #5:** Just say “NO!” to the minimum payment trap. The credit card industry has cleverly designed their products to make mountains of money at unwitting cardholders’ expense! Minimum payments keep the cardholder paying against their account balance for the rest of their life — and effectively paying double or triple the original price of everything that was charged.

**Trick #6:** Keep good credit in the family. If you have a family member who has maintained an impeccable payment history for ten years or more, you can become the beneficiary of their good credit. Have your family member ask the credit guarantor to add your name and social security number to their credit card account as an Authorized User. This will increase your score by 20 to 40 points, and will grant you the benefit of your relative’s flawless payment history.

Parents are encouraged to pass their credit legacy along to their college-aged children. Students are thus prepared to purchase their own home on the merits of their strong credit standing and their college diploma – within days of graduation!

**Trick #7:** If you have no credit or seriously damaged credit, you will not be able to obtain an unsecured credit card. Even if you are fortunate to qualify for one, the interest rate and annual fees are likely to be punishing.

You can obtain a secured credit card whenever you are unable to qualify for an unsecured card. The security will be your deposit of \$200 to \$1,000 (at your discretion) in an account with the credit guarantor. Once you have proven your trust through your ability to make timely payments, you will be able to obtain an unsecured credit card. In the mean time, you will be establishing a credit history that will help to buy the finer things in life with other than credit cards.

**Trick #8:** Another tricky way to establish credit is through a major bank. Ask your personal banker for a signature-only note with the sole intension of placing the borrowed money into one of the bank’s Certificate of Deposit for the full term of the note. When the CD matures, you agree to pay off the note and begin the process again. Increase the size of the loan and CD as required.

**Scott Secor - 612.272.7864**  
**scott@4accredited.com**