

## 6 Ways to Quickly Boost Credit Scores

As lenders tighten their underwriting guidelines, borrowers are wise to raise their credit scores to qualify for loans, secure better loan terms, and receive lower interest rates.

"Individuals can positively affect their credit scores in as little as three weeks," says Edward Jamison, a Los Angeles-based credit attorney. "It's just a matter of getting educated and focused on the best, fastest, and most reliable course of action."

Jamison, who you may know as a credit expert on the NBC show, "Starting Over," offers these six tips for improving credit strength quickly.

**1. Know your limits.** Borrowers should first check their credit limits and evenly distribute the balances they're carrying to help increase their credit scores, or better yet, pay them off in full to get the highest score increase. "Make sure your maximum limit is reported," Jamison says. "When no limit is reported, credit scoring software presumes the account is maxed out."

**2. Bring the balances near zero.** The credit scoring software scores more favorably to those with a closer balance to zero. Balances over 70 percent damage credit the most, followed by the next tier of 50 percent and then 30 percent of the maximum credit limit. "Rather than carrying a large balance in an unfavorable tier, redistribute outstanding balances over several credit cards," advises Jamison.

**3. Don't cancel your cards.** "Closing credit card accounts can hurt your score unless the accounts were opened less than two years ago, and you have over six credit cards," Jamison says. Fair Isaac's credit scoring software assumes that people who have had credit for a longer time are at less risk of defaulting on payments.

**4. Eliminate late payments (but ask nice).** Get rid of late payments listed on the credit report. "Contact the creditors that report late payments and request a good faith adjustment that removes the late payments reported on your account," Jamison says. The creditor may work with you, but it may require more than one phone call; patience is required. Your odds of success will dwindle if you're rude or unclear about your request, he adds.

**5. Get rid of collection accounts.** But only if the collection agency agrees to delete them in return. Paying them off can otherwise actually lead to a decreased credit score due to the date of last activity getting updated to the current date when you pay. The consumer should contact the collector and request a letter explicitly stating the agreement to delete the account upon receipt or clearance of the payment, Jamison says. Not all collection agencies will delete reporting, but it's certainly worth the effort.

**6. Pay off past due amounts on accounts that are not in charge-off status.** After that, Jamison advises getting rid of charge-offs and liens that are less than two years old. "Charge-offs and liens that are older than 24 months do not affect your credit score nearly as much as ones under

24 months," says Jamison. "But if they're newer than 24 months, they can seriously damage your credit." If you have both charge-offs and collection accounts, but have limited funds, pay off the past due balances first, then pay collection accounts as long as the collectors agree to remove all references to credit bureaus.

— *REALTOR® Magazine Online*