

Larry Johnson gave what he called the harsh reality of credit. He did not hold back. Here are the bullet points of valuable information that he shared with us:

When working on cleaning up your credit many folks require a coach. A coach teaches you the rules so that you know how to play the game.

Credit is a game that everyone needs to learn to play if they want to take advantage of the benefits of borrowing money for houses, cars, school or any other luxury you feel that you deserve.

Larry Johnson is a coach for people that need assistance with their credit. He has been working in the credit system for over 6 years full time and says there are a lot of myths that are untrue and he does not believe all advice is good advice.

Larry stressed that Credit Scores are based on:

**PAYMENT HISTORY.** This is the big take away from class. If you pay your bills on time as you agree to over time your credit score will go up. If you fail to pay what you owe it will start to go down. Basic but True.

Credit Scores reflect what you have done financially for the past 10 years. The more recent activity counts for more but everything is seen on your credit report for the past 10 years. For something that you screw up on your credit it will likely hurt your scores for 24 months and then slowly wear off.

Everything on your credit report either helps or hurts your credit.

The other big AH HA....

Keep a Credit File Folder- this means you have a file where you keep all your proof of accounts that have been paid off or closed. You want to keep this form current and you must keep all proof. Don't throw any of it away.

More tips...

The credit bureaus sell your credit score to you . When you order a credit report you will only get the score if you pay for it.

Credit card companies pay the credit bureaus for lists that is why you get offers from credit card companies.

NEVER cosign anything. This is often how people get their credit damaged. You may believe someone will pay but if they can not it is your credit that will be damaged.

Optimum credit scores occur when your available balance or available credit being used is 10-30% of your limit. You are rewarded for using your available credit but they only want you using a certain amount.

Debt to Income Ratio- You always need to spend less than what you make.

Experian is the largest reporting credit agency then TransUnion and then Equifax. This means that more companies subscribe and report to Experian and fewer to the others.

3 good payments on time will establish a new payment history. Therefore it takes 3 months before you will see your scores improve. This is because the credit score is not looking for one lucky on time payment, but consistency.

If you get your credit card amount to a low level and just keep it an the low level and do not pay it completely off you can actually increase your score.