

# BUILDING CREDIT FROM SCRATCH GUIDE

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## Disclaimer

The information in this guide is current as of the date of creation. Please verify all details and check for updates regularly to ensure accuracy.

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# Building Credit from Scratch



## Introduction to Building Credit from Scratch

Building credit from scratch or rebuilding after a financial setback, such as bankruptcy, can seem daunting. However, with a clear strategy focused on a balanced credit mix and consistent history, you can steadily improve your credit score. This guide will outline the essential steps to build a strong credit profile.

### 1. Establishing a Credit Mix

To build a solid credit profile, aim for a mix of three revolving accounts, two loan-type accounts, and rent reporting from two different sources showing two years of history.

### 2. Opening Revolving Accounts



#### Secured Credit Cards:

- **Purpose:** Ideal for building or rebuilding credit, secured credit cards require a cash deposit that serves as your credit limit.
- **Recommendations:** Consider secured cards from major banks or apps like Ava for subscription-based credit lines. Some recommended options include:
  - **Discover it® Secured Credit Card:** No annual fee, cash back rewards.
  - **Citi® Secured Mastercard®:** No annual fee, access to a higher credit line after making your first five monthly payments on time.
  - **Ava Financial:** Provides a credit line for subscription services like Netflix and Apple Music.

#### College Credit Cards:

- **Purpose:** Designed for students with limited credit history, these cards often come with educational resources and manageable credit limits.
- **Recommendations:**
  - **Journey® Student Rewards from Capital One:** Earn cash back rewards and get access to a higher credit line after making your first five monthly payments on time.
  - **Discover it® Student Cash Back:** Cash back rewards and a good student reward program.

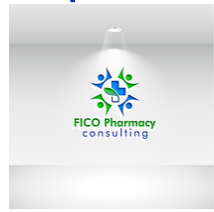
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# Building Credit from Scratch



# FICO PHARMACY



## 3. Securing Loan-Type Accounts

### Secured Loans:

- **Purpose:** Installment loans that help build credit while you save money.
- **Recommendations:**
  - **Credit Union Loans:** Often offer favorable terms and lower interest rates. Consider taking out small, manageable loans from a local credit union.
  - **Self:** Offers credit builder loans where your payments are reported to credit bureaus, and you receive the saved amount at the end of the loan term.
  - **Credit Strong:** Provides installment loans that help build credit with affordable payments.

## 4. Adding Rent Reporting

**Importance of Rent Reporting:** Adding rental history to your credit report can significantly boost your credit score. Aim to have two years of rental history reported from two different sources.

### Recommendations:

- **Rent Reporters:** Reports your rent payments to TransUnion and Equifax.
- **Rental Karma:** Adds your rent payment history to your credit report with TransUnion and Equifax.

**Hypothetical Suggestion:** If you've had a troubled history, consider applying with an address of a room you've rented at a friend's house for a few years. As your landlord, your friend can verify your perfect payment history. This is a hypothetical scenario and should not be taken as formal advice.

## 5. Monitoring Your Credit

Regularly monitoring your credit report is crucial to ensure that your efforts are accurately reflected in your credit score. Use credit monitoring services to keep track of your progress and identify any discrepancies.

## Conclusion

By following these steps—opening secured credit cards, securing loan-type accounts, and adding rental history—you can build a strong credit profile from scratch. Consistency and responsible credit use will lead to steady improvements in your credit score each month. If you need further assistance or personalized guidance, book a free consultation with FICO Pharmacy Consulting LLC.

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Helping you build a brighter financial future.



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# NEXT STEPS



*Thank you!*

For personalized recommendations and further assistance, feel free to reach out to FICO Pharmacy Consulting LLC.

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