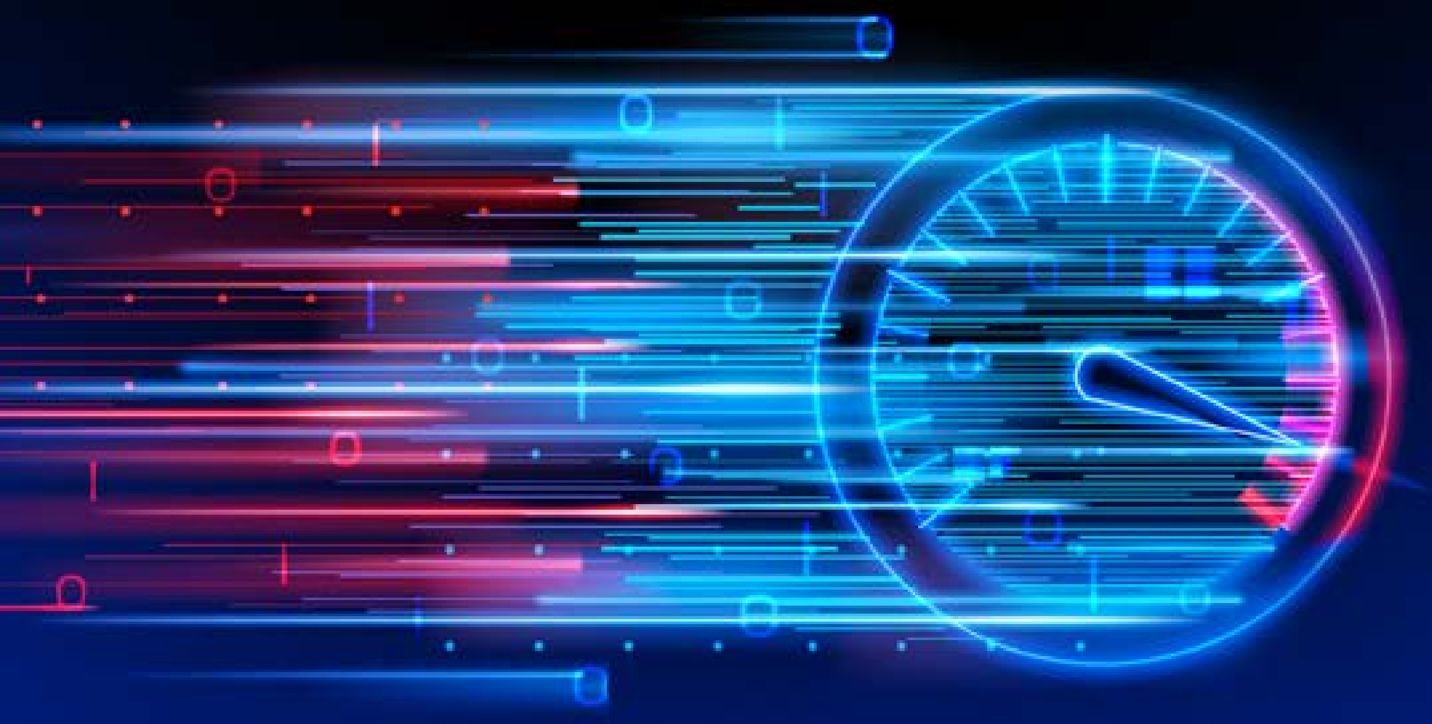
FREE
DOWNLOAD

GO FROM 0-850

YOUR COMPLETE GUIDE ON BUILDING CREDIT

Join thousands who were helped to build credit.
Learn everything about credit, all questions answered!



HelpMeBuildCredit

WHY A PERSON NEEDS CREDIT

Credit is something every person needs.

Unless you never want to open up a credit card, never buy a house, never have a car, never take out a loan, never have a job (in some cases), and be considered nil according to banks. If so, you can stop reading here.

If you're shuddering at the thought of those nevers or you're very adamantly shaking your head thinking that you will need a house and a car and credit cards down the road,follow me.

To get all of those aforementioned products you will need to have good credit. This guide will take you from zero credit to excellent credit, all steps included.

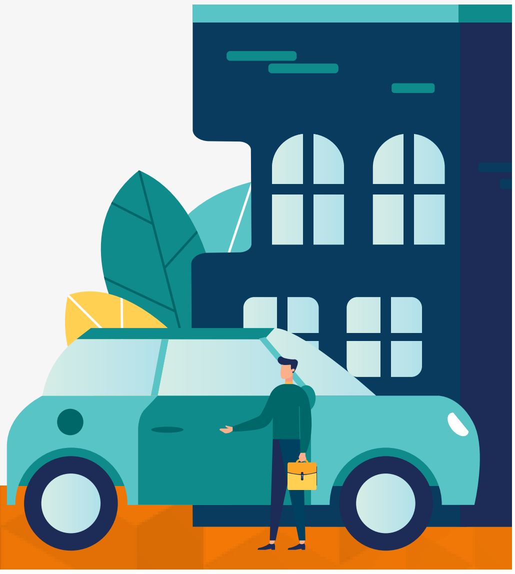
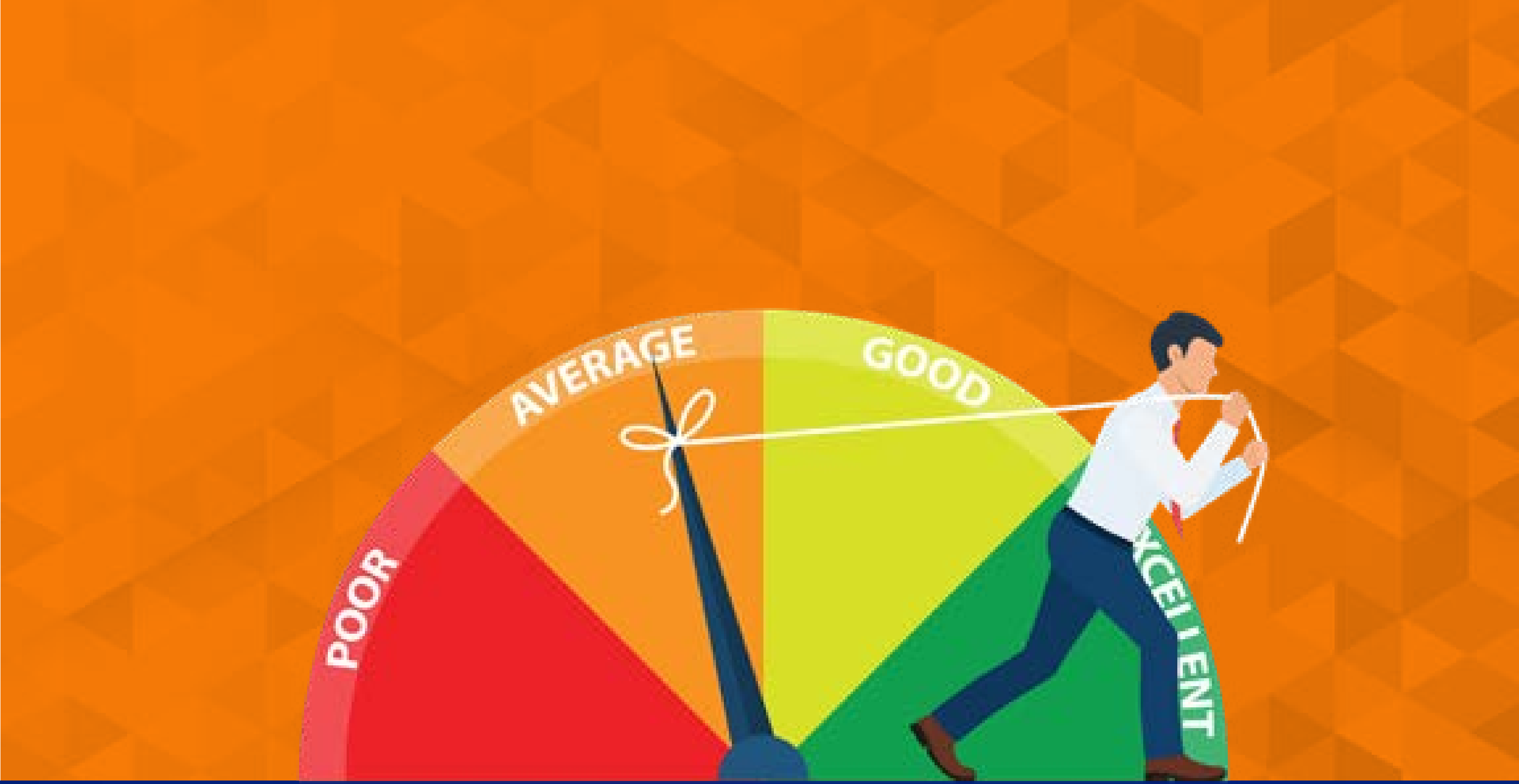


TABLE OF CONTENTS



1. WHAT IS CREDIT?

Your credit is determined in a three digit number ranging from 300 to 850. It is called your credit score.

Your credit score determines what your odds are to default on a loan. Credit cards are considered loans, mortgages are loans, car leases are loans, and so on. Before a lender approves you for a loan, they want to see your credit score. Why?
The lender wants to lend credit to you only if you're responsible and not likely to default on the loan, such as missing payments.

The higher your score is, the better score you have and the less likely you are to default on a loan. And vice versa. The lower your score is, the worse credit you have and the more likely you are to default on a loan.

HOW DOES A CREDIT SCORE COME TO BE

Who goes about deciding what your credit score should be?

Introducing FICO. FICO (Fair Isaac and Co.) is a scoring model. Fico collects data from millions of consumers off their credit reports. Every American consumer has a credit report which lists all of their credit accounts and all of their payment activity. If you're ever late on a payment, it gets reported to your credit report. So too, if you open or close a loan, it gets reported on your credit report. Your credit card balances, credit limits, the date you opened the account, it's all on your credit report.

Fico collects that information from you, and from millions of consumers. They then figure out which consumers defaulted on a loan and what factors were on those consumers credit reports. Based on those facts, they determine, using the information found on your credit report, how likely you are to default on a loan.

HERE'S AN EXAMPLE:

Let's just say you missed two months of payments on your credit card which resulted in a 60 day late payment.

Fico will compare this information to millions of other consumers who also had a 60 day late payment in the same pattern as you.

Fico then figures out how those consumers ended up defaulting on a loan and based on those numbers, Fico comes up with how likely you are to default on a loan and they calculate your credit score. Of course, Fico will also take in a lot of other factors, such as how many positive accounts you have, and lots more which will delve into soon.

There are other scoring models out there, like Vantage score, but FICO is by far the biggest and most widely used. Even within FICO there are several scoring models. The scoring models are used daily in lending decisions and every scoring model will result in a slightly (or sometimes not so slightly) different FICO score.

CREDIT SCORE RANGES

If you're wondering how credit scores rank and want to get an idea of what the scores look like, here's a list of credit score ranges & ratings.

800+
EXCEPTIONAL
This credit score is well above the average score of U.S. consumers and clearly demonstrates to lenders that the borrower is an exceptionally low risk.

740-799
VERY GOOD
This credit score is above the average of U.S. consumers and demonstrates to lenders that the borrower is very dependable.

670-739
GOOD
This credit score is near or slightly above the average of U.S. consumers and most lenders consider this a good score.

580-669
FAIR
This credit score is below the average score of U.S. consumers, though many lenders will approve loans with this score.

<580
POOR
This credit score is well below the average score of U.S. consumers and demonstrates to lenders that the borrower may be a risk.

THE DIFFERENCE BETWEEN A CREDIT REPORT & A CREDIT SCORE

A CREDIT REPORT

There are three big credit bureaus that collect data from most American consumers. They are Experian, Transunion, and Equifax. These three companies, known as the three credit bureaus, collect the facts from your credit report; when you opened a tradeline, how much you spend on each credit card account, which type of loans you have, did, or did you not pay your loans on time, etc.

A CREDIT SCORE

Then comes the scoring model, the most common one being FICO, which takes the facts from the credit bureaus. Then, based on these facts they calculate a score which is known as a Fico credit score. Every credit score is made using two components. First, the credit bureaus collect the facts. Second, a credit score model takes the facts and calculates a score.

WHY IS CREDIT SO IMPORTANT

Why is credit so important? You'd rather forget about it and have a low, or no, credit score than keep worrying about what your credit is like?

It sounds wonderful in theory but there are too many situations in which having credit is crucial, you might just want to put some effort into this one. We'll go through the how to's so that by the time you're done reading this guide, you'll feel like building credit is simple enough. It takes time but it's very doable.

The big reason good credit is important is because of what lenders do before they approve you for a new card, loan, home, and more of which we'll see about in a moment.

When you apply for a line of credit, the lender pulls your credit. What that means in simple language is that they access your credit report so that they can review it. They make their decision of approving you or declining you for the credit line based on your credit score and what they see on your credit report.

What they're looking out for are:

- **Payments Made On Time**
- **No Delinquent Accounts**
- **No Charge Offs or Bankruptcies**
- **No Over-the-top Balances**
- **No Collections**
- **And so much more**

Aha, does it click now? Of course you want good credit if you want to get approved for those things you need.

HERE ARE SOME REASONS WHY *GOOD CREDIT IS IMPORTANT*

Buying a Home

In order to get approved for a mortgage you will need to have a good credit score. Even if you have good income, income alone is not enough. You could be earning a million dollars but still not be eligible for a mortgage due to poor credit. Also, the higher your credit score, the better interest rate you'll get. Good credit can ultimately save you thousands of dollars in interest when you decide to buy a house.

Fico estimates that a borrower with an 800 score might have an interest rate that is 1.5% less than a borrower with a 680 score.

Based on these numbers the difference for a $300,000 loan will be more than $3,000 in interest annually!

Applying for Credit Cards

When applying for a credit card, banks will check your credit score and based on that, they will determine if they want to approve you for a credit card. In order for you to get approved for a card (and come on, barely anyone uses cash anymore) you need to first build credit. Banks like to extend credit and approve borrowers who prove to be responsible and trustworthy.

People often realize that they need a credit card asap because of a new business they opened, they need to rent a car, or just to get a good welcome bonus (which many credit cards offer). But when they think about their credit score they get hit by the fact that they've never built credit, as though they figured they'd build credit when the need arises. When you need credit asap, it is too late to start building credit.

Getting an Auto Loan or Car Lease

When applying for an auto loan or car lease, banks will always pull your credit before approving you for the loan. In order to get the best deals on an auto lease (the advertised rate), banks will want you to be in the prime credit category, which is usually a 720 plus credit score.

Also, when shopping for auto insurance, a good credit score will work to your advantage. Insurance companies look at someone who is responsible for his credit as someone who is also responsible when driving and therefore deserves a lower premium.

Renting an Apartment

Landlords may request to view your credit report before allowing you to rent their apartment. An applicant with poor credit history may result in a landlord asking for a larger deposit, asking to find a co-signer, or not renting out the apartment at all.

Landlords don't look as much on your credit score before denying a potential tenant, as much as they look for charged-off accounts, public records showing judgments, bankruptcies, etc., showing that you were in deep financial trouble. But if a landlord has two applicants to choose from, I believe a good credit history may be a reason for the landlord to choose you.

Getting a Job

It is believed that about 60% of employers will factor in a credit report before hiring a candidate for a job. When seeking a job, those with great credit history have a better chance of being chosen to fill a position than those with poor credit history. Employers will ask for consent and pull an applicant's credit report before hiring employees.

Getting a Business Loan

Most small business owners cannot obtain a business loan for their business without a personal guarantee. In other words, the bank will not approve the loan if the business owner or the signer on the loan does not have good personal credit.

It's important for a business to slowly build good business credit but it is just as important to build personal credit as that's the score that will be used at least until the business has approximately $1,000,000 or more in sales.

Applying for Home Utilities

When you apply for home utilities the utility provider will want to check your credit report to check your payment history. Just like a bank lends you money, the electric company is lending electricity to you for 30 days and they hope you will pay at the end of the month.

Someone who does not have an established track record of paying their credit card or loan payments, the utility company will be hesitant to lend them the utilities without first taking a security deposit to protect them just in case they fail to pay.

2. HOW DO YOU START BUILDING CREDIT

Okay, you got me.
I am convinced that credit is important but I have no credit to speak of! Where do I even begin building credit?

Hello, my friend. It's the reason this guide was created. There are lot's of other consumers just like you, who catch themselves at one point or another by the importance of having credit.

I'll be honest, the best time to start building credit is as soon as you turn 18 years old. But hey, better to do something late than not to do it at all. And if you are still young and close to your eighteenth birthday, kudos to you. You're right on time!

THE MOST IMPORTANT FACTORS *IN A CREDIT SCORE*

Before we get into building credit, let's first check out the 5 most important factors which make up a Fico score. It will help you better understand how the actions for building credit lead to good credit.

The following five factors are what make up your Fico score. They are not all equally important though.

35% of your score is based on *TIMELY PAYMENTS*

- **Whether you pay your bills on time or not makes up 35% of your Fico score. Since it's a big chunk of your score, you want to make sure you pay all your bills always on time.**

This includes your credit cards, car lease, mortgage etc. No matter how big or how small the balance is, it needs to be paid on time. A tiny $5 balance paid late has an effect on your score as much as a $5000 balance does if it's paid late. Everything gets taken into account, including how late you pay. 30 days late, 60 days late, 90 days late, etc. It makes a difference how late the payment was made so don't go thinking "I was late by a day, I'll just wait a couple of more weeks to pay the bill". No, it doesn't work like that.

Pay as soon as you catch yourself because the details all get reported on your credit report. Best and most ideal is to pay all your bills on time. (Best and most ideal is relaxing on the beach under the sun).

30% of your score is based on CREDIT UTILIZATION

30% of your score is based on how much of your credit line you spend. It's called credit utilization.

The way it works is as follows. Usually, along with a credit card you get a credit limit. That's the maximum amount of money the banks allow you to spend on that specific card ($1000, $1500, $6000 etc.). With every card you own you will have its own credit limit customized for you. Your friend with the same credit card will have a different credit limit.

The scoring models don't want you to spend the full capacity of the card. They don't want you to be close to maxing out. They ideally want you to use up to 9% of your credit limit at all times. So if you have a credit limit of $1,000 and you spend $90 on the card, you'd have a credit utilization of 9% on the card. That's good.

The dollar amount of the balance is almost irrelevant, the main thing is the percentage.

For example:

If you have a credit card with a $1,000 limit then a balance of even just $700 will significantly affect your credit score. But if your friend has a credit card with a $10,000 limit then for him, spending the same $700, will not hurt his score.

Why?

Because when you spend $700 on your card (with a $1,000 limit) you're utilizing 70% of the limit, which is no good. But your friend, even if he's spending the same $700, his credit card has a $10,000 limit, so he's only utilizing 7% of his credit limit which is a great number.

- **Credit utilization is calculated per each individual card.** Every card's credit limit with the card's balance.

- **Credit utilization works by brackets.** How Fico does it is confidential but here is what we believe the brackets to be based on experience.

PERCENT OF CREDIT LIMIT

Bracket #1	0% - 9%
Bracket #2	9.1% - 29%
Bracket #3	29.1% - 49%
Bracket #4	49%.1% - 79%
Bracket #5	79.1% - 100%
Bracket #6	100% or more

The ideal bracket to be in is bracket #1. If you spend more than 9% of your credit limit on a credit card you fall into the second bracket. Obviously, the higher the credit utilization, the more of a negative impact it will have on your credit score.

Credit utilization only applies to revolving credit accounts (credit cards or any loan that does not have a fixed amount that you need to pay every month).

Installment loans (mortgages, car leases, or loans that have the same fixed amount to be paid every month) are not part of the credit utilization calculation.

15% of your score is based on CREDIT HISTORY

The third factor is credit history. As it sounds, it is the history of your credit. Your credit history dates back to day 1 of your first credit card. The longer your credit history the better.

As time goes by, your credit history grows on it's own. Sort of like people grow as time goes by :).

That's why you never want to close your first credit card because that would cancel out the time since that card was opened and your credit history will only go back to when your second card was opened, shortening your credit history.

For your first few cards, get ones without annual fees so you don't have to keep paying a fee just to keep the card open. It should be easy for you to leave the cards open.

10% of your score is based on CREDIT MIX

Credit mix refers to the various types of credit you have. The more types of credits you can juggle, the better it will be for your credit score.

The optimal amount of credits to have is 5 active trade lines, with a mix of installment loans and revolving credit.

INSTALLMENT LOANS

Are loans that are paid in fixed installments.

- mortgage loans
- car loans
- car leases or any other loans that have a fixed amount to be paid every month

REVOLVING CREDIT

Are loans that do not have a fixed amount to be paid each month. It's more open-ended in the sense the card can be used when you wish, and paid as you go along. On a credit card you usually have a different minimum payment every month.

- credit cards
- line of credit
- or any credit that does not have a fixed amount of money to be paid every month

10% of your score is based on NEW CREDIT

The fifth factor that FICO looks at when calculating your credit score is new credit. New credit indicates how many trade lines you've opened recently, and how many times you applied for new trade lines recently.

Your credit score may decrease slightly when you get approved for a new trade line (a new credit card, a mortgage), so the more new trade lines you get approved for, the bigger the impact on your credit score. This decrease can last up to 6 months from the approval date. On top of that, even if you get declined when applying for a credit card, your credit score will still take a slight hit. That's because the bank will do a credit inquiry.

Let's look into credit inquiries for a moment. Every time you apply for a credit card, the bank will want to pull your credit report to see your credit history, credit score, etc. This is called a credit inquiry.

A credit inquiry will show on your report for the next two years. It makes no difference if you get approved for the credit card or not. Before lenders approve you for credit they want to see how many times you tried to apply for credit in the past.

No one likes to lend money to someone who is running around town and asking every bank for a loan.

Your credit score will get slightly lower, just about 5-10 points, after a credit inquiry is done. It will pretty much go back up after about one to two months. But too many credit inquiries may affect your score more. It is not recommended to have more than 2-3 credit inquiries in a 6 month period. So knowing that, plan your credit cards as appropriate.

Most banks will only pull one of the three credit bureaus.

So if you apply for a Chase credit card, Chase will pull your Experian credit report and when you apply for a Barclay credit card, Barclay will pull your Transunion report.

Even though you applied for two credit cards, you then still only have one credit pull on each of your credit reports (Capital One is the only large issuer that does pull all three credit bureaus.)

Once you get approved for the credit card, the new account will eventually get reported to the credit bureaus (depending on the bank it can sometimes take about 30 days). Once your new account gets reported, your credit will get another blow, because now you have opened a new account. Credit models will lower your score until they see that you prove yourself capable of handling the new credit.

In other words, don't just randomly go apply for credit cards by the dozen, especially if you know that you don't have a chance of getting approved.

Just hang in there, I'll teach you how to apply for credit cards you have a chance at getting approved for.

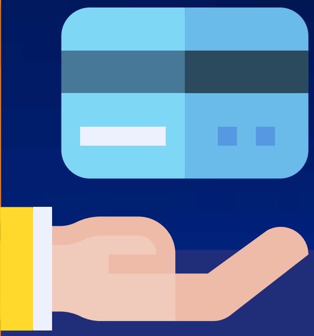
3. GETTING YOUR FIRST CREDIT CARD

Building credit starts with getting a credit card. Really now, how do you get approved for credit cards without having credit?

That's like saying "Oh, you don't have money? Buy a business, and then you'll have money." Yoo-hoo! How do I BUY that business?

Ahem. How do I know that you can get approved for a first credit card? According to the 5 main factors of a Fico score we just went through. Timely payments, credit utilization, credit history, credit mix, and new credit can all be achieved only through having credit lines. Since no issuer will approve you for any loan if you don't have credit, you need to turn to credit cards.

No fancy card will approve you either if you're new to credit but there are loads of other options and strategies in getting approved for your first credit card. Opening one credit card, done the proper way, will jumpstart your credit. From there on, you can go on to building and maintaining your credit.



WAYS TO GET APPROVED
FOR YOUR FIRST CREDIT CARD

1 *Piggybacking*

A very common way of building credit is becoming an authorized user on an existing credit card, aka piggybacking.

Someone, be it a friend, spouse, or family member, or anyone who's nice to you and is a person you trust (they have to trust you too) can make you an authorized user on their existing card.

After they do so, about 30 days later, the bank will report the authorized user account to the credit bureaus. The credit card account will appear on your credit report. And along with a credit card account, all the details of it are copied on your credit report too. So you get credit history for the length of time the card is open for, the payment record of the payments on the card, and the credit utilization on the card.

So it turns out that if the card has been open for 10 years, your credit report will suddenly show that you have already built credit for 10 years. And if all payments were made timely, your credit report will have a track record for timely payments. And since those are factors which make up a Fico credit score, you earn a Fico score for yourself.

In order to be successful with piggybacking credit, make sure the card you're being added to has the following requirements:

The Card is at Least Two Years Old
Two years plus is considered sufficient credit history. You wouldn't want to get added to a card that doesn't have enough credit history.

The Card Does Not Have Any Late Payments
If it does, getting added to the card can do more bad than good to your credit.

The Card Does Not Have High Balances
High balances is high credit utilization which is poor for your score.

The Card Was Used Recently
The card must be considered an active account.

Not every bank will report an authorized user card to the credit bureaus, so not all authorized user cards will make it on to your credit report. And not all banks back-date to report the complete credit history of the card so it's important to know which banks to go with when piggybacking on a credit card.

Here's a list of some main banks and if they do or don't report authorized user cards to the credit bureaus.

BANK NAME	REPORTS TO THE CREDIT BUREAUS	BACK-DATE CREDIT HISTORY
AMEX	✓	✗
BARCLAY	✓	✓
BANK OF AMERICA	✓	✓
CHASE	SOMETIMES	✓
CITI	✓	✓
CAPITAL ONE	✓	✓
DISCOVER	✓	✓
HSBC	✗	✗
US BANK	✓	✓

The best is to get yourself added to one or two good cards that are open for a minimum of two years, and have a perfect payment history. After approximately 30 days the account will have been reported to the credit bureaus and will show up on your report.

At that point, your credit score will shoot up to reflect the good factors you now have on your credit report.

Again, keep in mind that the same way the good credit history gets reported, so does the bad. Therefore, do not add yourself as an authorized user to any card that has any delinquent payments or high balances. It will do more harm than good.

When being added as an authorized user, try to use your own address, not the primary cardholder's address, as the address used will be the address that will show up on your credit report.

+	The pros of piggybacking is that it's so easy to do. You literally just need someone to add you as an authorized user to their good card.
–	The cons of piggybacking is that not all scoring models count authorized user accounts so it may not always help you get approved for more credit. That's why it's important to know how to do it and which banks to work with. For that you can refer to the list above.

2 Applying for Low End Credit Cards

Now that your credit score shot up after being added as an authorized user to a good card, you're now ready for the next step in building credit. It's nice that you have the authorized user account on your report but it's time to strive higher than that.

An authorized user card is good to begin with, and overtime it will help along with your credit history, but the point is that you should get to a stage where you can build credit on your own, not through a second party's card.

You are still considered a beginner. Your credit score is still of average credit. You still can't get approved for a luxury credit card which you need excellent credit for in order to get approved. Luckily, there are a couple of credit cards that are easy to get approved for, even with limited credit.

The Discover It card, the Capital One Student Journey, and the Capital One Platinum, are some examples of cards that you can get approved for at this point.

These cards are not the ones with the most benefits or rewards but they are real cards that you can get approved for and call your own. And that's what counts for building credit.

\+ Low end cards are usually easy to get approved for. They're also considered actual credit cards for all scoring needs.

− I can't seem to think of any cons, besides for that the low end cards are not meant to stay your only cards. After a period of time, which we'll discuss further on, you will have to graduate to better credit cards.

3 No Annual Fee Cards

We mentioned earlier that one should never close their first credit card. We explained how doing so shortens your credit history. So in a first credit card you should be looking out for a card that does not have an annual fee. If you're going to be keeping this card open forever, do you want to commit yourself to a credit card with an annual fee you have to pay? No.

The Discover It card, the Capital One Student Journey, and the Capital One Platinum we mentioned above are all no annual fee cards. So you can easily have one of it be your first card that you can commit to keeping open forever.

Make sure to keep using it, even on a minimal basis, and you're good to go. On to care instructions soon.

4 Secured Credit Cards

Secured cards are yet another option for credit beginners. Some banks offer a secured credit card if you give them a deposit. They ask you for a deposit of about $200- $500 that they keep and then they approve you for the secured card. The deposit amount becomes your credit limit amount.

Secured cards are meant to be easier to get approved for but people don't like this option because they feel their money gets locked away. It doesn't feel very good.

When choosing a secured card, here's what to look out for:

Look at the Fees

Some secured credit cards charge annual fees (and possible additional fees as well).

Make Sure it Will Help

Some secured cards don't report your account activity to all three credit bureaus. Even if you use the card responsibly, it may not help you build your credit history.

Consider the Source

Some of the major secured credit card issuers, like Capital One and Discover, offer secured credit cards. But most secured cards are issued by banks you may have never heard of. Be sure to do your research to make sure the issuer is trustworthy.

Look for Bonus Features

Some secured credit cards offer additional features. For example, showing you your Fico scores for free. Some cards also offer a chance to earn rewards or to pay a reduced security deposit.

+ Even if the authorized user way is probably better and easier, the secure credit card option is also a solid way for getting started on building credit.

− Though it's geared for credit beginners, not everyone gets approved for secured cards. Also, you have to give the bank some money which they lock up.

5 Establish Good Banking Relationships

Banks like their clients (especially the good ones) and they want their clients to like them back. So if you have bank accounts and a good banking relationship with a specific bank, they may approve you for a credit card. Being that you're a client, they want to give you a fair chance to prove yourself.

What is considered a good banking relationship? We're talking $10,000 plus in your bank account, but at times even $1500 will do the trick.

It is worthwhile to give your bank a try. Even if you apply for a credit card and get declined, you'd want to call up and ask if they can reconsider your application. Tell the representative that you have a good banking relationship with the bank, and ask them to recognize you and give you a chance of proving yourself in the positive sense.

Bank Of America, Chase, and Wells Fargo are known to take a client's banking relationship into consideration and help get approved for their credit cards.

+ You're not losing out. Only gaining if you get approved for the card.

− This is not a guaranteed route.

6 Getting Store Cards

A store card is a credit card offered by a store or brand. Think Gap, Kohl's, Home Depot, etc. The credit card is designed to be used for purchases within the store. Store cards often come with many store-related perks, like discounts, bonus points on store purchases, free returns, and more. Many store credit cards can be used just like any other credit card, for purchases outside of the store.

Store cards are usually easy to get approved for, even for newcomers to credit cards. But, you will usually only get approved with a low credit limit (sometimes as low as $200), and they often come with a very high APR on balances.

Store cards can be a good start. But keep in mind that store cards are not counted by Fico as a regular credit card, and in the long run, will not help build credit as much as a regular credit card.

So at one point later on you will have to get yourself approved for one or two typical credit cards as well.

+ Store cards are usually easy to get approved for.

− Store cards are not considered regular credit cards and will have to be upgraded to regular cards down the line so that you can build proper credit.

7 Getting Added to an Account as a Joint

Getting added as a joint on a credit card of someone who has excellent credit is a last resort. If all else fails, you can try it. Here are the banks that allow joints and how to go about being added as a joint to an acquaintance's account. You should only do this if you trust the primary account holder.

- **Bank of America** - Both parties, the primary account holder and you, will need to either call Bank of America together on the phone or visit a Bank of America branch together. The primaries credit will need to be in good standing at the time the joint is added (Bank of America will pull your credit, resulting in a credit inquiry). The joint will show up after you are approved to be added to the account, and once the next credit card statement prints.
- **US Bank** - Both parties need to fill out a form. You can download the form online or ask customer service to send it to you. Both parties have to fill out the form, sign where needed, and fax it back. The joint will show up after you are approved to be added to the account, and once the next credit card statement prints.
- **Macy's Amex Card** - You need to call customer service to get a form to fill out. The form has to be faxed back along with the required documentation. The joint will show up after you are approved to be added to the account, and once the next credit card statement prints.

+	Getting added as a joint can help build your credit.
−	Many banks don't approve of it. It's also risky since you're equally liable for anything the cardholder does on the account.

DON'T SWEAT ABOUT YOUR CREDIT LIMIT

You will get approved for your first credit card, and with it you'll get a credit limit on the card. A higher credit limit gives you more spending power, but don't sweat about your credit limit now. A higher credit limit does not help you build credit. Whatever limit you get approved for, be okay with it.

With time, you can prove yourself worthy of increasing the limit by paying your bills timely for a few months, usually about 6 months. Then you can request the bank for a credit limit increase.

But for now, don't focus on the limit. Keep ensuring the card balance stays below 9% of the limit (remember our talk about credit utilization?) and being a faithful cardholder.

Again, the credit limit on a card has nothing to do with building credit, it's just about how much money can be used on the card.

GETTING DENIED FOR A CREDIT CARD IS NOT THAT SCARY

Even after following all the steps for applying for your first card, nothing is guaranteed. If you get declined for the credit card, don't take it personally and don't worry. You can always try again.

Getting declined does not affect your credit. When applying for a credit card the bank will always pull your credit report to check your credit. This is called a credit inquiry. Credit inquiries are done regardless if you get approved for the card or declined. A credit inquiry does have a slight effect on your credit score. But, there is no additional effect for when the application ends up getting declined.

4. HOW TO KEEP BUILDING CREDIT

Wonderful, you were approved for your first credit card! Whether it's a low end card or secured card, you did well by taking the first step into the credit world. Your credit is at its starting point. What's next?

Get a Second Credit Card

Wait six months from when you open your first credit card. And then apply for a second card. This card will also be a low end card, with no annual fee. Again, you're working on setting the foundation of your credit. Your goal is to get no frills credit cards so you have a chance of getting approved, and credit cards with zero annual fee so that you can keep them open forever, making good credit history for yourself.

Getting a second credit card after about half a year of using the card and making timely payments is another beam in the foundation of your credit. One credit card is not enough, you need a few cards in order to build proper credit.

Get a Third Credit Card

And get a third card. Wait another three months after getting your second card and then apply for a third credit card that is within the same league as the first two. It should not have an annual fee and it should be a card easy to get approved for with beginners credit.

Your first three credit cards should each be from a different bank. They shouldn't all be Capital One cards or Discover cards, for example. Reason being is that this establishes a relationship for you with three different banks. Three different banks will come to trust you and will eventually and likely be more willing to give you higher credit limits and the like.

Splitting your credit cards between three banks is also a safety measure. If a bank ever decides to close your accounts because you have a bounced check or something, it won't come to be that all your first credit cards get shut down. You will still have credit cards from other banks besides that one.

It's wise not to keep all your eggs in one basket.

YOU MANAGED TO CREATE A CREDIT SCORE

With patience, perseverance, and strategic actions, you made a credit score for yourself!

After about 3 months your credit score should be approximately 740 plus.

Building credit may take some time, all those months of waiting between cards, but once you have it, it's yours as long as you will keep your accounts in good standing.

WHERE TO FIND MY CREDIT SCORE

Now that you have established a credit score for yourself I'm sure you'd love to be able to find your score and credit report. There are many websites called credit monitoring services that allow you to view your credit score. Here are just some of them:

MyFico

Price : There are three package options.

Basic Only Experian, updated every month $19.95

Advanced All three credit bureaus, updated every 3 months $29.95

Premier All three credit reports, updated every month $39.95

Accuracy : MyFico is the most accurate place to get your FICO score.

Experian

Price : Free 7-day trial, then $24.99 per month

Accuracy : In my experience, the scores are pretty close to the real scores.

Extra Credit

Price : Free 30-day trial, then $24.99 per month

Accuracy : Look for the Fico 08 Bankcard creditscore. In my experience, the scores are pretty close to the real scores.

Credit Karma

Price : Free

Accuracy : It's not 100% accurate, but it can give you a general idea of where your credit score is up to.

MAINTAINING GOOD CREDIT

Be proud of yourself for building your credit up from scratch. Maintaining good credit is a lifetime effort. Even though your credit's good now you can't sit back and let it go. There are some measures you can take to make sure your credit remains good, and gets even better.

Use Your Credit Cards

Credit models, like Fico, will only factor in accounts that are active. You may have a credit card account that is 10 years old, but if you did not use the account within the last six months then Fico may consider it inactive. That is as if the card is closed.

That would impact your credit history and may very well cause your score to drop. A big mistake that people make is that they keep their cards open for, let's say, two years. Then they close them and apply for new ones.

This practice will never let you maintain proper credit since the old accounts, even if they will still be on your credit report in a year from now, won't have any recent activity and the card will be marked as closed. Therefore, Fico will not count it in their scoring model, leaving you with a much lower score than what you deserve.

Just keep using every card at least once every six months so that your first credit cards remain alive and well, and so will your score. You can use your cards for even just a few dollars.

Make On Time Payments

There is nothing that accounts for your score more than making on-time payments does. Don't ever miss a payment, (Easy to say. No, we don't provide funds as needed). And if it happened that you were late on making a payment, it's not too late. Pay as soon as you remember to.

Every bit of time makes a difference and it matters if the payment is two days late, 30 days late, or 60 days late, or more. Don't push it off more than you must.

WORKING ON CREDIT MIX

As time goes on, you're entitled to expand the credit mix in your credit repertoire. You don't have to stay with just three credit cards. Here are some things you can do now which you stayed away from at the beginning:

Go for Any Regular Credit Card

Yipee! You're ready to apply for any credit card to your heart's desire. Many regular and luxury credit cards have more exciting card rewards and benefits than low end cards do. So this is something you can look forward to.

Of course, make sure the card is within reach, meaning, you have a good enough chance to get approved for the card with your credit score. Many regular credit cards have annual fees so make sure the card is worth it for you.

The card benefits and credits may offer enough credits at different shopping/travel places for you to cover the card annual fee expense and to make the card worth it for you.

Apply for a Mortgage or Car Lease

It's important to have a mix of revolving accounts and installment loans on your credit report. Revolving accounts are credit cards or any loan that do not have a fixed amount that you need to pay every month.

Installment loans are mortgages, car leases, or loans that have the same fixed amount to be paid every month. You may have not worked on this end yet.

Unless you have a house or car, you may not yet have installment loans on your report. Think of getting a car lease or other type of loan so that you can show a good credit mix on your credit report.

The more types of credits you have, it just shows you can handle more credit. It proves your capabilities and conscientiousness.

HelpMeBuildCredit

YOU MADE IT.

You went from not knowing the importance of having credit to proving yourself capable of creating an excellent credit score! With the proper maintenance, you're good to go.

Credit card issuers will be happy checking you out for potential credit, employees and landlords will feel calmer taking you in, and you can finally get the car or home you were pining for.

You get to enjoy the fruits of your labor. But don't let your credit fly! Keep checking your credit to make sure it looks good and stays good.

Now go make sure the little kids in your life start thinking about building credit.

L'CHAYIM!