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How to Improve Your Credit by Adding Utility Payments and Rent to Your Credit Report.

How To Improve Your Credit Score By Adding Utility Payments, Rent, And Other Unreported Items To Your Credit Report.

If you don't have at least three major credit items on your credit report (credit cards, department store cards, mortgages, car loans), then you need to add some credit lines in order to show your creditworthiness and improve your credit score.

Credit bureaus are required to add any credit line to your report, but they are able to charge a small fee for the service, which is almost always worth it. Therefore, you can add items that don't normally appear on a credit report, like rent, utility payments, even buy-here-pay-here auto financing payments.

Step One

Determine which of your non-reporting payments have the best payment history (and likelihood of continued timely payments). For instance, if you plan on staying in your rental home for less than a year, there's no point in adding this to your credit history.

Utility payments are often a good bet for this strategy because you can often transfer the account if you move to another home in the area (renting or buying). This is certainly true for most electric and telephone companies.

If you have a private landlord (as opposed to a major corporate landlord) then it may be more difficult to add your rent payment.

Step Two

Contact the utility (or rental company) and tell them that you would like to see about adding your utility payment to your credit report. Often, the entry-level customer service representative will not know about this, so you may have to ask to be transferred to a supervisor or the credit department.

Step Three

Always begin your conversations with “I need your help.” Tell them that you learned from the credit bureaus that they will accept utility payments as a credit line and ask them if they know how to report your monthly payments. Tell them that you understand that there may be a fee for this service.

Step Four

If they say that they don't have the ability to do it, tell them that you know for a fact that it is possible, but maybe it's another department that can help them. Expect a lot of phone juggling, but always be polite.

If necessary, tell them that you know someone who defaulted on a utility bill and that was reported on the guy's credit report, so you know that if they (the utility) are able to report negative credit, that they can also report positive credit.

Be persistent. It IS possible, so don't get discouraged.

Step Five

Once you find someone willing to help, tell them that you would prefer that your payments are reported every month to every credit bureau, but if they just work with one, that's OK.

Step Six

If they are unable to report payments on an ongoing basis, tell them that it would be OK if they just reported your current payment history. In fact, this may be preferable because it will show up as a positive item indefinitely. If you have been making payments for years, this could really be a benefit.

Step Seven

If you can't get the utilities or your landlord to cooperate, at least get a letter from them stating the date the account opened, how much the monthly payments are, how much the total rent is over the term of the lease, and that all payments have been made in a timely manner.

You can then send this information to the credit bureaus yourself and insist that they add it to your credit file. They are obligated by law to do this. They may charge a one-time fee for adding the history and a monthly fee if the item needs to be updated every month. Even if it's \$10 a month, the resulting boost in your credit score will be worth it.

A Final Note

This strategy requires much persistence, but it can be very helpful not only in boosting your credit score, but in establishing a sufficient number of trade lines to qualify for a mortgage.