Repairing Damaged Credit

Kingdom Family Ministry | Financial Literacy Resource

WHAT IS DAMAGED CREDIT?

Damaged credit means your credit score has dropped — often due to missed payments, high balances, collections accounts, or bankruptcy. It makes renting, borrowing, and getting good interest rates harder. **The good news: it is not permanent.** With steady action, most people see real improvement within 6–24 months.

WHAT HURTS YOUR CREDIT MOST?

Late / missed payments
Even one payment 30+ days late can drop your score significantly.

High card balances
Using more than 30% of your credit limit signals risk to lenders.

Collections accounts
Unpaid bills sent to collectors stay on your report for 7 years.

Bankruptcy
Chapter 7 stays 10 years; Chapter 13 stays 7 years on your report.

Charge-offs
When a lender writes off your debt as a loss — still hurts your score.

Too many applications
Applying for lots of credit at once can lower your score temporarily.

6 STEPS TO START REPAIRING YOUR CREDIT

1	**Pull your free credit report.** Go to AnnualCreditReport.com. Get all three bureau reports — Equifax, Experian, TransUnion. Look for errors and accounts you don't recognize.
2	**Dispute any errors in writing.** You have the right to dispute mistakes for free. Write to the bureau — they must investigate within 30 days. Errors removed can raise your score quickly.
3	**Bring past-due accounts current.** Even if you can't pay the full balance, contact the creditor and set up a payment plan. Getting current stops further damage right away.
4	**Pay on time — every time going forward.** Set up autopay for at least the minimum. Consistent on-time payments over 6–12 months will show real improvement in your score.
5	**Lower your credit card balances.** Work to get each card below 30% of its limit. On a $1,000-limit card, keep the balance under $300. This is your credit utilization ratio.
6	**Try a secured credit card.** A secured card requires a small deposit ($200–$500) and works like a regular card. Used responsibly, it builds positive credit history with no overspending risk.

■ AVOID CREDIT REPAIR SCAMS: If anyone promises to 'fix' your credit fast for an upfront fee — walk away. It is illegal to charge before results are delivered. You can do everything a credit repair company does — for free.

RESOURCES USED IN THIS GUIDE

Consumer Financial Protection Bureau (CFPB)
consumerfinance.gov — Free guides on disputing errors, your credit rights, and how to negotiate with creditors.

AnnualCreditReport.com
The only federally authorized site for free credit reports from all three bureaus.

FTC — Credit Repair
consumer.ftc.gov/articles/credit-repair — Know your rights and how to spot credit repair scams.

MyFICO.com
myfico.com — Explains how FICO scores are calculated and what lenders see.

NFCC (National Foundation for Credit Counseling)
nfcc.org | 1-800-388-2227 — Free/low-cost nonprofit credit counseling for families.

✥ FAITH & ENCOURAGEMENT

"The Lord makes firm the steps of the one who delights in him; though he may stumble, he will not fall, for the Lord upholds him with his hand." — Psalm 37:23–24 (NIV)

Damaged credit is not the end of your story — it is simply a chapter. Every step you take to repair it, no matter how small, is a step toward the future God has for your family. You did not get here overnight, and you will not get out overnight — but you will get out.

My Prayer / Reflection

My Action Step This Week