

Rebuild Credit - There is Life After Bankruptcy!

Home Equity Loans are typically unavailable for credit scores under 620. But you shouldn't borrow against your home or place it at risk against what would otherwise be an unsecured debt.

Your ability to rebuild credit after filing bankruptcy is better than it has ever been. After you get your discharge, you will receive many solicitations from lenders offering to finance homes, vehicles and credit cards.

Here are some tips to responsibly and successfully rebuild credit:

1. Open a checking or savings account. Lenders may look at this to determine if you can responsibly handle money.
2. Apply for store and gas credit cards that you would normally pay cash.
3. Apply for a secured card where you deposit cash and charge against it. Pay advances back over two months so that they will be reflected as positive marks on your credit report.
4. Pay your utility bills and rent on time for at least a year.
5. Find a friend or relative to cosign for you on a loan and pay it on time.
6. Look for car dealers and mortgage brokers that attest to be "bankruptcy friendly". Buy a used car so you do not get hit with the depreciation that occurs during the first two years of a new car purchase.
7. Stay away from payday loans that are at high interest rates and are a "bad credit" trap.
8. Write a letter to each credit reporting agency explaining the circumstances that lead to you filing.
9. Live within your means. Do not unnecessarily increase your debt to income ratio by taking on credit to purchase luxury items that you DO NOT NEED. Your payments on consumer debt should equal no more than 20% of your expendable income after costs for housing and a vehicle.

10. Pay your reaffirmed, pre-bankruptcy debts on time.

[Buying a Home after bankruptcy](#)