Chapter 1

The ABCs of Credit

In This Chapter

- Defining credit
- Seeing yourself as lenders see you
- Understanding credit reports and credit scores
- Adding up the true price of bad credit
- Knowing the secret to good credit
- Living happily ever after

Good credit. Bad credit. Damaged credit. Repaired credit. No matter how *you* define it right now, credit is a big part of your life. Got a credit card? No doubt, more than one. Do you carry a mortgage on a home? If so, most likely it's your biggest credit commitment. Making payments on a car? More proof, my friend, that you and credit are on intimate terms.

And that's not a bad thing by any stretch of the imagination. *Credit* — the opportunity to obtain something now by committing to pay for it in the future — is a fabulous tool that, when used to your advantage, allows you to enjoy and achieve much in the material world. Approached with knowledge and understanding of how it works, credit is a valuable and, in many cases, unavoidable tool in your financial life. Imagine trying to figure out a complicated bench saw without instructions. Ouch! Imagine if first-time homebuyers had to save $264,000 (the national average for the cost of a new home in 2004, according to the Federal Housing Finance Board) before taking ownership and stepping over the threshold. If that were the case, it's likely they'd be using a walker to enter their new abode — at an assisted-living facility!

Indeed, credit can be a valuable friend. It can also be a vindictive foe. Credit is widely misunderstood and, perhaps even more to the point, widely misused. Instead of using it as a helpful tool, many consumers have unknowingly *abused* credit and, in turn, have found themselves abused by their credit behavior. Opening up numerous lines of credit, maxing out lines of credit, making payments late (or skipping them altogether), and defaulting on loans can lead to devastating results — results that can cut off future options for borrowing, increase the cost of borrowing, and hurt in seemingly unrelated ways (losing a job opportunity or a marriage, for example).

In this chapter and in this book, I aim to help you whether you've compromised your credit, you've had it compromised by the actions of others, or you're just concerned that what you don't know may hurt you. But I go beyond the steps you need to follow for repairing your own credit. I fill you in on the basics of credit, defining the concept and providing you with the fundamental principles and terms. I show you how to identify whether you're on the road to credit trouble. Then, after I've guided you out of the mire of credit reports and scores, late payments, collection calls, and scam-artist practices, I move on to lessons in rebuilding and maintaining good credit — as helpful to readers with credit troubles as to those with spotless records. And I hit on one of the number-one credit concerns in the country today: identity theft.

You *can* repair your credit. Not by tricks or subterfuge, but through knowledge, good spending, reasonable budgeting, and safe borrowing practices. The end result? The impeccable credit standing you need to accomplish what you want to do. It is my pleasure to be your guide through this jungle of tangled terms, perplexing players, and sometimes dangerous predators.

Defining Credit: Spending Tomorrow's Money Today

Credit has its origins in the Latin word *credo,* which means, "I believe." The real underlying issues of credit are: Do you do what you promise? Are you believable and trustworthy? Have you worked hard to have a good reputation? Little is more precious to a person than being believed — and that's what credit is all about.

You (and Webster's) can also define credit as:

- Recognition given for some action or quality; a source of pride or honor; trustworthiness; credibility
- To believe or trust; to bring honor or esteem; to reflect well upon
- Permission for a customer to have goods or services that will be paid for at a later date
- The reputation of a person or firm for paying bills or other financial obligations

Pretty nice stuff. You'd like some of this, I bet.

The concept of credit is simple: You receive something *now* in return for your promise to pay for it *later.* Credit does not increase your income. It allows you to conveniently spend money that you've already saved — or to spend the money today that you know you'll earn tomorrow.

Because businesses make money when you use credit, they encourage you to use it as often as possible. In order for creditors to make as much money as possible, they would like you to spend as much as you can — as fast as you can. Helping you to spend your future earnings today is their basic plan. This plan may make them very happy — but it may not do the same for you.

Many types of credit are available to consumers today. This, I'm sure, is no surprise to you — I suspect you receive as many offers for various types of credit cards and lines of credit as I do. But despite the endless variations and terms there appear to be, most credit can be classified into one of two major types:

- **Secured credit:** As the name implies, *security* is involved — that is, the lender has some protection if you default on the loan. Your secured loan is backed by property, not just your word. Generally, the interest rates for secured credit are lower and the *term* (the length of time before you have to pay it all off) may be longer, because the risk of loss is lessened by the lender's ability to take back whatever you bought. In this category fall house mortgages and car loans.
- **Unsecured credit:** This type of credit is usually more expensive, shorter-term, and considered a higher risk by the lender. Because it is backed by your promise to repay it — but not by property — lenders are more vulnerable if you default. Credit cards fall into this category.

Chances are, you've always looked at credit from your own perspective — the viewpoint of the *borrower.* From where you're standing, you may be the hero, saving the day for a business that's begging you to buy. You acquiesce to take some stock off their hands at their fire sale, going-out-of-business closeout, grand-opening special, or end-of-month clearance — and they make money, right? From the lender's perspective, however, you represent a risk. Yes, your business is sought after, but the lender takes a chance by giving you something now for a promise to pay later. If you fail to keep your promise, the lender loses.

The degree of doubt between the lender making money and losing money dictates the terms of the credit. But how does a lender gauge the likelihood of your paying on time and as promised? The lender needs to know three things about you to gauge the risk you represent:

- **Your character:** Do you do what you promise? Are you reliable and honest?
- **Your capacity:** How much debt can you handle given your income and other obligations?
- **Your collateral:** What cash or property could be used to repay the debt if your income dries up?

But where can this information be had — especially if the lender doesn't know your sterling attributes firsthand? The answer: your credit report and, increasingly, your credit score. That's why, as you stand in the checkout line to open up that line of credit that allows you to buy the new dining room suite on a 90-day-same-as-cash special, you have to fill out and sign some paperwork and wait a few minutes for your credit to check out.

Sometimes, however, a few unscrupulous creditors try to take advantage of you and charge you more than the market price for the credit you want. Why? Because they like to make money. So, how do *you* know if you're being overcharged? The same way the lenders decide whether to offer you credit and what to charge you for it: by looking at your credit report and credit score.

Meeting the Cast of Characters in the Credit Story

So before I get any further into the saga of credit and all its complicated plot twists, allow me to introduce the characters. In most lending transactions, three players have lead roles: the buyer (that's you), the lender, and the credit reporter.

The buyer: In the beginning, there was stuff

The cycle of credit begins with the buyer — a person who wants something (that's you!). A house, a car, a plasma TV . . . it doesn't matter what the thing is — the definitive factor is that paying for it up front isn't convenient or possible. Maybe you just don't have the cash with you and you want the item now, perhaps because it's on sale now. Or maybe you haven't even earned the money to pay for the purchase, but you know you will and you don't want to pass up the chance.

"Hmm," you calculate as you gaze longingly at the coveted find. "I really want to get this now. If I wait until I have the money, it might be sold or the price might have gone up, so it only makes sense to buy it now." Or, if you're generous (or making excuses), you might say, "My sweetie would love this thing — and *me,* if I bought this. Who cares that I don't have the money right now? I will someday. I just know it."

ENTER CREDITORS, STAGE RIGHT.

The creditors: Heroes to the rescue

The creditor spots your desire a mile away, and it stirs the compassionate capitalist within him. "Hey," says the businessperson. "No need for you to do without. We have financing. We just need to take down a little information, do a quick credit check, and you can walk out the door with this thing you're lusting after."

If businesses can't sell you something or lend you money, they can't make a profit. So believe it or not, they really do want to loan you money. But there's that risk factor: They need to find out how risky a proposition you may be. In order to get the rundown on your credit risk, they called the credit bureau.

ENTER CREDIT BUREAU, STAGE LEFT.

The credit bureaus: In a supporting role

The merchant was most likely contacting one of three major credit-reporting bureaus — Equifax, Experian, or TransUnion — to get the credit lowdown on you. The credit bureaus make the current lending system work by providing fast, reliable, and inexpensive information about you to lenders and others.

JARGON ALERT

The information in your credit report is reported by lenders doing business with one or more bureaus and put into what is the equivalent of your electronic credit history file folder. This file of data is called your *credit report,* and I devote a good portion of this book to credit reports. (See Chapter 2 for the full-blown story.)

JARGON ALERT

Over the years, as more information has built up in credit reports and faster decision-making has been found to result in more sales, lenders have increasingly looked for shortcuts in the underwriting process that still offer protection from bad lending decisions. This need was met by the *credit score,* a shorthand version of all the information in your credit report. The credit score predicts the likelihood of your defaulting on a loan. The lower the score, the more likely you are to default. The higher the score, the better the odds for an on-time payback. By far, the most-used score today is the FICO score, which I cover in detail in Chapter 2. FICO scores range from 300 to 850.

ON THE CD

Power to the people: Knowing your rights

When it comes to credit, you have rights — a lot of them. Two big laws address your rights pertaining to your credit standing:

- **Fair Credit Reporting Act (FCRA):** The Fair Credit Reporting Act ensures fairness in lending.
- **Fair and Accurate Credit Transactions Act (FACTA, or the FACT Act):** The FACT Act is an update of the FCRA. It addresses credit-report accuracy and entitles you to access your data and dispute it. It also addresses the problem of identity theft and gives you leverage to deal with this crime if it happens to you.

I discuss these laws throughout this book, but if want the nitty-gritty details, you can find copies of these acts on the CD that came with this book.

In Chapter 4, I tell you about an additional 20 bureaus that have information about you. They're known as the *national specialty consumer reporting bureaus,* and they contain information on everything from how much you gamble to what medical condition you may have.

Understanding the Consequences of Bad Credit

Over the last 15 years, I've seen the underside of credit up close. During that time, I started a local credit-counseling agency that grew into a regional consumer resource and helped thousands of individuals and couples from all walks of life with credit issues. More recently, during the last few years, I've gotten questions from consumers just like you from all over the country — questions about their credit-related problems and opportunities — through my weekly "Debt Advisor" column that appears in newspapers and on the financial megasite Bankrate.com. I've witnessed time and again the devastating effects of credit gone bad.

Aside from the obvious increase in borrowing costs and maybe a hassle getting a credit card, what are the very real costs of bad credit? The extra interest you'll have to pay is only the tip of the iceberg. The real cost of bad credit is in reduced opportunities, family stress, and having to associate with lenders who, more often than not, see you as a mark to be taken for a ride and dumped before you do it to them. And, believe me, they're better at it than you are.

In this section, I fill you in on some of the unpleasant consequences of bad credit.

Fees

From your perspective as the borrower in trouble, this makes no sense at all. You're having a short-term problem making ends meet, so what do your creditors do to help you? They add some fat fees onto your balance. Thank you very much.

How do these fees help you? They don't. The fees helps the *creditor* in two ways:

- They focus your attention on *their* bill, instead of someone else's.
- The creditor gets compensated for the extra risk you just became.

As bad as the fees can be on your credit cards, they can be even worse on your secured loans. If you fall behind in your house payment three months, you can be hit with huge fees to the tune of thousands of dollars.

Secured lenders tend to be low-key. Don't let that calm voice or polite, nonthreatening letter lull you into complacency. They're low-key because they don't *have* to shout — they'll very quietly take your home or other collateral, unlike the credit-card guys, who can be heard across the street. Pay attention to the quiet guy, and take action.

Late fees, over-limit fees, legal fees, repo fees, penalty fees, deficiency payments, and default rates: When the fees show up, its time to get serious. Call the creditor and ask to have the fees waived. Explain your plan to get current and let them know that you need their help, not their fees.

Chapter 11 of this book helps you put together a budget, so you know exactly how much you can afford. If you have a problem developing a budget, your creditors will accept a debt-management plan, which you work out with the help of a credit-counseling agency (see Chapter 3). Take action early enough in the game while you're still considered a desirable customer, and you're more likely to have success getting the fees removed.

Higher interest rates

Consider two home buyers: one with a credit score of 720, the other with a credit score of 619. Both are able to obtain a 30-year mortgage. But the happy new homeowner with the lower score won't be so happy to learn that, because of that lower score, he'll pay over $60,000 more in interest over the life of the loan. Why? Because the mortgage company offers an interest rate of 5.93 percent to the individual with the 720 score — and an interest rate of 8.53 percent to the borrower with the 619 score.

The concept works basically the same in any lending situation. What impact would these scores have on a new car loan? A 60-month interest rate almost *triples* for the 619 score versus the 720 score!

All of this information is based on what you did yesterday, last year, maybe even ten years ago. Do something unpleasant while you have a variable-rate line of credit outstanding, and it will take your breath away. Got a low interest rate on your credit card? Carrying a high balance because the rate is low? Go ahead, miss a payment or two and watch the rate climb to the mid- to upper 20s — percent, that is! After all, you made a mistake. So it's makeup time for the lender.

You think that getting your rate hiked for a minor infraction is unfair? That's not the end of it. Under the policy of *universal default* if you have an issue with one lender, all your lenders can hike your rates as well. Yes, even though you're still paying the others on time and as agreed! In fact, some companies even use a deteriorated credit score as reason to escalate your rates to the penalty level. Yep. Even though you're paying that loan on time, a change in your credit score (perhaps from too many account inquiries or closing some old accounts) gives the creditor that has a universal default policy full rein to hike up your interest rates. All the more reason to pay all bills on time and keep track of your credit report and credit score on a regular basis.

Sub-prime loans

Students with the highest SAT and ACT scores get their choice of the most prestigious colleges. Lending institutions aren't so different — consumers with the highest credit scores get their choice of the best borrowing opportunities and lowest interest rates.

Shopping around for the best lender becomes even more important when your score may not be as attractive as it could be. You may, for instance, find that you're offered what is known as a *sub-prime loan,* because your current risk profile makes you a high risk. With more flexibility stemming from loose credit, lenders may say yes to a loan, but at a higher — or sub-prime — cost. (In a time of tight credit, you might not qualify for a loan at all.)

My dictionary says that a sub-prime loan is "a loan that is offered at a rate above prime to individuals who do not qualify for prime rates." Wasn't that a big help? My own definition is this: A sub-prime loan is an expensive loan that you don't want if you have any choice in the matter.

WARNING!

You may be an innocent victim of sub-prime rates

The saddest stories of sub-prime abuse are of individuals who are "prime" but don't know it. Typically, they're in vulnerable groups: immigrants, minorities, people who don't have a familiarity with credit and their own status. The lender usually opens the conversation with some reference like "Considering your credit history . . . " or "This is a great rate for you."

When you hear words like this, consider it a warning. If you have your credit report and know your score, you can ask the hard questions back. Such as, "What is your criteria for the advertised rate?" Know *your* score and you'll know "the score," when you apply for a loan. If the offer is sub-prime and your credit report and score indicate that you deserve prime (according to either the lender's criteria or your own shopping around), I suggest you reassess your lender.

Some businesses make a lot of money putting people into more expensive loans than they qualify for. Called a *premium,* overcharging you can mean big bonuses for mortgage or car lenders. But this won't happen to you if you have the facts and know where you stand.

The Federal Home Loan Mortgage Corporation (known as Freddie Mac) estimates that as many as one-third of borrowers who end up in sub-prime loans could have received better loan terms, but due to lack of competition, ignorance of their own creditworthiness, failure to shop around, and so on, they did not. Some experts think that figure is as high as 50 percent.

Two guys walk into a hardware store and pick up the same screwdriver. (No, this isn't the beginning of a joke — unless you have a pretty sick sense of humor.) At the checkout counter, the first guy pays $10. The cashier rings up the second guy's screwdriver at $15. Seem fair? Not likely. But this is exactly what happens when you apply for credit with lenders who charge you more than your friend because of what's on your credit report. Whether it's a screwdriver or a new car, I don't need to tell you what you're *really* getting with a sub-prime loan.

Lost employment opportunities

Prospective lenders aren't the only ones who judge you based on your credit report and credit score. Potential employers check out your credit report, too. Why is that, you ask? After all, they're in position to pay *you,* not the other way around. But businesses reason that the way you handle your finances is a reflection of your behavior in other areas of your life. If you're late paying your bills, you may be late for work. If you default on your car loan, you may not follow through with an important assignment.

Even if your credit woes can be explained, bad credit is a distraction from the employer's perspective, and it detracts from worker productivity. Recent research shows that employees with credit problems are significantly less productive on the job than those without. So, the easy way out for the employer is to not bother to find out what's going on, but to hire someone with good credit instead.

Increasingly, credit checks are a standard part of the hiring — and even promotion — process at companies large and small throughout the United States.

Higher insurance premiums

The brain trust at the insurance companies (known as *actuaries*), love their numbers. They sniff out a trend, sometimes even before it happens, and slap a charge on it faster than my cat can catch a mouse — and, let me tell, you she's *fast!*

The fact that a strong correlation exists between bad credit and reported claims has not escaped the attention of these people. The upshot: Bad credit will cost you a bundle in insurance-premium increases and may result in your insurance being denied.

Some states have gotten very excited about safe drivers and homeowners getting premium increases with no claims being reported. They've outlawed or restricted the use of credit reports and scores in setting insurance prices. The states are still battling with this issue and it is difficult to say whether current laws will be overturned, upheld or more will be added. Currently a majority of states have something on the books about using credit report information in determining access to insurance, insurance rates or underwriting. Fair Isaac has developed an Insurance Score. The score is calculated by taking information from your credit report, but the formula is different from the one used to figure your credit score. Insurance scores range from 500 to 997 with 626 to 775 being average. To find out if scores are used in your state, contact your local state insurance department.

More financial stress *may* be distracting and *may* result in more accidents. Is it a sign that if you're fastidious about your credit you'll be the same about car and home maintenance? There are a number of studies underway, including one at the Fair Trade Commission, trying to determine if this practice is kosher. Time will tell. But in the meantime, bad credit can cost you when it comes to insurance premiums.

Divorce

Would your better half dump you because of bad credit? Maybe not, but one thing is sure: Half of all marriages end in divorce, and the biggest cause of fighting in a marriage is due to financial issues — as in bad credit.

Spouses want to be proud of their mates. And with credit playing a bigger role in so many aspects of modern American life, living with bad credit has to be a bit like living under a cloud. I advise couples who are serious about pursuing a life together to talk about their attitudes on money and credit use. Sweeping this topic under the rug is too easy. Having a credit card refused for payment (often in front of others), worrying about which card still has some room on it, or getting collection calls in the sanctuary of your home can be part of the credit nightmare you face as a couple. If you can't seem to find the words to talk about this sensitive topic or agree on a solution, get some professional advice before it becomes too late (see Chapter 3 for more information).

As a former counselor, I've seen too many people ruin otherwise promising marriages over money and credit. I can't help but offer some advice on bad credit and marriage:

- Get a credit report before you marry.
- Discuss money and agree on goals.
- Find out if your honey is a spender or a saver.
- Fix your credit before it fixes you (as in "My cat is going to get fixed").

I cover this topic in more detail in Chapter 12.

Identity Theft: The Crime That Turns Good Credit Bad

Touted loudly as one of the largest and fastest growing of crimes in the United States, identity theft is, indeed, a serious problem that can devastate your credit and your ability to get loans, employment, insurance, and some security clearances and licenses without your ever having done anything to deserve it. An identity theft can also put you on the defensive, burdening you with the responsibility of proof — that you are not the person collectors are after. Chapter 13 specifically addresses these issues — but for now, read on.

Protecting your identity from theft

TIP

To avoid the havoc wreaked by identity theft, your best bet is to avoid being a victim of identity theft altogether. Consider these tips:

- **Protect your financial information at home.** Don't leave credit-card numbers and statements, Social Security information, bank-account information, and other financial data unprotected. Most identity theft is low-tech (that is, paper-based). And most is carried out by people you know: friends, relatives (I've always worried about some of my aunts), acquaintances, coworkers, and people you invite into your home for a variety of reasons.

  Shred statements before putting them in the trash and lock your sensitive information away. Using your computer more (as long as you use it properly and password-protect information), is an even better way to avoid theft.
- **Watch the mail.** Sending and receiving financial statements and bills in your household mail can be risky. Most people think that no one is watching their unprotected mailboxes. And most are right, but that leaves the rest of you with sensitive account numbers and documents containing your Social Security number sitting all day in an unlocked mailbox outside your home or apartment. By comparison, e-mail is much safer.

Taking action if you're victimized

TIP

If you're a victim of identity theft, you may first discover that fact through a collection call on an account you never opened or unusual activity on a credit card or credit report. When you suspect your identity has been compromised, respond immediately. Here are some tips:

- **Write down everything.** This process may not be quick or simple, but it is critical.
- **Call any creditors affected and close your accounts.** Don't forget ATM and debit cards — you have higher limits of liability for these than you do credit cards, so they're particularly important.
- **Call a credit bureau and place a fraud alert.** The bureau you contact will inform the other two bureaus. A credit report will be sent to you after you make your call.
- **If you're in a state that allows you to freeze your credit report, do it.** (You can unfreeze it later.) If you live in a no-freeze state, you can add a victim's statement to your credit report. This tells anyone getting your report that there is a problem with your file.
- **Call the police and make out a report.** Some creditors and collectors require this to take action. Be sure to get a copy of the report.

Taking Charge of Your Credit

Now that you have a better understanding of the perils and pitfalls of credit, you *can* take charge of your credit! By following some very basic actions — some of which have an element of fun and inspiration — you can harness the power of credit to your advantage:

- Borrowing when it suits your needs without paying outrageous interest rates
- Taking advantage of lucrative lending offers such as "same-as-cash" and "no-money-down" offers typically available only to those with stellar credit histories
- Achieving your life dreams, whether owning that vine-covered cottage or sending your offspring to an Ivy League university

It all begins with the simple steps I cover in the following sections.

Setting your financial goals

Your financial goals serve as a beacon to you and keep you on course. You've heard the saying "If you don't know where you're going, any road will take you there." Well, if you don't have clear objectives when it comes to how you want to spend and save your money, you risk veering off on that rocky and perilous path to bad credit. Your goals — whether as grand as starting your own business or as modest as buying a new refrigerator — help you keep your eye on the horizon and guide you to your destination. Chapter 11 helps you put together a list of your goals, for the near and far-off future.

Creating a budget

Call it a spending plan, if you like, but however you refer to it, be sure to see it as a positive *enabler,* rather than a restriction or a barrier. The purpose of the budget is to get you to arrive at your goal. If, for example, your goal is to take a beach vacation next year, putting money aside each paycheck and limiting spending on restaurants and clothing are as important in getting you there as filling the gas tank and turning the car on the highway that leads to the shore.

Start with an understanding of how much income you have to work with, and then allocate it as necessary for living expenses. If you have debt, set aside part of your income to retire that debt just as quickly as you can.

Then, just as important as your expenses and debt commitment, be sure you contribute to your own savings plans: one toward an emergency fund (in case of job loss or illness, for example); the others, for your goals (your kids, your honey, your retirement). Make saving as automatic as possible (an IRA or 401[k] for retirement, for example); the money can come right out of your paycheck. Use payroll deduction as an easy way to do this — and try to put at least half of your future raises in savings. You can spend the other half.

In Chapter 11, I walk you through creating your own personal budget.

Obtaining and maintaining your credit reports and credit score

Like your annual medical exam, this data serves as your routine credit checkup — only you're wise to schedule this exam every four months. Get it more often if you have a need — a big purchase on the horizon or a job change, for example. Pay for it, if you have to. It won't kill you. For information about ordering your credit reports and credit score, read Chapter 4.

Read your credit reports — every word. Errors do happen and when you're dealing with billions of pieces of data a month, they can happen a lot. Do you count your change when you check out at the supermarket or a restaurant? Your credit report is no small change. Dispute the errors, outdated information, and negative stuff that belongs to someone else's report.

Check for signs of identity theft and take immediate action if you discover evidence that someone else is using your good name. Chapter 13 of this book addresses identity theft in detail.

Being a good credit citizen

You're already so many other good things: a good person, a mother or father, a boyfriend or girlfriend, a spouse, a sibling, a worker. Do you really need someone telling you to be a good borrower, too? The answer: Yes.

I bet you knew I was going to say that, didn't you? The reason is not about you, but about the environment you're in. Taking the credit that is offered, using the credit that is offered, even not using credit at all can get you into trouble. So how do you know what's "good"? You weren't born with the credit gene that enabled you to understand the correct road to follow like so many migrating birds.

Being a good credit citizen means being responsible as a borrower, responsible to yourself and those who share your life. This starts with goals, a future vision of your life and knowing which financial tools to use, in what measure, and when.

Here are my top ten good-citizen credit practices:

- Set goals.
- Have a spending plan or budget.
- Use long-term credit for long-term uses. Don't use a home-equity line to buy sneakers or eat out (see Chapter 10 for more on home-equity lines).
- Use short-term credit for short-term uses. Pay off your credit-card balances as quickly as you can.
- Save money for future goals and needs.
- Pay your bills on time.
- Pay at least the amount due. Always set a time by which you will pay off a debt; don't let the creditor set the time for you, because it may be forever.
- Watch out for the seven warning signs of bad credit:
    - Using credit cards for daily expenses and not paying the balance every month
    - Not knowing how much you owe
    - Using cash advances to pay credit-card bills or for daily expenses
    - Only paying the minimum due on credit cards, or paying less than the minimum
    - Getting calls from your creditors
    - Spending more than 20 percent of your take-home pay on credit payments, excluding your mortgage
    - Arguing about money at home
- Never fight over credit or money.
- Get help as soon as you think you may need it — not as a last resort.

Reading the rest of this book

This book will help you gain the knowledge you need to be in charge. Read it. I wrote it for *you.* Honest.