



## **Rebuilding Good Credit After Bankruptcy**

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Perhaps you've taken an objective look at your personal finances, and you've decided that the only logical way out of your financial situation is to declare personal bankruptcy. If you've reached this conclusion, you're probably wondering if you'll ever be able to achieve a good credit score again. This concern stops many consumers from declaring bankruptcy, even when they know there's no other option available.

The good news is, you can reestablish credit after bankruptcy.. and faster than you might think. It's often easier to rebuild credit after bankruptcy than it is by continuing to struggle to pay your debts. There are two reasons for this: First, you've got a clean slate to work with - you won't be trying to divide your income among all the creditors who are hounding you every day; second, if your credit is already in the trash, bankruptcy will actually improve your credit score as soon as your debts are discharged.

As soon as your bankruptcy is discharged, the first thing you should do is get a credit card. In some cases, a company willing to give you a low limit unsecured card.. otherwise, you should at least get a secured card. Having a credit card in your name and making your payments on time will greatly improve your credit score.

After you've obtained a credit card, try looking for a secured line of credit. Some stores will offer lines of credit for home goods, electronics, and other items. Again, you want to make sure you make your payments on time, so the account will be reported to the credit bureaus as current.

In about a year, you will have rebuilt sufficient credit to be considered for a car loan. The interest rate might shock you, but a car loan will help your credit score considerably.

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Two years after your bankruptcy [discharge](#), you will be eligible to apply for an FHA home loan. If you need to buy a home, you should contact a lender as soon as possible after the two year period. Your interest rate won't match standard loan interest rates, but you should be able to refinance the loan after about two years.

You don't have to wait for years after bankruptcy to begin building your credit. In fact, waiting to reestablish credit will only hurt you in the long run. Using a methodical strategy immediately after [discharge](#) will help you put the pieces back together within just a couple of years.

Jay S. Fleischman is a [New York bankruptcy attorney](#) and Managing Partner of Shaev & Fleischman, LLP. Jay is also the author of [The Consumer's Guide To Bankruptcy: The Truth About Ending Your Bill Problems And Getting Back The Good Credit You Deserve](#).

