

How to Double Your Available Credit in Less Than Two Years

By Edward Jamison

Increasing one's available credit can be a tedious process that, for most people, takes years. With the right strategy, however, it can happen in a fraction of the time.

I learned early on that credit card companies love people who max out their credit cards. They love them because of the income stream they get as a result. However, if you max out your credit, the companies may also view this as a sign of desperation and assume that you are a risk. It is a catch-22: If you are barely using your credit, the credit card companies do not have much reason to increase your limit; on the other hand, using your credit too much will make them feel you are a risk.

Consequently, to make the credit card companies happy, you have to do two things. First, make them feel you are not a risk. Second, let them know that by increasing your credit, they can make more money from you without increasing their risk.

How do you do this? Easy—prove yourself several times.

The best way to put your credit limit increase project into turbo mode is to start with at least two credit cards and max out card #1. I am not saying that you should go spend; rather, do a balance transfer to another credit card (or put the money into your checking account, for that matter) and wait for the bill to come in the mail. When the bill arrives, do another balance transfer from a different card to pay off card #1. The good news is that the banks are usually not aware that you are paying off one credit card with another. They just assume you did a wire transfer from a checking account of some sort, as most credit card companies are also full-service financial institutions that offer checking accounts.

If you have four or more credit cards, you would want to do this simultaneously with two cards. The more cards you have, the more you want to have maxing out and paying off. When banks see you doing this in a short time frame, they start to trust you and assume that you can handle a higher limit. The fact that you pay off the maxed balance quickly relieves the banks' fear that you can't pay them back and also increases their revenue if you don't default. If you *don't* max out, banks have no reason to believe that you will ever charge beyond your limit, which in turn makes it less likely that you will build credit quickly. This doesn't mean your limits won't increase over time if you don't max the cards out, it just means it will take you much longer to get there.

This concept is similar to many real-life situations. Take a puppy, for example. If you leave your puppy alone for three hours and he doesn't mess up the house, the next time you might feel comfortable leaving him for four hours, and so on. Banks are no different—the only exception is that you have to push the bank out of the house for three

hours to show them you can be trusted, and you do this by maxing out your credit card and paying it off. Repeat this process a few times and your three hours will increase to eight in little time.

You also want to call your credit card companies every six months and ask if you qualify for a credit limit increase. Tell them you would rather they not pull your credit since the inquiry will hurt your score, and ask if they will do it based on your good credit history alone. Sometimes they say yes, sometimes they say no. At that point you have to make a choice as to whether or not it is worth the negative effect of the bank pulling your credit. I would suggest answering yes to that question no more than once every six months, because if other banks see a bunch of inquiries on your report, they will assume you are desperate and seeking too much credit and will instantly say no to your request.

The banks also will ask how much of an increase you want. First, ask them if you can just request the maximum they will give you. If they say no and require you to specify an amount, ask what will happen if you request too much. Will they counter your request with a lower amount or just flat deny you altogether? If they will counter, I suggest being aggressive and asking for 50% more than your current credit limit (e.g., from \$5,000 to \$7,500). If they will not counter, I suggest asking only for 20% more than you currently have, just to be safe.

The only downside to the method described in this article is that you will have to pay balance transfer fees, but getting higher credit limits in half the time may be worth the added cost to you.

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