

Preface

If you've had the opportunity to hear me speak at one of my motivational seminars, or if you've read my best-selling book, *Pocket Game - "The Art of Saving Without Saving,"* you've heard me profess over and over again, "Most Barbers Retire Broke!" I always repeat this statement because I truly want it to resonate in the minds of each and every barber and stylist throughout the world as they navigate through their careers.

For decades barbers and stylists were labeled as independent contractors. But as times change so do titles. Now being your own boss gets you a jazzier title. You are now called, "a Millennial worker." Don't get too excited, at the end of the day, it still means the same thing - "You're on your own buddy." There will be no benefits, no stock options, no retirement assistance for you when you call it quits.

So my friends when the day comes when you must hang up your clippers or shears unless you've created a 401k or another type of retirement security for yourself there won't be a financial parachute waiting for you. All that's waiting is what you were able to build, save, and secure during your career. Most barbers and stylists in the industry know this economic reality, but few do anything to address it until it's too late. Don't let this be you!

I personally hope that each person in the industry, when they are ready to retire, is financially secure and credit worthy. Because I'm truly passionate about this, my goal is to help those in the industry break the bonds of financial illiteracy and move into the lane of happiness and prosperity. To make sure this becomes reality I'm sharing the information that I mastered about credit. This information helped me build my portfolio of investments, savings, insurances, retirement funds, properties, and cars. But most of all it helped me gain the financial freedom to do what I want to do when I want to do it.

Having good credit is a big part of living a financially fruitful life. But you must know that mastering credit is a game. And unfortunately, it's a game that's played by some very vicious characters that will, if you give them an inch will take a mile. So to counter the way they play I will give you game. Game that will allow you to beat them at their often rigged system. Game that you can use throughout your career. Game that will grant you access to whatever you want in life without the "denials, rejections, and credit denials" so that you can prosper in this industry and in life.

Darrin Lyons - DL Master Barber

Procrastination is like a credit card :
It's a lot of fun until you get the bill.

- Christopher Parker -

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Credit Game

Easy Credit Repair for Barbers and Stylist!

Disclaimer

It is not the goal of this book to assist those who would abuse the credit system. Rather, it is my mission to bring some measure of equity to those who are truly credit worthy regardless of what their credit reports say.

In this book you will find accurate and authoritative information with regard to personal credit repair. It is sold with the understanding that the author is not engaged in rendering legal or other professional advice. If legal advice or other expert assistance is required, the services of a professional should be sought. The author does not encourage, endorse, or recommend the use of any of these strategies, methods, or information as a means to defraud any individual or company. The author disclaims any responsibility for personal loss or liabilities caused by the use or misuse of any information presented within these pages.

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Introduction

Overwhelming credit card debt is one of the biggest burdens facing most people in this country and is one of the primary reasons most individuals are unable to live the life they dream. In our craft, we primarily work in a cash only environment so it is easy to neglect the time and effort it takes to educate ourselves on how money and credit works.

Credit only becomes important when it's time to make large purchases. When that time occurs most barbers and stylists are struck by the stark reality that they have no documented credit history to buy anything on credit. And there's nothing worse, or more embarrassing than being a grown-ass adult having to beg your parents to co-sign for your purchase because you're own credit is shoddy.

So how does this happen? Well there's always a good reason for why it happens, and that's usually followed up by several excuses.

One excuse is : Having a Cash is King Mentality. With that mentality, you pay for every purchase with cash and never understand the importance of creating a credit history.

Or, as a young adult you were careless in signing your name on the dotted line for every credit card you were offered. Then you abused the credit privileges offered to you.

Or, you took out student loans that you eventually defaulted on. Thus, destroying your creditworthiness and leaving your parents in the predicament of co-signing for your apartment so you can finally move out of their house.

I have personally lived through each one of these scenarios, but I learned from them also. Having experienced the ups and downs of finances I will now share what I've learned so barbers and stylists can be aware of the financial pitfalls that are out there.

Understand, *Credit Game* was written to help those who have been living with bad credit, and for those who want to sidestep the traps that are designed to keep you in debt. My goal is to help every barber and stylist be credit worthy and have financial stability throughout your career.

I saw the importance of this book when throughout my travels I was consistently being asked if I have any information or advice to share about credit. Thousands of barbers and stylist would ask me, "Darrin, do you have any information on how an individual could improve their personal, and business credit profile." Some individuals even asked did I have a secret hookup that would give them a clean credit profile so they just could start over. Sorry folks, **there are no hookups!**

After assessing all the inquiries I was truly blown away by the lack of financial literacy in the barber and stylist community. I had no idea so few knew about credit and the credit game that's being played on all of us. Then last year I had the privilege of speaking at a barber school in California, and there the point was really driven home. I randomly asked the students a question, "How many of you know what your FICO Score is?" Out of 30 plus students in the class, not one raised their hand. I was truly shocked that not one student knew this life-shaping information. I then simplified my question and asked, "Does anyone know what a FICO score is?" Again no one raised their hands. I was in total shock! This experience was truly mind-blowing because I was looking at the future of our industry, and looking at them I could see they were about to go down a path they could easily avoid if they had the right information.

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After my lecture, I spoke to the instructor and she was bewildered herself that they didn't know anything about credit. We agreed there was no direct person or circumstance to blame for their lack of credit knowledge. But blame needed to go somewhere.

I then asked myself, "Why hadn't their parents shared this information with them?" This became an easy question to answer. Maybe they didn't know themselves, or maybe they took a back seat and decided that credit is one of those lessons that their kids will have to learn on their own. "Just pay your bills on time". That's a great response when one asks about credit, but there's way more to the credit game than paying your bills on time. You need to know which bill to pay first, and more importantly why you have that bill in the first place.

So I took all of the questions from this experience seriously and decided to write this book to help those who want to learn about debt and credit and demystify the game for them. Prove false the rumors and myths and show you that you don't have to be stuck with bad credit for life.

I am living proof that you can have terrible credit and personally, repair it in less than the seven years most credit companies proclaim it takes without having to file for bankruptcy.

Note: *We have taken every measure to ensure that **Easy Credit Repair For Barbers & Stylists** covers timely and relevant information but as with everything else the law and credit industries change often. For this reason we have created a companion website that covers updates and changes in this document. As a purchaser of this book you have access to this site: www.barberiq.com*

Lets Get Started

Every new beginning starts with a first step. The first step to having a truly prosperous life, and fully living the American Dream is by making sure that your personal house is in order. Meaning, to repair and build your credit you must be mentally conditioned and committed to altering your lifestyle and eliminating any bad financial habits that you may have. You must understand that there are no quick fixes in repairing and building good credit. The process can be long and tedious. It is a marathon and not a 100 yard dash, and you must understand that there are very strict rules that you cannot break.

In the pages of this book you will learn **REAL TRUTH** and **GAME** about credit, debt, and personal credit reporting information. Ultimately, you will realize that you have many credit and debt options that are hidden by those who would prefer that you endure the punishment of bad credit. What credit companies don't want you to know is that you can legally restore bad credit in much less time than seven years. It just takes a commitment to seeing the process all the way through. You must be committed to working hard, staying disciplined, and creating new and solid fiscal habits. Having your credit in order is the first step towards living the American Dream and I want every barber and stylists to have that because you deserve it!

Credit Game for barbers and stylists will be the blueprint that you can reference throughout your career to educate yourself on credit, how it works and how to repair it if it is damaged. Yes, that's what it is, one big game. A big game played by big businesses. Credit companies and money lenders play a vicious game against millions of Americans like you and me. But if you know the rules of the game you can beat them at it and prosper!

It's funny, because credit is a part of society's secrets that the wealthy don't talk about and rarely share. Why? Because they know that real game is to be "**Sold and Not Told**", and the less you know as a consumer means more money can be made off of you over the long term.

So now that you are looking to elevate your creditworthiness there are parts of the game that are just **FUNDAMENTAL** that you must know. They consist of rules, and laws that are often overlooked. But you must understand and apply them, with discipline, to your everyday life in order to win at this game.

But, you have to note! There are no quick fixes or short cuts playing this game and this book is not written for those looking for microwave success when repairing and building their credit. It's just not possible. This book was written for barbers and stylists who are willing to put in the necessary time to learn and implement the principles I share about repairing and building good credit organically over time.

By simply knowing simple credit information you will realize that as an individual you have many credit and debt options that are not readily disclosed by those who would prefer that you continue to live with bad credit. You must know that there are real forces out there that actually don't want you to know the information that I'm going to share with you.



CHAPTER ONE DEBT

What is Debt?

debt - *noun*

Something, typically money, that is owed or due:

You're nobody until you owe somebody.....

When I was in my twenties I made it a point to pay cash for everything. Why, because I didn't want to owe anybody anything. I paid cash for every car that I bought. If I didn't have the cash, I wouldn't buy it. I was debt free.

At that time I thought I was in a great position. I didn't owe anyone, and I had money in the bank. Sounds like a very great position to be in, but I had no credit. Nor, did I have a credit history. So when the time came for me to make a larger purchase on terms I was denied. Strangely enough, I was told, "Mr. Lyons, you don't owe anyone. You need a history of payments. Come back and see us when you are in debt." I then replied, very angrily, "I have to owe people, creditors, or lenders in order to get a loan from you." They answered, yes! "But I have money in this bank, doesn't that count for anything?" Yes, it does, but you have no credit history. You don't even have a credit score. So I asked them to clarify, "So what you're telling me is that, having no debt is bad credit." Yes. You need to build a credit history for future purchases. That was my first lesson in the credit game. If you have no credit you will be denied credit, and if you have bad credit, you will be denied. I walked away learning that I needed to owe somebody before I could become credit worthy.

Is Debt And Bad Credit A Generational Curse?

One of the keys to great credit is knowing who you are. I know I am the son of Mr. and Mrs. Lyons. I know where in Ohio I was born, and how my parents met. I know my grandparents and know of my great-grandparents. It was easy to acquire that family information, but I wasn't able to find out how credit worthy they

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were over the years. Remember, their DNA is your DNA. You may have inherited more than their features and their traits, you may have also inherited their financial and credit habits, good or bad.

Most bad credits habits can be attributed to the miseducation and lack of understanding about credit and debt. The blame can be put on a lot of different people and agencies. The government, public educational institutions contribute. But in reality most of the blame goes to the source, your parents.

In most cases, people don't have a clear understanding of finances and the importance of good credit and how it works because this information was not properly received from our parents. As youngsters were we told to save our money. To always have something saved for a rainy day. Well what about all the other aspects of credit and finance? That information was somehow lost in the sauce because most parents didn't know how to share it. So as adults those who were not fortunate enough to get this information growing up are forced to figure out how money and the world works on our own. This lack of education usually comes at a financial cost that we don't realize until later on in life. But with my information, this can be avoided by learning the rules of credit and finance so you correct your own situation. Then you can share this acquired knowledge with your children and relatives so that the bad debt credit curse in your family stops with you!

GAME- *Talk to your parents and family members about credit, and who educated them to see if you can gain some knowledge and insight on what to do, or what not to do. Maybe from what you are learning from this book you can educate them. Knowing is the key!*

What did you learn from your family?

Understanding The Risks And Realities Of Overdue Debts

Most consumers overestimate the risk involved with overdue debts. They worry about possible repercussions such as wage garnishments and property seizure by their creditors. When the debt relates to a "Secured Property", such as an automobile or a home, the possibilities of repossession is very serious, but "Unsecured Debts", such as credit cards and deficiencies are much less pressing.

Garnishments and seizure are a creditor's most terrifying weapons used to collect past due debt, but they are expensive and time-consuming. In fact, very few creditors will sue for a garnishment of wages on a relatively small unsecured debt. Because even if the creditor went all the way to court to recover the debt the probability of them recovering enough money to offset their collection costs is not worth the time or expense. There is little risk of a collector taking an unsecured debt past the simple collections process. But it is important to remember that the creditor "Would Be" in his rights to get a garnishment and seize property from you, even for a small debt.

GAME- *So when dealing with outstanding debt having a game plan on how to eliminate it, and eliminating it is paramount! First, you must have a clear understanding of how you got into the debt in the first place, then figure out how not to repeat the cycle.*

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You must learn to separate your wants from your needs. Wants lead to unnecessary debt. Which can become delinquent debt. Which can become outstanding debt.

And in reality having outstanding debt really only affects you! The credit card companies and debt collectors love you for it. They hope you never pay the debt off so they can continue to deny you credit and make you a prime target for predatory lenders. And by not addressing outstanding debt you only prolong your journey to becoming credit worthy which denies you the access you desire.

How did you get into debt?

Understanding The Types Of Debt

There are generally two different types of debt that most consumers are a slave to : Secured Debt and Unsecured Debt.

Secured Debt

Secured debts are tied to an asset that's considered collateral for the debt. Lenders place a lien on the asset, giving them the right to take the asset if you fall behind on your payments. If the lender has to take your asset because you've become delinquent, the asset will be sold generally for pennies on the dollar. And, if the selling price for the asset doesn't completely cover the debt, the lender may pursue you for the difference.

A mortgage and auto loan are both examples of secured debt. Your mortgage loan is secured by your home. Similarly, your auto loan is secured by your vehicle. If you become delinquent on these loan payments, the lender can foreclose or repossess the property. A title loan is also a type of secured debt because you've tied your vehicle to the debt.

Lenders take on less risk by lending on terms that require an asset held as collateral. This type of loan requires less risk for the lender and interest rates are usually lower.

Note, you never fully own the asset tied to secured debt until the loan has been paid off. Then, you can ask the lender to release the asset and give you a title that's free of any liens.

Unsecured Debt

Unsecured Debts are debts that lenders don't have rights to any collateral for the debt, e.g. credit cards, medical bills. In this scenario, if you fall behind on your payments, they generally cannot take any of your assets for the debt. In days past, loans were issued this way with a simple handshake. Lenders issue funds in for unsecured loan based solely on the borrower's creditworthiness and promise to repay. If a borrower fails to repay the loan, the lender can sue the borrower to collect the amount owed, but this can take a great deal of time, and legal fees can add up quickly. Therefore, banks typically charge a higher interest rate on these so-called signature loans.

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The lender may take other actions to get you to pay for delinquent debts. For example, they will hire a debt collector to coax you to pay the debt. If that doesn't work, the lender may sue you and ask the court to garnish your wages, take an asset, or put a lien on another one of your assets until you've paid your debt.

They'll also report the delinquent payment status to the credit bureaus so it can be reflected on your credit report. Lenders of secured debts take these actions too.

Credit card debt is the most widely-held unsecured debt. Other unsecured debts include student loans, payday loans, medical bills, and court-ordered child support.

GAME- *When dealing with Secured Debt and Unsecured Debt I believe the primary debts that most barbers and stylists deal with are credit card, and student loans. This debt can linger on for years and never go away if you don't have a game plan for eliminating it. Meaning, try doubling up the payments. Deny yourself creature comforts until you pay off these debts. The faster you can eliminate these debts the quicker you will be on a path to creditworthiness which will allow you make larger purchases without the nos, denials, or co-signers.*

The Difference Between Good Debt And Bad Debt

Now that you have an understanding of your debt, either its Secured, or Unsecured you must know what the difference is between Good Debt and Bad Debt so you can prioritize them and concentrate on eliminating the debt that is costing you the most money.

Good Debt

Some of your debt might be considered an investment. You're probably thinking, "How can anything as bad as debt be considered an investment!" Well, if you took on the debt to purchase something that will increase in value and can contribute to your overall financial health, then that debt is considered good debt.

For example, a home purchase can be considered a good debt because homes (depending on the market, and the location) usually appreciate in value. The mortgage loan you take out to pay for a home in most instances can be considered an investment purchase.

Another example of a good debt is a student loan taken out to finance a college education. Statistics show that individuals with a degree on average earn more than individuals without a degree over their lifetimes. So that debt pays for itself several times over.

Bad Debt

When you use debt to finance things that can be consumed, you're taking on bad debt. This is the kind of debt that creates an unhealthy financial situation. Credit card debt is often considered bad debt because of the nature of items that credit cards are used to purchase. You should never use debt to purchase everyday items like clothes or food. If you use a credit card for these types of purchases, it should be intentional, e.g. for better financial management, or to earn rewards. You should try to pay the balance in full each month.

Even debt used to finance a vacation is bad debt. Even though it might help you feel better and be more productive once you return, a vacation does not appreciate in value. Don't use debt to pay for a vacation and especially don't use it to pay for a vacation you can't afford.

GAME- *The key is to keep your debt defined. Know what type of debt you are taking on before you commit to it. Then determine if it will be beneficial for you in the long term.*

What Is Debt Utilization?

After payment history, debt is the second most important factor in your credit reports. While the amount you owe is important, even more, important is how you are managing your revolving accounts such as credit cards.

Here, most credit scores will calculate something called “debt usage” or “utilization” ratio. To do this, the balance on each of your credit cards or other revolving accounts will be compared to the credit limit on that account. In addition, an overall debt usage ratio will be calculated as well.

Let’s say you have a credit card with a \$5000 credit limit and the balance that appears on your credit report is \$2500. You are using 50% of your available credit, and that means you have a 50% debt usage ratio. Now let’s say your balance is \$1000 instead. Your debt usage ratio is 20%.

Prioritize Paying Off Your Debt - Secured Or Unsecured

Who Should I Pay First?

When you begin dealing with paying off certain debts the key is to prioritize your debt. If you are ever strapped for cash and are faced with the difficult decision of paying only some of your bills, the secured debts are typically the best bills to pay first. These payments are often harder to catch up with if you fall behind, and you stand to lose more if they go into default. These debts are usually essential assets - like shelter and transportation.

If you have devised a plan to get out of debt faster you might give priority to some unsecured debts (especially debts with the highest interest rates) and make extra payments to pay off the debt. This is a smart plan and I would suggest grouping it with your plan to pay off your secured debt.

Regardless, of whichever plan you devise it's important to keep up with the minimum payment due on all your installment payments so that they do not go into default.

GAME- *Prioritizing who to play first can become a financial game of Whac-A-Mole¹. The key is to stay on top of your secured debts and eliminate the unsecured debts with the highest interest rates.*

Which Debts Can Be Settled?

All debts can be settled! Depends on the type of debt, and who you are dealing with to settle the debt. Most unsecured debts can be settled. An unsecured debt is a debt where there is no collateral. Unsecured debts include medical bills, credit cards, department store cards, personal loans, collection accounts, student loans, amounts remaining after foreclosure or repossession, and bounced checks. But, utility companies generally won't settle for less than the full balance.

BarberIQ Debt Tip



List your debt from highest interest rate to lowest interest rate.

Pay off the debt with the highest interest rate first, that's the one that's costing you the most money.

¹ Whac-A-Mole is a popular arcade redemption game invented in 1976 by Aaron Fechter of Creative Engineering, Inc..

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There are some creditors, who are willing to negotiate a debt, and will take less-than-full payment to close a troublesome account. But there are some who will never compromise and demand full payment of the debt.

Settling secured, collateralized debts, such as a home or automobile, are another story. If the creditor can simply repossess the property, why should they negotiate? You can often renegotiate a short payment relief with a secured debt, but don't attempt to settle the account while you still possess the property.

Also, the creditor must have a good reason to want to settle. If the account is paid current, and there is no recent history of late payment, it will be difficult to convince the creditor that it is in their best interest to settle. **This should not be read as a recommendation that you stop paying your current bills.** If you stop paying your current bills, you will almost certainly make your credit situation worse. Perhaps bad credit is not an issue for you at this point and you feel you must stop paying your bills in order to settle them and get back on top of your debt load. If this is the case, you make that decision at your own risk.

Settling debt is one alternative to rebuilding your credit and making you credit worthy. But you must note that settling debt is also a give and take situation. When settling a debt generally a notation is placed on your credit report next to the debt stating how the debt was settled e.g. Paid Never Late, Settled, **Removed, etc. (I will discuss in detail in the Repairing Your Credit Section). It is up to you to work with the creditor to determine what this notation says.

This is important because a negative notation can work against you. When you have an account with any notation it can stay on your credit report for seven years from the day it was settled. Depending on the length of the delinquency sometimes it is better to not settle it and let it disappear from your credit report naturally. I will go over the best debts to settle in the Credit Repair Section of this book.

GAME- *If you're overloaded with debt, then it doesn't matter whether the debt is good or bad, it still hurts your financial health. But getting to a place where you can differentiate between your good and bad debt I believe is key to a prosperous life. I personally feel all debt is bad, but I know that you have to have some debt to remain credit worthy. So to keep my debt to a minimum I use cash to repay debts and not more debt. Some people consider using good debt to pay off bad debt, like getting a mortgage for \$110,000 instead of \$100,000 and using the extra money to pay off credit card balances. This isn't a good idea for several reasons. First, repaying debt with debt is never a good idea. Second, it ends up taking longer to pay off the mortgage than it would have otherwise. Third, the higher mortgage increases your monthly payments and the time it takes to build equity in your home.*

Life was a lot simpler when what we honored was
father and mother rather than all major credit cards.

- Robert Orben -