

Life After Debt

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It was my fifth hour in the Royal Motors car dealership, and I was sitting alone at the only table in a small and stuffy room. I tossed around the wrinkled magazines spread out in front of me one more time — months-old issues of *Men's Health* and *Sports Illustrated* — and craned my neck to look at the dealer on the phone in his office, his back to the window. Everyone had warned me against coming alone. “They’ll take advantage of a woman who’s by herself,” they said. “It’s not right, but it’s true.” I’d dismissed them. It wasn’t my gender that was going to be my problem. It was my bad credit — and any number of allies by my side, male or female, wasn’t going to help.

I was 25 years old, in my second semester of my senior year at Reed College — the idyllic, idealistic liberal arts college in southeast Portland, Oregon — when I decided I wanted to drive back home to [New York](#) after graduation. The only problem? This required a car. I’d successfully managed to avoid any purchases that would require pulling up my credit history for the past three years; such is the luxury of living off federal college loans in student housing. But reality was coming in the form of apartment searches and job applications, and quickly too. So why not bite the bullet and see what I had coming? Maybe it wasn’t as bad as I’d thought.

The salesman, John, seemed like my buddy. He had a good handshake, he was gregarious, and he didn’t — at least openly — seem to respect me any less for being a woman. Because I’ve never known how to participate in any sort of power plays, and because I continue to consider honesty the most shrewd tactic, I walked in and told him I didn’t care about cars, I didn’t have a lot of money, and I needed something reliable and cheap to get me across the country. He pointed me to a 2003 Toyota Corolla that was a rich navy blue and had 108,000 miles under its belt. We took it for a test drive. He asked me if I wanted to take a look under the hood, and I didn’t know what I was looking for, but sure, I said, and I bent over the machinery, hands clasped behind my back. “It all checks out.”

If I’d had it my way, I would’ve skipped these steps and started with the paperwork. Until then this was all hypothetical. John didn’t realize it, but I did. I knew what was waiting for both of us when he told me to take a seat while he ran my information with the bank. And I felt like I needed to apologize. This felt like deception. I’d come in an outfit that I hoped signaled sophistication but also formidability — skinny black jeans, black heeled ankle boots, black V-neck sweater with a white buttoned-up collar peeking from underneath it — and I’d made small talk about the tiny but notoriously expensive college I’d be graduating from within two months. This should’ve been easy. A nice girl probably getting her first car, parents probably have money. In and out.

But here we were, closing in on my sixth hour there, John calling a different bank for the third time. He walked out, looking as drained as I felt, and certainly less cordial than he'd been when we'd first met. He had my credit report in his hands, five pages long, covered in bright yellow and pink highlighter. "Have you checked your credit report recently?" he'd asked the first time around, perhaps assuming there was some kind of mistake. "I try not to," I'd said, laughing weakly. I was not laughing now. This was his final offer: If I put \$2,000 down, I could take out a \$5,300 loan at 34.9% annual interest, with 34 monthly payments of \$247.50, and ultimately pay \$10,417.72 for a \$7,000 car. It still felt like he was doing me a favor. Who but a person who believed so strongly in the wrongness of her past, and the necessity of her punishment for it, would sign? Part of me had gone into it certain I would be laughed out the office, and this seemed like the better deal. I drove the Toyota Corolla off the lot that day. I got my first credit card in 2005, when I was 19 years old. I was shopping with my mom at Macy's for some spring clothes, and the cashier asked if I'd like to apply for a store credit card. If approved, I'd get 10% off today's purchase *and* I could use the line of credit to pay for it. No money out of my pocket? Having just dropped out of college, and still looking for a job, I couldn't see the downside. "You might as well," my mom said. "You can start building up your credit." I was approved for \$250 and my world felt newly opened.

I started waitressing soon after, and picked up so many hours I was making more money than I could spend, albeit not for lack of trying. I moved into a house with my sister and two friends, and we enjoyed a life of moderate decadence. My sister and I stocked our closets with clothes from Banana Republic, J.Crew, Express, and each time we swiped, we racked up loyalty points — whose only reward, of course, is greater opportunities to give up more of your money. (You're a Luxe Banana Republic cardholder? Congratulations, your card is marble now, and you get triple the useless points when you spend.) I bought my boyfriend a guitar with what I'd started calling, tongue-in-cheek, fake money. Four years before my humiliating experience at Royal Motors, I leased a new Honda Civic with ease. I bought a MacBook with an Apple credit card that I quickly discovered had a MasterCard sticker on it. A passport to spend *anywhere*! And that's where I used it: I went to New Zealand, Amsterdam, London, swiping, swiping, swiping, my limits reaching, reaching, reaching.

I was a lender's dream: spending in the thousands, paying back enough so that I'd have more available to spend, but not so much that I was ridding them of their growing interest. It worked for both of us. That is, until I decided to go back to school. I had been taking classes here and there at SUNY Stony Brook, but in 2007 I decided to officially enroll full-time. Right around then, I also decided I was tired of waiting tables. I got a job as a medical receptionist — a wonderful job, among wonderful people, but a job that cut my salary by at least half. Suddenly I wasn't able to pay back more than the minimum amount due on my monthly bills. Then I was using one card to pay the balance on another. And then I was relying on cash advances to pay rent. I moved back home. I missed payments. I funneled 100% of my paychecks into my bills, and it still wasn't enough. I met with debt-reduction companies but they also wanted to be paid. I defaulted. I panicked. I avoided so many calls.

After about three years of swiping, and according to the bills I'd received when I decided to transfer to Reed and wanted to work out individual payment plans in preparation, my debt was distributed as follows:

\$893 to J.Crew

\$2,039 to Apple

\$6,004 to Nassau Educators Federal Credit Union

\$487 to Express

\$639 to HSBC

\$1,398 to Honda

\$392 to Victoria's Secret

\$650 to Macy's

\$1,098 to Banana Republic

\$1,366 to Guitar Center

\$651 to Discover

\$1,083 to Target

\$480 to Lucky Brand

The total, in March 2009, was a little over \$17,000. I had defaulted on all of it. So yes, John from Royal Motors, I was well aware my credit was fucked.

I'd been insulated from the effects of this fact in the utopian world of campus life, but that bubble was about to burst. Since then, I've sailed through different stages of acceptance, from the initial shame, to resentment, to, these days, a sort of darkly amused indifference. I've come to take a certain glee out of rendering speechless those young, eager cashiers who think I'm lying when I tell them I wouldn't be approved for a credit card even if they tried, insisting Macy's wants nothing to do with me since they threatened to sue me just a few years ago. Maybe it's about making someone witness to the discomfort I'd felt for years. Probably it's mean. I should stop. They didn't create the system that wooed me, fluffed me up, and then cast me out as a pariah once they realized I couldn't pay. Those were my mistakes. But they kind of run in the family.

"This looks good to go, we'll just need to run a quick credit check."

I caught my mother's eye. We'd been in the AT&T store for just about an hour one hot day last June, trying to switch our five-phone family plan over from Verizon. We'd called the family members, figured out which phones everyone wanted, declined insurance, and were waiting with debit cards at the ready when the salesman said the words we were hoping to avoid. I laughed.

"I can tell you right now; it's not going to be good," I said, and turned to my mom. "Should we just cancel the whole thing?"

"It can be anyone who's on the plan," the man butted in, eager not to lose the sale.

I assured him this wouldn't make a difference, but he was reluctant to believe me. What I've learned is salespeople are always reluctant to believe a truth I would have no reason to lie about — perhaps they think it's a form of false modesty. Either way, for the next 20 minutes, we offered up one Social Security number after another, each bringing back a worse figure than the last. We started with my father, believing his would be our best option. We were right, but his score was still low enough to require a \$500 deposit per line. We tried our luck with mine, my mom's, even my younger brother, whose only problem was, ironically, that he's avoided credit cards and has no credit history. We were laughing the whole time, to the salesman's bemusement. We told him we'd think about it and come back later. We didn't.

My parents haven't always had bad credit, but, for as long as I can remember, they have had money problems. My father is first-generation American, his parents immigrants from Italy; my mother was raised by a single mother, who died when she was 14. They married when they were 22 and 24, respectively, lived in my grandparents' Bronx basement for six months to save some money, and then bought a house in Yonkers for \$79,000 with 3% down and an FHA mortgage. A year later, they sold that house with a profit of \$69,000 and bought a house twice the size, out on Long Island, for \$160,000.

"That's when we started a pattern of taking out loans on the equity of the house — doing renovations, building it out to fit our family," my mom — who graciously let me interview her for this essay — told me over the phone earlier this month. "That's what people did, though."

Without getting into the gritty details of it, this didn't end well. Twenty-seven years, five houses, one massive flood, and one defaulted mortgage later, they, like me, are back on their way to livable credit.

"What you have to understand is that your father and I never had any financial guidance," my mom said. "We didn't have parents to tell us, 'Oh, don't sell that house, not now.' The only time we saw an accountant was when we did our taxes. We were just trying to keep our heads above water. We were winging it, and sometimes we made the right choice, and sometimes we made the wrong one, and sometimes we were just in the wrong place at the wrong time."

The result was a common story: We presented as upper-middle class, but were rarely flush. We weren't spoiled, we didn't take vacations, and I knew not to order appetizers when we went to Friendly's. But we still went to Friendly's at least twice a month. We still had presents under the Christmas tree. It felt like a shameful secret, made of that same sour stuff that would one day eat at my insides whenever I'd apply for a job, grow unhappy in my apartment, need to rent a car, or think for more than a passing moment about my future. None of this is to say that I blame my parents for my bad credit. In fact, if there's one tangible lesson I can remember them passing along to me, it was their explicit warning *against* living beyond your means. I was around 10 years old, eavesdropping from the backseat of the station wagon on a conversation about a family friend who'd had to declare bankruptcy. "Don't ever sign up for a credit card," my mom turned around to tell me. So how did she and my father end up falling into it, and why had she changed her tune by the time I was offered that first Macy's card?

"The system doesn't make sense," she said in our phone interview, sighing. "You do need credit to get good credit, and you need *good* credit to survive. Plus, you know, you act out of fear, you act out of necessity. Your boiler breaks and you can't afford a new one, but you need a new one, so you get a Sears card. And then you're paying it off years later."

And there is a compelling argument to be made for the fact that we spend money the way we saw it spent growing up. I knew we didn't have a lot of it, but I knew we had a lot of stuff. It didn't seem that weird when I did the same.

Today, my credit score is finally at a place that doesn't make me cringe to view it. Every one of the accounts were paid off after much negotiation, and one year of garnished pay. Most negative items stay on your report for seven years past your last payment, which means I have quite a few years left to go, but that auto loan with the almost impossibly high interest rate? It's likely saved my credit. After paying that account off in 2014, six months ahead of schedule and with no late payments, I was able to open a secured credit card with a \$500 deposit — basically a credit card with training wheels. It's the only card I have at the moment, but I'm told with good behavior over a long enough time period, I'll be able to upgrade to an unsecured card, a real card, maybe even one where I can accrue airline miles or points. Last time I checked, my score was in the mid-600s, and that jump from "Poor" to "Not Good" is something I'm *still* celebrating. Maybe soon I'll even be average.