C R E D I T
R E P A I R

In a Nutshell

A QUICK GUIDE

CREDIT REPAIR IN A NUTSHELL

Step 1. Get a Free Copy and Review Your Credit Report [Form 1]

Using the form provided, order your free credit reports and review them for obvious errors.[Page 17]

Step 2. Identify Your Credit Problems [Form 2]

Find the negative remarks or "dings" in your credit file and circle them. The information on these reports is usually coded like your bank statement. [Page 18]

Step 3. Draft a protest to the credit bureau disputing each "ding." [Form s 3-5]

To exercise your legal rights, you must **aggressively** challenge any bad marks or "dings." The credit bureau will only verify the facts if you assert that they are in error. So don't be shy. Stand up for your rights! Draft a strong but polite protest for each item you want to challenge and tell them you are exercising your rights under the federal law. [Page 20]

Step 4. Send your letter of disputes and additions. [Form 6]

Using the sample letters included in this kit, write a letter of dispute to the credit bureau. Never send a form or preprinted letter to the credit bureau. Retype or hand-write the letters in this guide book using plain paper with no letterhead. [Page 23]

At this time also write to them and ask them to include any positive accounts that you have had. You can find positive accounts not listed by comparing the three credit reports from three agencies.

Step 5. Record your actions. [Form 7]

As soon as you mail the letter, log the date for each ding or negative entry you have protested. Keep related disputes together in a file with a copy of the letter, the credit report and any other documents that you include with it. [Page 32]

Step 6. Wait for a response.

By law, credit bureaus must respond within 30 days. [Page 33]

Step 7. Evaluate results of the dispute letters. [Form 7]

Each of the disputes will be resolved in one of three ways, count which ones got removed and which ones require one more round. [Page 35]

Step 8. Send follow-up letters. [Forms 10-12]

If the credit bureau does not respond within 30 days, you should write a follow-up letter. Point out that federal law requires the credit bureau to respond to a consumer dispute within 30 days. [Page 37]

Step 9. Contact Your Creditors.

Using the sample forms, contact your creditors to remove some of the negative items. [Page 39]

Step 10. Repeat the process.

There are probably still some bad marks remaining. Time to tackle them now.[Page 40]

Later in the guide book we describe each of the steps in greater detail.

Follow The Secrets of Maintaining A+ Credit and You Will Enjoy the Fruits of A+ Credit Rating for a Life Time. [Page 54]

New 2006 Edition!

A + C R E D I T S C O R E F O R Y O U !

Think how exciting it would be if you could own the house of your dreams and a car that you always wanted and the vacation that you wanted to take!

The vital thing that you need for any of these things is "Good Credit". It used to be that establishing good credit was important only if you planned to buy a home or a car, but not anymore! The simplest task, such as applying for a job or getting insurance for your car might require that you need Good Credit. Employers routinely check a credit report before offering a job and insurance companies hike up the rates as much as 50% if you have bad credit.

Here is a simple example; if you buy a house for $200,000, then the difference in the payments for a person with good credit and a person with a poor credit could be as much as $500 per month. Over the life of the loan, that is staggering $180,000! Your credit score is a small three digit number but it makes a whopping six digit difference in your life.

Having a good credit history is a crucial in creating a solid financial future for you and your family. Your credit history can help open doors or keep them locked.

THE COST OF BAD CREDIT!

The real cost of bad credit goes beyond the late fees and interest on the unpaid balances. The three digit credit score can have six digits effect on you; it could end up costing you hundreds of thousands of dollars!

Here is an example of what bad credit will cost you when a home is involved. An average home can cost anywhere between $100,000 and $300,000 more in mortgage interest for those purchasing the home with 'bad credit'. See the chart below

Consider getting a loan for a $200,000 Home:

Credit	Rate	Payment	Cost of Bad Credit
Perfect	5.5%	$1,148	0
Mid-Range	8%	$1,467	$115,000
Poor	11%	$1,904	$272,000

Increasing your credit score will save you hundreds of thousands of dollars.

Isn't it something that you want to get started on right away?

The cost of bad credit is not just in the loan payments; it affects how much you pay fro your auto-insurnce and it may affect your chances of getting your dream job since many employer check the candidate's credit report before offering a job!

You can't afford to wait to improve your credit score!

IN THIS GUIDE

In this guide book we reveal all the credit secrets to you, secrets that we have learned by helping many others. Using these proven techniques, people with marginal credit rating have been able to qualify for mortgages they couldn't before and have freed themselves from the stigma and the cost of having a poor credit score. Even if you have a good credit, you will learn how to quickly get to the next level of "Excellent Credit" and enjoy the best deals that people with high credit score get. Follow the simple rules and methods; and you will immediate see results from our A+ Credit System.

You will learn how to:

- Get a free copy of your credit report from all three credit reporting agencies
- Detailed explanation on how to read and understand the report
- Simple step-by-step guide on how to clean up your credit report
- Easy to use forms to use for credit repairs that get results
- Secrets of getting your score up in as little as 45 days
- Five major mistakes that people make that reduces their credit scores and how to avoid them
- Sure-fire ways to establish credit easily!

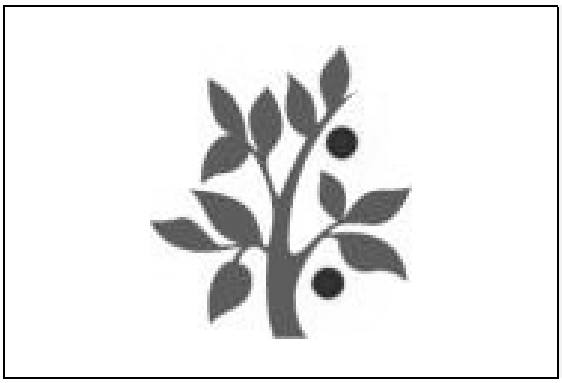
A **good credit rating will change your life forever!**

CONTENTS

Credit Repair In a Nutshell	1
A+ Credit Score For You	3
The Cost of Bad Credit	4
In This Guide	5
Contents	6
About Your Credit Report: How to get Your Free Copy	**7**
The FICO Score	10
Five Myths of Credit Score	**13**
Credit Repair: The Complete Story	15
Step 1: Personal Information	17
Step 2: Items in the Credit History	18
Step 3: Target and Pick Your Fights	20
Step 4: Request Corrections and Make additions	23
Step 5: Document Your Efforts	32
Step 6: Wait for Response from Credit Bureaus	33
Step 7: Evaluate Results	34
Step 8: Follow-up Letters	35
Step 9: Contacting original Creditors	36
Step 10: Second and Third Bite at the Apple	40
Five Mistakes of Old Credit Repair Methods	**42**
40 Points in 48 Hrs	45
Surefire Ways to Establish Credit	46
Specialized Credit Repair Techniques	51
Secrets of Maintaining A+ Credit	54
Caution Before Using Credit Counseling Service	61
Appendix A : All about your Credit Report	63
How to Read Your Credit Report	64
How Long Do items Stay in Your Report	**67**
Items That Do Not Affect Your Credit Score	70
How to Read TransUnion Credit Report	71
How to Read Equifax Credit Report	74
How to Read Experian Credit Reports	77
Appendix B: Charts	80
Appendix C: Forms	**94**
List of Forms	95

A B O U T
Y O U R
C R E D I T
R E P O R T

Here you will learn how to get your credit report for **free** and learn what it means!



You are entitled to get a free Credit Report from each of the three Credit Reporting Agencies once every 12 months.

Getting a Free Copy of Your Credit Report

Getting a free copy of your credit report couldn't be easier

You can get all three reports at the same time!

(i) Call: (877) 322-8228

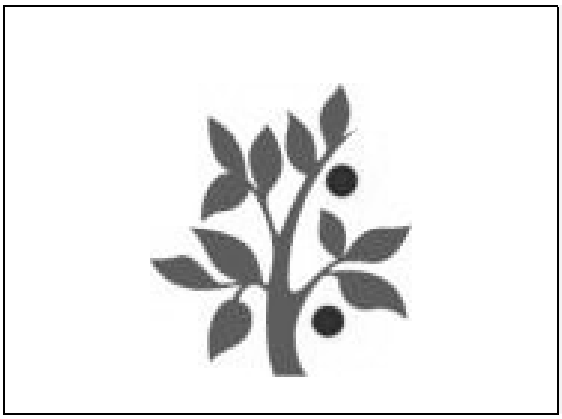
(ii) Go-Online: www.annualcreditreport.com

(iii) Mail: Annual Credit Report Request Service,
P.O. Box 105281,
Atlanta, GA, 30348-5281

Be sure to order from the centralized agency. If you go directly to the credit reporting agencies, you will be charged.

Use the attached form to request all three Credit Reports. [Form 1]

Looking at one of the reports is not very helpful; you need to look at all three. People tend to pull one and think everything is the same on all of them. That's not normally the case.



You can also get a free copy of your credit report if you were recently denied credit, or were unemployed and are looking for a job

Getting a Free Copy of Your Credit Report

Even if you have already received your free copy of the Credit Report in the last 12 months, you are still entitled to get a free copy if:

(i) If you were denied credit because of the credit inquiry

(ii) You are unemployed and looking for a job

(iii) You are on public Assistance

Use Form 1 to order your free copy of the credit report.

Some companies sell a *3-in-1 credit report* which contains combined information from all three credit agencies. Those 3-in-1 reports are not very useful for credit repair. Get your free copy individually from each of the agencies.

THE FICO SCORE

To understand you credit rating, you MUST understand what a "FICO Score" is and how does it affect you.

What is a FICO Score?

Your FICO score is a number generated by one of the three Credit Report Agencies based on your credit history. This number helps lenders to predict how likely you are to pay your loans on time in the future.

A FICO score will range between 300 and 850. The higher your score, the less risk there is for the lender that you will not pay back the loan. Generally, FICO scores below 600 indicate a higher risk to creditors and could cause a lender to charge you a much higher interest rate or turn you down for a loan. It is best to have a score above 720.

This example shows how a FICO score can affect "real" life experiences. Bob has a FICO score of 600 and applies for a home mortgage loan. Mary also applies for a home mortgage loan and has a FICO score of 720. According to the FICO Score, Bob would likely get an interest rate of 8.5%, while Mary would get an interest rate of 5.7%. On a $300,000 mortgage loan, Bob's monthly payment (principal and interest) would be $2,313 while Mary's monthly mortgage would be $1,742 - a whopping difference of $571. I don't know about you but I could surely use an extra $571 in my bank account at the end of the month.

What goes into my FICO Score?

Payment History

- Did you pay your bills on time?
- Does your file reflect a bankruptcy, lien, wage garnishment, collections, or delinquent accounts?
- How many past due/delinquent accounts do you have and how late are they?

Amount owed

- How much is owed on your accounts?
- How many of your credit lines are being used?

Length of Credit History

- How long have your accounts been opened?
- How active are the accounts?

New Credit

- What new accounts have been opened and what types are they?
- How many recent inquiries have been made against your credit?

Type of Credit

- What is the number of the various accounts (major credit cards, retail cards, mortgage, equity lines of credit, etc)

What does NOT go into your FICO Score?

- Race, color, religion, national origin, sex, marital status
- Age
- Salary, occupation, title, employer, date employed
- Place of residence
- Whether or not you are participating in credit counseling.

FIVE MYTHS OF CREDIT SCORE

This part of the book describes to you the five myths of your credit score. These myths are so popular that we hear them every day, do not fall for them!

THE TRUTHS BEHIND THE MYTHS

- **I have to keep a balance to have a good credit score.** Many people think that if you have a $1000 balance on your credit card that you have to pay the monthly payment and the credit card company has to make money from you on interest in order to improve your credit score. It is absolutely not true. As a matter of fact, from the credit report, one cannot tell, if someone pays in full each month, or a minimum payment is paid.

- **If I close all my credit card accounts, I will have a better score.** This could actually be disastrous. Your score is guaranteed to go down if you close your accounts. This is a myth!

- **The less credit I have, the better my score will be.** This is absolutely not true. People think that they can apply for credit; they need less and less credit in order to improve their score. The fact is that in reality it will probably hurt your rating if you have limited credit.

- **I can raise my credit score by asking my credit card company to lower my limit.** In reality, this could be the most damaging thing that you could do to your credit score.

- **If I pay my bills on time and in full each month, I will have perfect credit.** This is just not true. If you paid your bills on time and in full, you will have an "average" credit. To get perfect credit, you need more and we will show you that in this book.

- **I cannot get credit because I had a bankruptcy,** foreclosure, a tax lien or a bill turned over to collections. Once again, this is not the case. There are credit card companies specifically that cater to people who had a bankruptcy.

C R E D I T
R E P A I R
The Complete Story

This part of the book is designed to give you all the tools that you need to repair your credit.

Here we will give you secret exclusive information about which items, in your credit report, you should remove and which items are not worth spending any time on.

YOUR RIGHTS REGARDING YOUR CREDIT REPORT

You are allowed to challenge the accuracy of your credit report at any time.

- The credit bureau must "reinvestigate" anything you challenge.
- The credit bureau must reinvestigate the disputed information within 30 days. The time period begins when the bureau receives notice of dispute from the consumer.
- If the credit bureau cannot confirm the negative information or finds any error, it must promptly delete that erroneous information from its files.
- If the bureau cannot or does not confirm the information you have challenged within a reasonable time period, it also must delete that information from your files.

C R E D I T
R E P A I R

STEP 1:
Personal Information

Start with your Credit Report. Examine the personal information section, the section that has your name and social security information, carefully.

If you have variation of the names listed there, make sure that all names belong to you If there are slight misspellings and variations that you use, do not spend time trying to fix this. It will not affect your credit score. However, if you see a name in the report that you do not recognize, it's time to take action.

If your birth date is listed wrong, it is safe to ignore that. Correcting it will not change your score.

Does your report list more than one social security numbers? **This could be a major issue.** This can affect your credit score tremendously. The credit history can be merged with somebody else's history or worse, their bad credit may be affecting your credit.

It is also possible that you may be a victim of an identity theft This is where somebody assumes your identity and gives your name and address to get credit See later section on how to deal with identity theft, but for now, you need to have this taken care of immediately.

C R E D I T
R E P A I R

STEP 2:
Items in the Credit History

EXAMINE EACH OF THE ITEMS IN THE CREDIT HISTORY:

- Bankruptcies: If you have had a bankruptcy, the credit report will list the date you filed your bankruptcy and the date it was closed. It also can list the amount of debt that was discharged in your bankruptcy.
- Foreclosures/Repossessions: A foreclosure and repossession is essentially the same thing: your creditor takes back property you used to secure a loan because you didn't pay on time. A foreclosure describes only loans secured by real estate. All other types of seized property due to the defaulting of secured loans are called repossessions.
- Tax Liens: If you owe state or federal taxes, these governmental agencies can put a lien on your home for the amount owed Tax liens are public records, and they usually will find their way onto a credit report.
- Judgments: If you've ever had a judgment filed against you, it means that you have been sued in court and a monetary award was given to the person or

entity that sued you. Judgments are public records and easily find their way into your credit files

- Profit and Loss Charge-offs: Profit and loss charge-offs are generally used only by credit card companies and usually are debts that a creditor considers uncollectable and does not bother to spend time or lawyer's fees to collect.
- Late payments (90+ days late): If your payments are late by more than 90 days from the due date, these will be listed here.
- Late Payments (30-90 days late): The late payments will be listed in this section. Make a note of these items.
- Credit Limits on your Credit Cards: Pay special attention to the credit limits for each of the credit cards.
- Past due amounts and the date of last activity for each account.
- Loans and balanaces on your car loan or other installment loans.
- A list of inquiries made by those reviewing your credit.

C R E D I T

R E P A I R

STEP 3:
Target and Pick Your Fights

DECIDE WHICH ITEMS YOU WILL TARGET FIRST.

Here we discuss how to identify items—positive and negative—on your credit report. Make a list of all negative information you find. Once you develop this list, rank each item according to the amount of damage it is doing to your overall credit picture Rank the most damaging information first, followed by the next most damaging information, and so on. These are:

- Bankruptcy;
- Foreclosure;
- Repossession;
- Loan default;
- Court judgments;
- Collections;
- Late payments (60+ days late);
- Past due payments (less than 60 days late);

- Credit rejections; and
- Credit inquiries.

You will want to get rid of the most damaging items first, so ranking them will help you form your plan of attack. Do this for each credit report, as they may not all contain the same information. If two bureaus duplicate the same bad information, you will need to write to each credit agency individually.

How to identify negative items on your credit report

EXPERIAN

- Any item marked with an asterisk *

EQUIFAX

- Any item preceded by a ">>>>" icon;
- Any item listed as "repossession," "foreclosure," "profit and loss write-off," "charge-off," "paid profit and loss write-off," "paid charge off," "settled," "settled for less than full balance," or "included in bankruptcy;"
- Any collection amount, whether paid or not;
- Any court account, including a lien, judgment, bankruptcy (Chapter 11, 7, or 13), divorce, satisfied lien, or satisfied judgment;
- Any item showing one or more 30-, 60-, or 90-day late

TRANSUNION

- An account closed by the credit grantor and not you;
- Any item listed as "repossession," "foreclosure," "profit and loss write-off," "charge-off," "paid profit and loss write-off," "paid charge off," "settled," "settled for less than full balance," or "included in bankruptcy;"
- Any collection amount, whether paid or not;
- Any court account, including a lien, judgment, bankruptcy (Chapter 11, 7, or 13), divorce, satisfied lien, or satisfied judgment;
- Any item showing one or more 30-, 60-, or 90-day late

C R E D I T
R E P A I R

STEP 4:
Request Corrections
Dispute Questionable Items
Make Additions

REQUEST CORRECTIONS AND DISPUTE QUESTIONABLE NOTATIONS.

- What to challenge

  - Always shoot for a complete deletion of any bad information. A blemished notation on your credit report is still a blemish. Thus, don't bother challenging the information within a collection listing, charge-off, court record, repossession, foreclosure, or settled account. Since the basic nature of these listings is negative, changing the information within the listing will yield no improvement. Severely negative listings must be disputed on the basis of complete deletion or not be disputed at all.

EASY TO REMOVE ITEMS

Some items are easier to remove than others. Research indicates that older items are much easier to dispute and remove. Creditors are less concerned with old accounts that they have charged off or retired. Thus, they are less likely to spend the time and money to verify them. Usually, they will no longer even have access to your information, as it is probably filed away in some warehouse.

Accounts that were once past due, but are now completely paid off are also easier. Since the creditor has been paid, they are less concerned with verifying.

Difficult items are those that are currently in collection or currently past due. These items will be in the creditor's active files and easy for them to find. Not only is it easier for them to verify, they want to verify because they are still trying to get paid. Although it's always worth a try, you should avoid these items in your first round of disputes.

- Don't forget to dispute personal information

  - We generally advise disputing everything on your credit report that is not current, including previous addresses, employers and maiden names. This probably will not affect your credit score, but as identity theft is becoming so rampant, you don't want to have anything on your credit report possibly causing mix-ups with other people's information.
  - We know of several instances where a consumer's prior address allowed the poor credit information of another person to creep on to the consumer's report. Be sure all variations of your personal information are completely removed from your credit report.
  - Make it your goal to show only one entry for each of the following: your employer, your legal name (no extra nicknames or maiden names), your current address and your social security number.

- ***The possibility of identity theft is one good reason to remove as much personal information as possible. Another reason is that they may not be able to verify information without an old address or maiden name, earning you an instant deletion.***

- Address each item individually

  - It is very important that each questionable item is dealt with individually. If you attempt to have the credit reporting agency correct several items (or even all items) at once, it will be easier for the agency to claim that your request is frivolous or irrelevant. This doesn't mean you can't challenge several items in the same letter, just that you must give separate, complete information for each item. If the information a credit bureau is reporting is inaccurate, incorrect, erroneous, misleading, or outdated, it has to be removed upon investigation. Write a letter to each credit reporting agency. [Form 4-6]

- The Fair Credit Reporting Act (FCRA) states that if a bureau corrects a mistake on your report, it is required to share this information with other bureaus, but this doesn't mean that the other bureaus have to do anything with this information. And since the law doesn't require agencies to update their information in their databases based on other bureau's actions, they don't.

WARNING
Do not dispute Online!

The credit bureaus have become rather sneaky.

To dispute online, they require you to agree to their "Terms & Conditions." One of the terms is, if you dispute an item online and that item is later verified, you waive your rights to dispute it ever again!
We recommend you dispute everything via regular mail or fax.

- What to say in your dispute letter:

○ You don't have to be fancy or technical in your dispute letters to the bureaus. The most important thing is to be clear about what you are disputing and why you are disputing it. Here are some tips to keep in mind when writing your letter:

Here is a sample text for a letter (additional examples are given in the Forms 5-6):

To Whom it may concern:

I've just reviewed my credit report and noticed there are several inaccurate items on my report as follows:

CITI VISA Acct: XXXXX-XXXXX-XXXX-XXX:
This account is listed as being 30 days late. I have never been late on this account.

Please remove the late reference for this account.

Sincerely:

- **Always provide a reason for your dispute.** Always indicate exactly what you are disputing (i.e., "not mine," "not late," or the accuracy of the information contained within the listing). The credit bureau must know if you are disputing the existence of the listing or the information within the listing. The bureau cannot begin an investigation unless it knows whether you believe the listing doesn't belong on your report or if you believe the information on the listing should be changed. If you are unclear in your dispute letter about the nature of your dispute, the credit bureau will promptly return your letter.
- If you dispute a listing on the basis that you were "not late," and if the credit bureau fails to verify the listing, then the listing will be changed and appear as a positive listing.

- If you dispute a listing on the basis that it is "not mine," and if the credit bureau fails to verify whether or not the information is indeed yours, you're out of luck. Keep in mind that without a clear statement that the accuracy or completeness of specific information is "disputed" or "challenged," your letter might not be construed as an exercise of rights under the Fair Credit Reporting Act. Sample letters are included in Appendix.

- You can still dispute a negative listing even if you were late paying on the account. **You have the right to dispute your credit report so long as you have reason to believe that it is unverifiable, inaccurate, or obsolete.** To dispute information that is technically accurate, but should still be investigated and deleted on the basis of verifiability, you must invent other means of disputing the listing besides claiming that it is "not mine" or "was never late." In this case, make a clear statement that the accuracy or completeness of specific information is "disputed" or "challenged."

  - Always tell the credit bureau your desired outcome of the investigation. You must always include in your dispute letter what you would like done with the listing. There are two options—a correction to the listing or an entire deletion. I've seen positive listings deleted when only a correction was wanted because the outcome was not indicated.

  - Don't sound like you work for a credit repair agency. The credit bureaus receive over 10,000 disputes a day and your dispute should look much like any other one they receive—not polished and professional. Always include indicators of authenticity in your dispute. Don't forget that the job of the checker is to reject irrelevant disputes and to investigate bona fide disputes. You can hosever ensure that your disputes sound authentic by including things that only a true, frustrated consumer would write, such as "My son's a banker, and he mentioned that I could write to you and you would clear up these mistakes. Always include sentences or phrases that will convince the credit bureau that you're for real. Handwriting your dispute letters is recommended.

- Remember that the bureaus don't care about the "unfairness" of your situation. Even if your situation is not your fault, or you've been robbed or cheated, this will make no difference in disputing your credit. Clearly defined disputes—stating your rights and why the information on your report is not correct—get results.

- Include any documentation you have that substantiates your dispute. If you have any documentation that backs up your dispute, like a bank letter stating that the information is false, include it with your dispute letter.

- **Don't use the credit bureau-supplied forms to dispute your listings.** With each copy of your credit report, you should also receive the credit bureau's form for disputing credit listings. **You should not use these forms for your dispute letters.** Since the form often forces you to address things within their perimeters, you may not be able to cover all your points by using the form Interestingly, the forms are not very specific and often are not taken as seriously by the credit bureau checkers as a personal letter. Prepare your disputes on your personal stationary, perhaps even handwritten.

- Order of dispute reasons:

  - Most likely, your listing will come back as "verified," for reasons we will be discussing a little later in the chapter. But you're not done yet. You will need to change the reason for the investigation so the credit bureau will have something new to investigate. The order of the reasons should be:

    - Not mine
    - Wrong amount
    - Wrong account number
    - Wrong original creditor
    - Wrong Charge-off Date
    - Wrong Date of Last Activity
    - Wrong Balance
    - Wrong Credit limit
    - Wrong Status (there are about 20 different status code for each item)
    - Wrong High Credit (the highest amount you used)
    - I didn't pay late that month

- For example, the first time you challenge a listing, you would say the account is “not mine.” The second time through, you would say “never late.”

PLACE TO FIND DISCREPANCIES AND

ADDITIONAL POSITIVE ACCOUNTS

One good way to spot discrepancies is to compare the same item os all three reports. Look for anything different in the way the item is reported.

Then, dispute the item based on the discrepancies.

Also look for positive items in each of the credit reports. Make sure that the positive item in one report is listed in other reports too. If not, send them a letter to add information about your positive accounts.

Check the Credit Limits on Your Credit Cards.

This is one of the most important steps that you can take and will have immediate result on your credit score.

One of the important factors that goes in the calculation of Fico score is the "utilization". The way it works is that if you have a credit card with credit limit of $2,000, and you have outstanding balance of $1000, you are using 50% of your credit line.

Each card is counted separately, i.e., if you have two credit cards and one has limit of $2,000 and another with a limit of $1000 and you are using $1,500 from the first credit card, you would think that your credit utilization is only 50%, but that's not how the credit reporting agencies look at it. From their point of view you are using 75% of your credit, which is way too much and it will plummet your credit score.

YOUR UTILIZATION RATE SHOULD BE NO HIGHER THAN 33% FOR EACH CREDIT CARD.

We cannot emphasize enough. This is one of the fastest and straightforward ways to increase your credit score.

If you want to have a score in the range of $720+, you must follow this rule.

As in the case of most people, chances are you are using one credit card as a primary card and others as secondary card. But make sure that your credit limit is high enough in the primary card.

Especially if you use CITI bank card, you must check this and correct it.

Very often credit card companies do not report the credit limit That is even worse, because the credit reporting agencies take the highest balance on that credit card and report that as your limit. That means that unknowingly your utilization rate will go to 60,70,80% You cannot let that happen.

C R E D I T
R E P A I R

STEP 5:
Document Your Efforts

ALWAYS DOCUMENT YOUR CREDIT REPAIR EFFORTS. [Form 7]

As soon as you have ordered your credit reports and photocopied your credit report order letters and checks, you keep track your correspondences with the credit bureaus and your creditors. Use the form provided for that purpose. Why? Unfortunately, credit items you have worked so hard to remove can mysteriously reappear. If this happens, it is usually easy to have the items deleted again if you show your complete records on the first removal. Why take a chance? As you proceed through these steps, keep copies and records of all correspondence you send and receive, in addition to notes on all telephone conversations! Also, if you should encounter any special difficulty and would like help in repairing your credit, you will need these records to proceed.

Every time you have a telephone conversation with a creditor, you must document the conversation by recording the name of the person to whom you spoke, his position, the date and time of the conversation, what was said in the conversation, and what was agreed upon.

C R E D I T

R E P A I R

STEP 6:

Wait for Credit Bureaus to Finish Investigating

WAIT FOR THE CREDIT BUREAU TO FINISH INVESTIGATING.

Once the credit reporting agency receives your dispute letter, it is obligated to investigate. The obligation is not contingent upon you having been denied credit. According to the Fair Credit Reporting Act (see Appendix 1), the credit bureaus must take the following steps:

- The credit reporting agencies must resolve consumer disputes within 30 days.
- If a consumer complains that documentation in support of a dispute was disregarded, the credit bureaus have to consider and transmit to the furnisher all relevant evidence submitted by the consumer the first time.
- Consumers must receive written notice of the results of the investigation within five days of its completion, including a copy of the amended credit file if it was changed based on the dispute.
- Once information is deleted from a credit file, the credit bureaus cannot reinsert it unless the entity supplying the information certifies that the item is complete and accurate and the credit bureau notifies the consumer within five days.

- The Federal Trade Commission notes that inaccurate credit reports are the number one source of consumer complaints, and that it is quite common for problems to take six or more months to be resolved. All of the big three agencies are working on making sure that all disputes are handled within 30 days.

- Repairing and Rebuilding Your Credit

If the new investigation reveals an error, you are entitled to ask that a corrected version of the report be sent to anyone who received your report within the past six months. Job applicants can have corrected reports sent to anyone who received a report for employment purposes during the past two years However, this is unlikely to repair any damage done when your credit report was first pulled, so don't waste your time or energy on this approach.

C R E D I T
R E P A I R

STEP 7:
Evaluate Results

EVALUATE THE RESULTS OF YOUR REPAIR EFFORTS. [Form 7]

Okay, so you saved the original credit reports you ordered, didn't you? And each item you challenged? Good, you will need them to evaluate how well you did.

When you get your "repaired" credit report back from the credit bureaus, the bureau will summarize what changed on your credit report due to your challenges. You can compare this list to your own notes or to the previous credit report.

- Each item will have been resolved in one of three ways:

1. If the listing is not mentioned in the results list, check to make sure that you included it in your dispute. If you did include it, was your request sufficiently clear? You will need to dispute the item again in your next dispute letter.
2. The bureau will tell you the disputed item was investigated but verified. If the item is not removed, the credit bureaus will probably give you a cryptic reason, like "item verified." The creditor may have responded to the credit bureau's request for re-verification They may have simply stated that the listing was correct and, in this case, the bureau will take their word for it Now it is up to you to prove to the bureau that the item is not correct The law

requires that the bureaus accept any proof you may submit, as well as pass any documentation you provide on to your creditor for consideration Be sure to send any documentation you have if you didn't do it the first time.

- 3. The bureau indicates that the item was unverifiable. The disputed listing was investigated as to the correctness of the information within the listing (such as late pay notations) and the listing was found to be inaccurate or unverifiable. In this case, the negative listing will now show up as a positive listing, or it will be deleted from your report altogether. Be careful not to have positive items deleted, especially if you don't have many to begin with. As mentioned previously, this happens on occasion

    - If you are not clear in your dispute letter as to what you expect the credit agency to do, the item may be deleted completely, which may not help the score. Credit repair agencies are notorious for disputing *everything* and having *positive* entries deleted.

- IF THE CREDIT BUREAU SENDS YOU A LETTER BEFORE THE INVESTIGATION IS COMPLETED.

    - Sometimes consumers get letters in the mail after submitting a credit dispute asking for more information on your "credit repair agency." Many people panic over this, but it seems to be an automatic response, especially from TransUnion.
    - Why do they do this? Two reasons: (a) to discourage the use of credit repair agencies and (b) to try and trick you into submitting more information about your disputer (a sneaky underhanded thing). Why it is sneaky?
        - if you provide more information about your dispute, even if you only write back to tell them you are not using a credit repair agency, this gives them 15 more days to investigate your dispute, which is definitely not to your advantage. Don't send ANYTHING back until your 30 days are up.

C R E D I T
R E P A I R

STEP 8:
Follow-up Letters

IF A DISPUTED ITEM COMES BACK AS "VERIFIED," REQUEST THE METHOD OF VERIFICATION. [Forms 10-12]

If you get a notice from your the credit bureaus telling you the information you disputed has been verified as accurate, you can request the method of verification, which is your right under the law. The credit bureau must give you this information within 15 days of the request.

This is an extremely important tool, as most credit bureaus these days are not doing a thorough job of investigating disputes.

Each credit reporting agency has a different process for handling these disputes, but all three use a similar system. The three bureaus collaborated through their trade organization to automate the entire reinvestigation process using an online computer program, (referred to as E-Oscar.)

- All disputes received by the credit bureaus are done via written letter, the telephone or the credit bureaus online dispute service. Even if the credit bureau receives a written dispute highly detailed and with documentation, each dispute is reduced to a two-digit code – the best guess of a minimum wage employee.

- Under the Law, the credit bureaus are required to send the information on to the furnisher of the consumer's account (in other words, the original creditor), but all they receive is the two-digit code.
    - No matter how detailed your letter is, the employees at the Credit Bureaus will assign a two digit code to it and forward that code to the original creditor. As an expected result, nearly all consumer disputes are verified against the consumers. So write to request the method of validation.

Credit bureaus will not take the time or trouble to send you this information unless you ask, but it is your right to know it under the law. Many times you can use this information as ammunition for your credit disputes.

C R E D I T
R E P A I R

STEP 9:
Contacting Original Creditors

CALL OR WRITE THE ORIGINAL CREDITOR AND ASK FOR PROOF THAT YOU WERE LATE, OR THE ENTRY IN THE REPORT IS NOT YOURS, ETC. [Forms 13-15]

It is up to the creditor, such as a credit card company, auto or mortgage Loan Company to report information about your accounts accurately. If they are unable to provide you with proof of the negative listing, and you insist that the information they are reporting is inaccurate, then they could be in violation of the law. As explained previously, DO NOT contact the original creditor if you have not first disputed the negative item with the credit bureaus first.

- You can ask for a "goodwill" gesture from your creditor and ask them to remove negative item from the report or you can make them prove that you owe the money to them.
- For a long while it was no specific penalty for the original credit for providing inaccurate information, and therefore consumers did not have much luck trying to force creditors to do any research. Per the new provisions in the Credit Reporting laws, you are now allowed to take the original creditors to court to force them to either prove negative information or remove it from your credit report. This gets their attention fast and they are responsive if you specifically point out the inaccuracies with your report.

C R E D I T
R E P A I R

STEP 10:
SECOND AND THIRD BITE AT THE APPLE

REPEAT THE STEPS ABOVE IF YOU ARE NOT GETTING THE DESIRED RESULTS FROM THE CREDIT BUREAUS.

As explained above, the possibility that your claim was misunderstood, overlooked, or mishandled is good. Fixing your credit takes time, and there is nothing you can do to expedite the process However, you can always resubmit your claims. Here are some tips for doing so:

- Be persistent. Become more insistent with each dispute. As you submit one dispute after another, it may become increasingly difficult to get the checker to initiate an investigation. Your first one or two disputes should be friendly and polite Just like any other consumer, you can become frustrated as time passes. You may threaten to hire an attorney; you may threaten to complain to the FTC and your state's attorney general, etc.
- Be creative. Create and utilize other techniques that help further the idea that the dispute letter is from a truly wronged and disadvantaged consumer The checker is only interested in investigating disputes that truly are erroneous and damaging Again, because the agencies are flooded with requests, they tend to give priority to those that seem most urgent.

- Do not bombard credit bureaus with disputes Sending one dispute right after another is wasteful and counterproductive. You may wind up alienating the credit agency so that it holds up your progress. Remember they cannot legally stop you from restoring accurate information, but the people who run the agencies—like anyone else—probably do not respond well to harassment. Also remember, that credit repair is a time-consuming operation requiring great patience The rule of thumb is to wait 60 days between disputes.

- If a Removed Item Comes Back onto Your Credit Report

Okay, you've removed a listing and are breathing a deep sigh of relief. Then you get a letter in the mail from a credit bureau telling you the item has been added back on. What happened?

This actually is becoming more commonplace since new credit laws require that bureaus investigate and resolve disputes within 30 days. The bureaus sometimes will remove the negative information temporarily until the information is verified as true Then the bureau will reinstate any information verified to be true and notify you of this. By law, they can do this, but they have to notify you in writing within 5 days of putting the item back on your report. If they don't do this, it's a violation of the FCRA and you could potentially sue them for $1,000.

Follow these techniques and you will have A+ Credit Score in no time!

FIVE MISTAKES OF OLD CREDIT REPAIR METHODS

This part of the book tells you the twelve mistakes of credit repair solutions. These myths are so popular that we hear them every day, and the worst part is that they hurt people's credit instead of helping! Do not fall for them!

TRUTH BEHIND THE OLD CREDIT REPAIR MYTHS

- **When I pay off a past-due account, such as charge off or collection account, it will show "paid" and will no longer be negative.** This is the single most damaging thing you could do to your credit. The act of paying off a debt actually hurts your credit. Here is why: Negative credit is allowed to stay on the credit report for a maximum of seven years. This seven year clock begins ticking on the "date of last activity," in other words, when the last action took place on the account. By paying an outstanding, delinquent debt you will change the account status to "paid collection," "paid was late," or "paid was charged off"-- which will stand out as a very negative listing. Furthermore, you will create a new date of last activity on the day you settle the account. The seven year clock will reset and begin all over again. **When you have outstanding debt, it is almost always prudent to seek professional aid so that you may settle your debts without further damaging your credit**

- **If I declare bankruptcy, I can begin my credit report all over with a clean slate.** Many bankruptcy attorneys do not adequately understand or explain the effects of bankruptcy to their clients. Stated simply, bankruptcy is to the credit rating what the nuclear bomb is to war. When you file for bankruptcy, every credit account that you decide to include in bankruptcy will become an "included in bankruptcy" account. Additionally, a bankruptcy filing and bankruptcy discharge listing will appear in the court records section of your credit report. Because so many negative items are attached to the bankruptcy, it becomes very difficult to remove all trace of the bad credit. If at all possible, you should avoid bankruptcy.

- **You improve your credit score by getting all the negative items on your credit report removed.** It's possible to get all the negative items on your credit report removed and actually see your credit score go DOWN as a result! The reason? Your credit score depends on a number of factors, one of which is the length of your credit history. In some cases, you're better off to NOT remove some negative items on your report, especially if they involve a few late payments in the distant past, but show timely payments during recent years.

- **If I file a "100 word statement" on my credit report explaining my side of the story, lenders will take that in to account.** The law says that you may file a "100 word statement" on your credit report explaining your side of the story. Creditors will read your statement and will take it into consideration. In old days people relied on these statements and falsely thought that any creditor looking at their credit report will read it and take in to account. No creditor that we know of considers information given in a 100 word statement. The statement only serves to confirm some of the negative listings on the credit report.

- **I can start with a new Social Security Number.** Some scam artists would suggest getting an EIN number, which is like a social security number, to start a new credit file on you. This will constitute outright fraud. It is a federal crime to make false statements on a loan or credit application, or to misrepresent your Social Security number. In addition, if you were to use the telephone or the postal system to apply for credit and provide false information, then you could be charged with mail or wire fraud, too.

40 POINTS IN 48 HRS

Here we will tell you the secrets of how to raise your score by 40 points in 48 Hrs. These are some of the tricks that we have learned over the years and in a bind, when you are applying for a loan and need to get your score up in a hurry, this is the way to go!

These are temporary fixes but can help you save a lot of money! Some credit consultants will charge you $700-$100 to get this done and will take months to show the improvement. With the information provided here, you can raise your score in a jiffy!

The method works most easily for TransUnion but is equally applicable for other two big credit reporting agencies, Equifax and Experian too.

Step 1: Start with your Credit Report. Make a note of the reference number of your credit report. It is generally given on the top right hand corner of the report.

Step 2: Go on-line at the website (or call them on the phone, the phone numbers are: Experian 800-583-4080; Equifax 866-838-1015; and Trans Union 800-916-8800) and dispute any damaging credit card payment information that you have on your report. Provide them the line number from the credit report.

Your score will temporarily increase while the items are being investigated.

Step 3: Call the credit card companies and explain to them that you are in middle of a major purchase and the items that they placed on the credit report are causing the transactions to not go through. Ask them to temporarily delete the items and you will be surprises how often they will agree to that.

If you are persistent, you can accomplish this in a very short time.

Step 4: Use Rapid Re-scorer Service. This method has to be initiated by a mortgage lender and hence works well when you are purchasing a house. If you have some paperwork showing your payments and/or deletion letter from a collection agency, a rapid re-scorer service can increase your credit score within a week or less.

Step 5: Dispute the balance on your auto loan by phone or on-line. The auto loans are notorious for not being up to date on the balances on the account. If you dispute the balance part, it is not uncommon for the information to be corrected in a couple of weeks, increasing your credit score.

Step 6: Pay Collections for the quick and significant change in the score. You might be able to see an improvement of 60-80 points in your score in some cases. Paying collections is one of the fastest ways to improve your credit score, but it has to be done right. If you just write a check for the amount that is owed, IT WILL MAKE THINGS WORSE. The best way to do this is to call the collection company and ask the question: **Do you delete?** When you ask this question you're asking if the collection agency will completely remove your debt from the credit reports if you

pay your debt. About 50 to 60% percent of them will. If and only if they agree, then you can pay them partial or full amount.

> Make sure that you do not admit to the debt when you are talking to them. Some of the larger collection agencies have an up to date computer system that can remove your debt from the credit bureaus immediately, thus clearing your credit record in 24-48 hours.

Step 7: Get Payoff letters for paid off accounts and fax them for quickest result. If you have paid off an account but it still shows on the credit report, use this method. Call the payoff departments for the credit cards and get payoff letters to prove those debts were paid. Then fax these payoff letters to the credit bureaus that accept faxes, Trans Union and Equifax, and Fedex the letters to Experian. These changes will show up on your record in just a few days, sometimes as soon as 48 hrs.

These are some of the methods that you can use to boost your score, sometimes temporarily, at other times permanently by a significant amount.

SUREFIRE WAYS TO ESTABLISH CREDIT

Here you will learn about the surefire ways to establish credit.

ESTABLISHING CREDIT

If you are ready to build a positive credit profile, follow any or all of these techniques to stack your report with positive listings. But, beware, do not rush, if you stack too many open accounts, or too many credit inquiries, you will be denied credit based on debt to income ratio and excessive credit inquiries.

- **Piggyback on a Friend.** If you know someone (like a good friend or parent) who has good credit, you can "borrow" their good credit listings. This friend must have credit cards, and must trust you enough to allow you to become an "authorized user" on his credit cards. Just have your friend call his credit card company and request that you be placed on his card as an authorized user. A copy of the card will be sent and you may simply return it to your friend.

  Your credit file should soon show an open account with all of the positive history that your friend has created over the years with that credit card. A small footnote will show that you are an authorized user of that card. Remember, though, when a new credit grantor goes to review your file, he may insist that the balance on the card appear on your debt to income ratio balance sheet. That shouldn't disqualify you for credit if your income is sufficient and you don't have an excess of debt on your file.

- **Playing Round Robin –** This is a great credit building techniques around. It used to be accomplished with secured savings accounts. P now, it's much easier with secured credit cards and we have seen it work wonders.

  - Here's how it works: Take $1000 (or what you can afford) and get a secured credit card. Once received, get a cash advance of 70% of your credit limit. Get a second secured credit card. Once received, get a cash advance of 70% of your credit limit. Get a third secured credit card. Once received, get a cash advance of 70% of your credit limit.

  - Open a new checking account with the final cash advance. Use this account only for making payments on your three new credit cards. If you make your payments on time every month, your credit score will

increase because you now have three new perfect payment credit cards. (Initially, your credit score might drop a few points due to the rapid, multiple accounts being opened. However, be patient because within 2-4 months of no new accounts or any delinquencies of any account, you will see your credit score increase. We have seen score increase as much as 60 points within 60 days using this technique.

- Make sure that the Secured card is going to report to all three bureaus. Make sure that the Secured card becomes unsecured. It converts to a normal credit card after 18 or 24 months. It is very critical.

- **Establish better credit by taking out credit and repaying it quickly.** If you have terrible credit following a bankruptcy or other major financial upheaval, you may need to get back into a good credit rating by taking out a loan you can handle. Make an appointment to see your bank or bad credit lender a few months or years after the problem in question and arrange for a small loan.
  - You should have enough savings to pay for the loan before you do this. Pay back the loan quickly. It will not hugely boost your credit score but it will show lenders that you are having an easier time paying your bills. Taking out a small loan you can repay is part of the slow process of reestablishing good credit following a big financial problem.

- **Start repairing your credit right away after a big financial upset.** If you have had a financial problem, or are even headed towards one, start working on repairing the situation right away. If your credit is suffering because you have not paid some bills, for example, don't make it worse by waiting until you are reported to a collection agency (by which time your credit rating will have taken an even worse hit). Instead, work on paying off your bills or arranging a payment schedule right away.

S P E C I A L I Z E D C R E D I T R E P A I R T E C H N I Q U E S

CREDIT REPAIR TECHNIQUES FOR SPECIFIC TYPES OF PROBLEMS

Depending on the type of listing, you may also want to try these techniques suitable for specific problems:

- COLLECTIONS. You should always try to use the debt validation technique on collections. This should be in addition to your credit repair efforts with the credit bureaus. Here you write a letter to the collection agency and ask them to validate your debt.

- CHARGE-OFFS. Try disputing the information within the listing, like the date the account was opened, the high balance, the amount owed, etc. If any of the information is incorrect, you have a good chance of getting the whole thing deleted from your report.

- JUDGMENTS. If you were never served for a judgment, i.e., you never received a legal notice that a judgment was being entered against you, you may have a chance of getting it dismissed. Call your county courthouse for information on judgment serving requirements in your state and how to file a motion to vacate.

- LEGAL ACTION. If you feel that a credit bureau is not taking you seriously enough or that they are flat out refusing to perform the necessary investigations to handle your dispute, you can sue them in small claims court. Potentially, you can win a settlement against them and get the listings removed.

- LATE PAYS. You will be reported as "late" to the credit bureaus for being more than 30 days late on a payment. **If you are 0 - 30 days late on a loan or credit payment, you are not considered late paying a bill.**

- INQUIRIES. Whenever you, or anyone else, request a copy of your credit report, the request is noted as an "inquiry" on your credit history. If you apply for lots of credit cards in a short time, this will produce a flurry of "inquiry" notes on your credit report, and will lower your credit score The credit scoring models assume that a flurry of recent inquiries means you've

applied for lots of credit, making you a greater credit risk, even though the inference is not strictly valid.

SECRETS OF MAINTAINING A+ CREDIT

Step #1: Keep credit card balances under 30% of your limit.

Step #2: Have at least three revolving credit lines.

Step #3: Have at least one installment loan on your credit report.

Step #4: Remove all errors from your credit report.

Step #5: Create a plan to protect your credit.

Now we are going to get into detail and you are going to know exactly what do on each and every step.

Step #1: Keep credit balances under 30% of your limit.

So what that means is if you have a $3000 credit limit, you never want your balance to be over $1000 or 30% of that $3000 limit. This is critical. People come to us over and over and over and say "Well I pay bills off in full each month." But that does not matter in the world of credit, here is the reason why: say for instance you have a $3000 credit limit and you pay it off in full each month and you currently owe $2500 on that credit card and you try to get a home loan and its at the end of the month and they run your credit on the 29th of the month and on the 29th of the month you have $2500 all of a sudden, you are at a 80% utilization rate, which is horrible for your credit.

What a person needs to do if they pay their bills off in full each month, is to make sure that their credit limit is at least three times higher than what they charge

each and every month. People come to us and ask us, what if I cannot pay down my balances? They have a $5,000 credit card and and they cannot pay it down to 30%. How do they improve their credit then? What we need to do at that point is you need to call your credit card companies and ask for credit increase. By raising your credit limit, you will automatically lower obviously the utilization rate.

Another factor of this step is that this is based on per card, this is not accumulative. Let's say you have three credit cards at $5,000 credit limit on each card, on one card, you own $4500 on, and the other two you have zero balances on. As accumulative factor counting all three, you have a 30% ratio utilization rate, but your credit is not based on accumulative. Your credit is based on a per card and the fact that you owe $4,500 on one card is hurting your credit, much more than if you had $1,500 spaced out on three different cards.

Now, if you are making a major purchase and you know you are going to be buying a home in three months or buying a car in three months, paying a little bit higher interest rate on other two credit cards will save you so much money in the long run, than paying a higher mortgage or a higher car loan for the next 5-30 years.

Here is the key point to step 1: keep your credit card balances under 30% of your credit limit.

Step #2: Have at least three revolving credit lines.

Revolving credit lines are credit cards that are either Visa, Master Card, American Express, or Discover. These do not include the department cards or gas cards. We are specifically talking about once again, Visa, Master Card, American Express, or Discover.

Why three? Well the reason why it is important that you have three, is because the banks and the bureaus like to see the fact that banks have given you credit and you have not used it. It is very important that you have credit that is unused. So, even if you do not plan on using it, it is very important that you do have more than one, two, three is the ideal number of credit cards.

Now, many of you are thinking, well I do not want to carry them around, I do not want to use them. You do not have to carry them around; you do not have to use them. What we suggest is that you carry around one card all the time and the other two cards are in the drawer and they are automatically used for paying utility bills and my phone bill, so that way, they never go inactive. One of things you do not want to do, is to apply for a credit card, put it in a drawer and then forget about it, because after 18 or 24 months, the creditor is automatically going to make that credit card inactive.

Some of you out there probably have 10-15 credit cards. Absolutely, do not close down any accounts that you have. If you have them, keep them open, keep the utilization rate under 30% and you are in good shape.

Here is what we want you to keep in mind. The oldest cards with the highest credit limit have the best impact on your credit, so once again the oldest cards with the highest credit limit have the best impact on your credit. So those are the ones you want to keep using.

If you need to open more than one credit card, wait at least six months between applying for new accounts.

Credit bureaus give higher scores to people that have at least three revolving credit cards. When we say revolving credit cards, we mean Master Card, Visa, Discover, or America Express. If you do not have three active credit cards, you should open more to establish deeper roots

Step #3: Have at least one active or paid installment loan on your credit report.

A good credit report needs to have a mix of credit. We need a combination of revolving credit cards, mortgages, real estate loans, and then installment loans to grow our credit score.

What are installment loans? Once again, installment loans are auto-loans, leases like auto-leases, furniture, personal loans, anything that is tied to personal property; those are installment loans as opposed to tied to real property like homes.

It may make sense for you to go out and get a small car loan or buy furniture with an installment loan. Recent activities has a big impact on your credit.

You may have just gone through a divorce and the last thing you are are thinking is "I do not want a car loan, I want to pay everything for cash", or you just went through a bankruptcy and you have committed to yourself, never again to charge anything, never again to have a lean or loan for anything. Well that may not make sense, because over the long term, if in two years or in three years, you want to buy a house, you want to have an installment loan on your credit report now, because over two or three years of paying this installment loan on time, it is going to have an amazing effect on your credit report.

Keep in mind that if you are late on an installment loan, it is going to have as much of a negative effect on your credit as being on time will have on your credit. An installment loan can bring up your score, just as fast as it can bring down your score, if you do not pay on time.

You need to be very careful in taking out of the installment loan. Another thing to keep in mind, if you are out and you are going to be buying a computer, and you are thinking to yourself, "Well, I am going to put this as an installment loan." Not all companies out there rate to the credit bureaus as an installment loan. Where you may be thinking, "yes I am getting this loan as an installment loan", because you are buying a computer or you are buying a piece of furniture, the company may be lending you this money on a credit card like a revolving type debt and that will not have the same positive impact on your credit, so what you want to do is when you are applying for credit, ask them "is this coming as an installment loan, or it is just going to be as a revolving loan." If it is going to be as a revolving loan, it is not going to have the same effect on your credit.

Here is the key point to Step #3: Have at least one active or one paid installment loan on your credit report.

To maximize your credit score, you should have at least one installment loan, a mortgage, and at least three revolving credit cards on your credit report. Once again, revolving credit cards, meaning Visa, Master Card, America Express, or Discover.

Having an installment loan on your credit report is one of the fastest ways to increase your credit score. Typically an installment loan is used to purchase a car, but it also can be used to purchase a computer, furniture, or major household appliance. If you do not have an installment loan on your credit report, you should consider getting one. You can visit your bank to take out a small installment loan on your existing vehicle or if you are in the market for household appliance, consider purchasing them using an installment loan that is it. Make your payments on time and if you want to pay it off early, pay if off early. Having a paid installment loan will do wonders for your credit, as helpful as an installment loan can be to your credit rating, it can also be equally as harmful, if not paid on time.

Step #4: Remove all errors from your credit report.

As we discussed before, 85% of the people reading this guide book, right this minute, have an error on their credit report, and for 25% of the credit reports out there, the error is a really serious one.; that means 25 out of hundred people have an error that actually stop them from getting a loan and do not forget, an error means, the item in the credit card is not even yours.

If one had unlimited time, one could spend as many hours you want per week cleaning up every single error and your credit score will be 800, 825 points, but you do not need it. To get the best loan out there, all you need is a 720 credit score, so you do not have to worry about the little errors that make no difference. Concentrate on high priority errors that occurred within the last two years. Use the list provided earlier to bring up the high priority errors, which are going to have an impact on your credit score by 5, 10, 15, 20 points per error as opposed to the errors that have a 1 or 2 point increase on your credit, which include recent activities, late payments or other items that we discussed earlier.

Step #5: Create a plan to protect your credit.

These may seem like obvious things to do but they are worth repeating. Create a budget and spend frugally. Make sure, you are not late on any payments and that you always your utilization rate below 30%. Use technology to keep your bills current. Setup automatic payments on all bills. This way, you will never forget to pay these bills and your credit will be protected.

Review your credit card bills and bank statements monthly. Check the limit and interest rate and adjust your balances accordingly. Pull your credit report regularly. Contrary to popular belief, if you request your own credit report, you will not hurt your credit score, so request it freely.

In fact, the worse your credit, the more often you should pull your credit report. After reviewing the credit report, review the five steps and modify your plan accordingly. Make sure that no new derogatory items have been added to your credit report. You should also make sure that previously corrected errors on your credit report have not resurfaced.

Keep your accounts active. It does, you no good to tuck your credit cards away in the drawer and never use them. Eventually, the accounts will show as inactive. Remember, you need to have at least three active accounts to maintain the best credit score available. Consider setting up an automatic payment on one of your credit cards for like a regular bill, like a phone or a cable bill, then setup your checking account to automatically pay your credit in full each month. This will preserve your credit and allow you to live without debt and without paying interest.

C A U T I O N
B E F O R E
U S I N G
C R E D I T C O U N S E L I N G
S E R V I C E S
(C C C S)

The Credit Counselling Serices sound like a perfect solution for many. It is a free service by national network of nonprofit agencies. If you are having trouble making your payments, they can get the creditors to agree to a payment plan. You make just one payment to CCCS for all your debt and they distribute the payment to individaul creditor. They can sometime negotiate decrease in debt or stop having the interest accrue on your debt.

Here is how CCCS works:

- Consumer Credit Counseling Services talks to you to determine how much you can afford to pay each month.
- They negotiate with your creditors, getting them to accept lower monthly payments until all your debts are paid.
- You must sign an agreement to not obtain any new debt until the current debt is paid off.
- You make a single monthly payment to CCCS who pays your creditors.

CCCS means well and do get your debts paid off, but they tend to ruin your credit in the process.

The problem is that CCCS generally does not get the creditor to agree to report you as paying in time. You make your payments to CCCS and they distribute it but at the same time, the creditors keep reporting you as late. So after working with CCCS, you will have a whole year of multiple late payments – a recipe for a disastrous credit rating.

The whole purpose of going through CCCS was to pay off your debts and increase your credit rating, and it has exactly the opposite effect.

So what is the option?

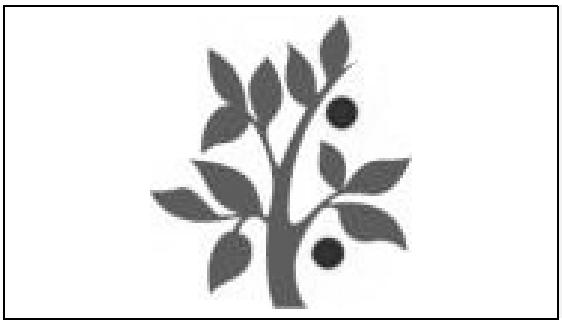
If you want to negotiate, do it yourself, or file chapter 13. even with a bankruptcy record on your profile for 10 years, remember that very few lenders ever see that profile any longer, and FICO software models grade many borrowers as excellent credit risks as little as 2 years after discharge.

Today, the only thing that matters is your numerical FICO score. Fair Isaac's mysterious software dictates unspoken policy to the credit industry, so what might seem to make sense or be the right thing to do may be totally wrong, and at times doing the seemingly “wrong” thing, improves your credit score. The rules change all the time-even perfect payment history doesn't assure acceptable credit scores.

A P P E N D I X A

About Your Credit Report

HOW TO READ YOUR CREDIT REPORT



A credit report is basically divided into four sections:

Identifying Information,
Credit History,
Public Records and
Inquiries.

A Credit Report

A credit report is basically divided into four sections: identifying information, credit history, public records and inquiries.

Identifying Information: Identifying information is just that -- information to identify you. Look at it closely to make sure it's accurate. It's not unusual, Sweet says, for there to be two or three spellings of your name or more than one Social Security number. Other information might include your current and previous addresses, your date of birth, telephone numbers, driver's license numbers, your employer and your spouse's name.

Credit History: The next section is your credit history. Sometimes, the individual accounts are called trade lines.

Each account will include the name of the creditor and the account number, which may be scrambled for security purposes. You may have more than one account from a creditor. Many creditors have more than one kind of account, or if you move, they transfer your account to a new location and assign a new number. The entry will also include:

* When you opened the account

* The kind of credit (installment, such as a mortgage or car loan, or revolving, such as a department store credit card)

* Whether the account is in your name alone or with another person

* Total amount of the loan, high credit limit or highest balance on the card

* How much you still owe

* Fixed monthly payments or minimum monthly amount

* Status of the account (open, inactive, closed, paid, etc.)

* How well you've paid the account.

Public Record: The next section is the public records section. It doesn't list arrests and criminal activities; just financially related data, such as bankruptcies, judgments and tax liens.

Inquiries: The final section is the inquiries. That's a list of everyone who asked to see your credit report.

Any time anyone gets into the report, it'll post an inquiry. If you call the credit bureau and ask for a copy, it will be on there. It's a very detailed entry record.

Inquiries are divided into two sections. "Hard" inquiries are ones you initiate by filling out a credit application or taking your child to the orthodontist. "Soft" inquiries are from companies that want to send out promotional information to a pre-qualified group or current creditors who are monitoring your account. The soft inquiries are only shown on reports given to you.

HOW LONG DO ITEMS STAY ON THE REPORT

Figuring out when negative information is removed from your credit report can be very confusing, and understandably so. Here is a quick overview!

- Delinquencies (30 – 180 days): Can remain seven years from the date of the initial missed payment.
- Collection accounts: Remain seven years from the date of the initial missed payment that led to the collection (the original delinquency date). When a collection account is paid in full, it will be marked "paid collection" on the credit report.
- Charged-off accounts: Remain seven years from the date of the initial missed payment that led to the charge off (the original delinquency date), even if payments are later made on the charged-off account.
- Closed accounts: Closed accounts are accounts that are no longer available for further use. Closed accounts may or may not have a zero balance. Closed accounts with delinquencies remain seven years from the date they are reported closed, whether closed by the creditor or by the consumer. Positive closed accounts remain 10 years.
- Lost credit card: If there are no delinquencies, credit cards that are reported lost will continue to be listed for two years from the date the card is reported lost. Delinquent payments that occurred before the card was lost are reported for seven years.
- Bankruptcy: Chapters 7, 11, and 12 remain for 10 years from the filing date. Chapter 13 remains seven years from the filing date. Accounts included in bankruptcy will remain seven years from the date they were reported as included in the bankruptcy. Child support judgments: Remain seven years from the date the judgment is filed.
- Civil and small claim judgments: Remain seven years from the date the judgment is filed.
- City, county, state, and federal tax liens: Unpaid tax liens remain 15 years from the filing date. Paid tax liens remain seven years from the paid date of the lien.
- Inquiries: Most inquiries listed on your credit report will remain for two years. All inquiries must remain for a minimum of one year from the date the inquiry was made. Some inquiries, such as employment or preapproved offers of credit, will show only to you.

- Positive open credit information remains indefinitely and paid positive accounts remain 10 years, making your credit report a great benefit for you in obtaining and using financial services. Negative information is purged from your credit report so that if you have credit problems you will have an opportunity to build a good credit history over time.

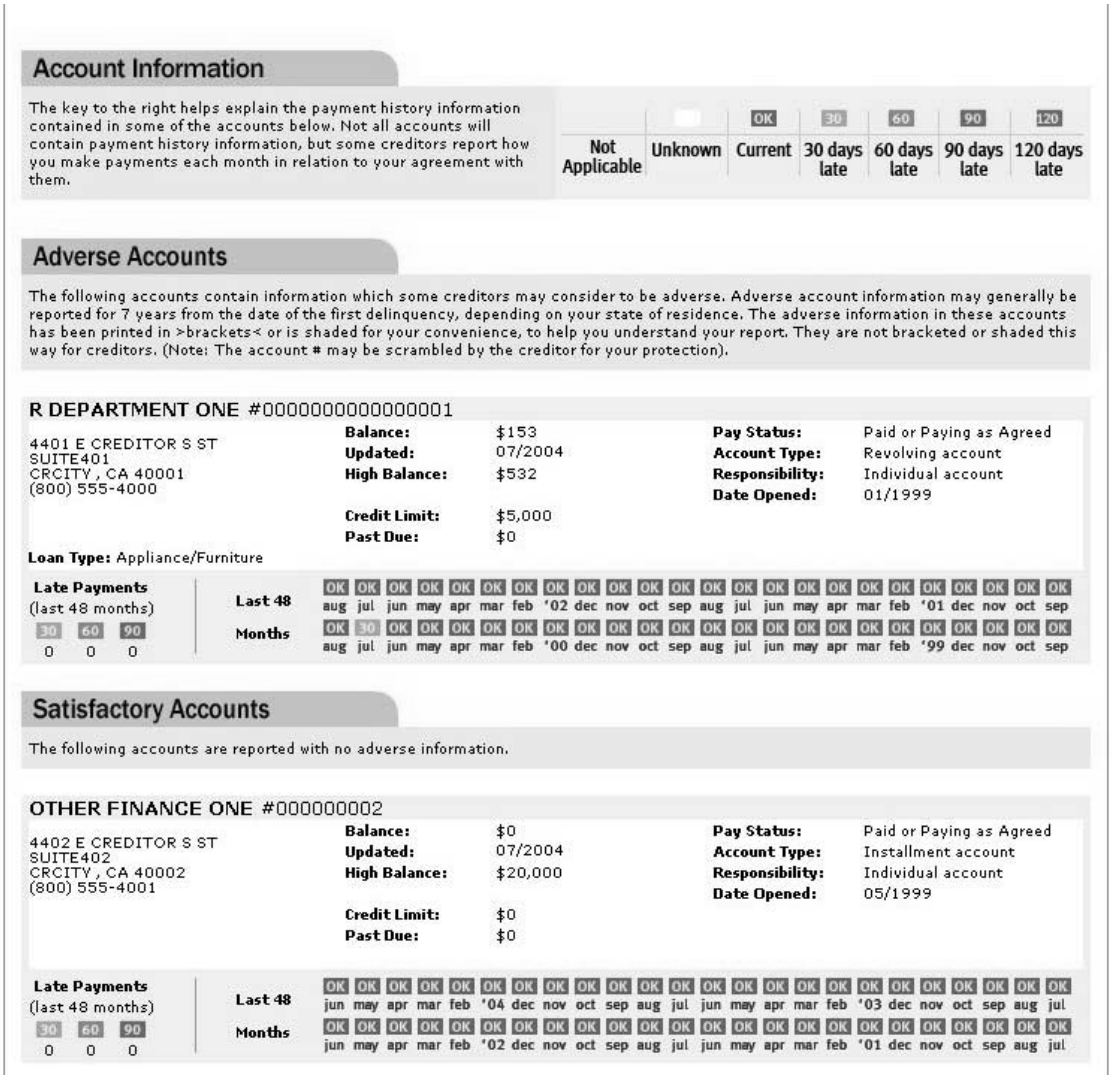
ITEMS THAT DO NOT AFFECT YOUR CREDIT SCORE

- Your education level.
- Your salary does not.
- Late payments that occurred less than 30 days past-due. Now it is true that paying a bill late is perhaps some most common way to damage your credit. What you may not know is that the bureaus do not consider a payment late and tell this 30 days are more past-due.
- Late payments on utility bills, such as gas, electric, phone, cable, or cell phone. Now if these payments are turned over to collection agency, your credit will be damaged.
- Balance checks. Now, unless the debt is turned over to a collection company, it will not affect your credit score.
- Your rent, unless you are evicted.
- Child supporter alimony obligations, as long as you pay.
- Your race, religion, nationality, gender, or marital status has no impact on your credit score.
- Your age.
- Interest charged on a credit card.
- Inquiries you make into your credit report and inquiries employers make.

How to Read TransUnion Credit Report

HOW TO READ TRANSUNION REPORT

The Trans Union Credit Report looks like this:



Account Information

The key to the right helps explain the payment history information contained in some of the accounts below. Not all accounts will contain payment history information, but some creditors report how you make payments each month in relation to your agreement with them.

Not Applicable	Unknown	OK Current	30 30 days late	60 60 days late	90 90 days late	120 120 days late

Adverse Accounts

The following accounts contain information which some creditors may consider to be adverse. Adverse account information may generally be reported for 7 years from the date of the first delinquency, depending on your state of residence. The adverse information in these accounts has been printed in >brackets< or is shaded for your convenience, to help you understand your report. They are not bracketed or shaded this way for creditors. (Note: The account # may be scrambled by the creditor for your protection).

R DEPARTMENT ONE #0000000000000001

4401 E CREDITOR S ST
SUITE401
CRCITY , CA 40001
(800) 555-4000

Balance:	$153	**Pay Status:**	Paid or Paying as Agreed
Updated:	07/2004	**Account Type:**	Revolving account
High Balance:	$532	**Responsibility:**	Individual account
		Date Opened:	01/1999
Credit Limit:	$5,000		
Past Due:	$0		

Loan Type: Appliance/Furniture

Late Payments (last 48 months)

30	60	90
0	0	0

Last 48	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
	aug	jul	jun	may	apr	mar	feb	'02	dec	nov	oct	sep	aug	jul	jun	may	apr	mar	feb	'01	dec	nov	oct	sep
Months	OK	30	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
	aug	jul	jun	may	apr	mar	feb	'00	dec	nov	oct	sep	aug	jul	jun	may	apr	mar	feb	'99	dec	nov	oct	sep

Satisfactory Accounts

The following accounts are reported with no adverse information.

OTHER FINANCE ONE #000000002

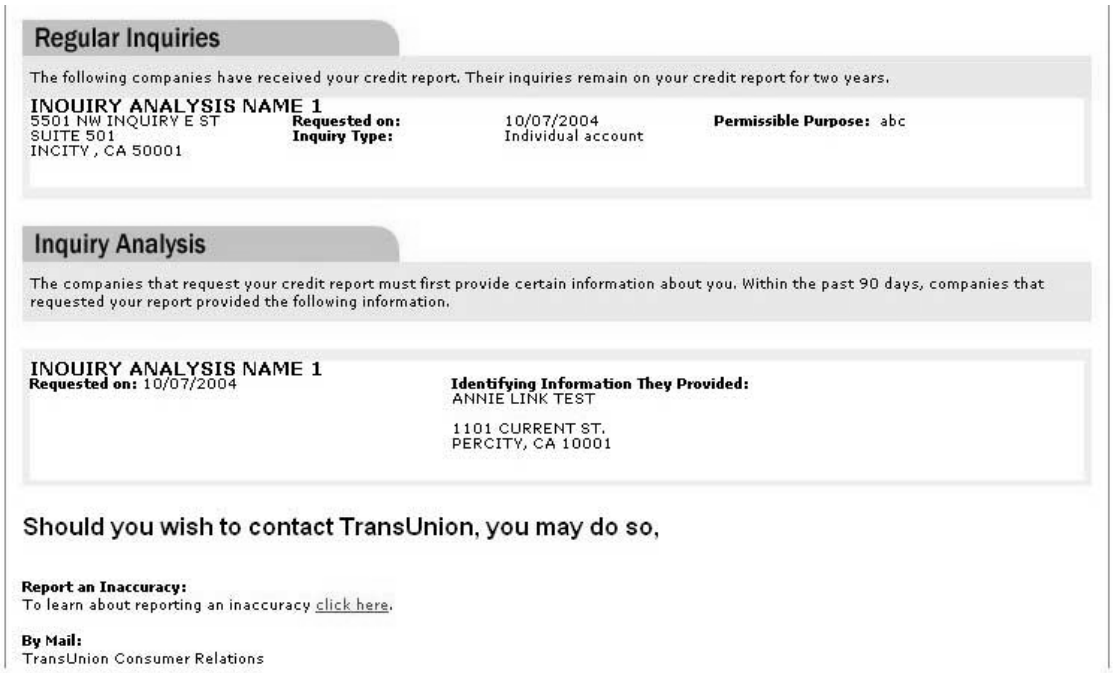
4402 E CREDITOR S ST
SUITE402
CRCITY , CA 40002
(800) 555-4001

Balance:	$0	**Pay Status:**	Paid or Paying as Agreed
Updated:	07/2004	**Account Type:**	Installment account
High Balance:	$20,000	**Responsibility:**	Individual account
		Date Opened:	05/1999
Credit Limit:	$0		
Past Due:	$0		

Late Payments (last 48 months)

30	60	90
0	0	0

Last 48	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
	jun	may	apr	mar	feb	'04	dec	nov	oct	sep	aug	jul	jun	may	apr	mar	feb	'03	dec	nov	oct	sep	aug	jul
Months	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
	jun	may	apr	mar	feb	'02	dec	nov	oct	sep	aug	jul	jun	may	apr	mar	feb	'01	dec	nov	oct	sep	aug	jul



Regular Inquiries

The following companies have received your credit report. Their inquiries remain on your credit report for two years.

INQUIRY ANALYSIS NAME 1
5501 NW INQUIRY E ST
SUITE 501
INCITY , CA 50001

Requested on: 10/07/2004
Inquiry Type: Individual account

Permissible Purpose: abc

Inquiry Analysis

The companies that request your credit report must first provide certain information about you. Within the past 90 days, companies that requested your report provided the following information.

INQUIRY ANALYSIS NAME 1
Requested on: 10/07/2004

Identifying Information They Provided:
ANNIE LINK TEST

1101 CURRENT ST.
PERCITY, CA 10001

Should you wish to contact TransUnion, you may do so,

Report an Inaccuracy:
To learn about reporting an inaccuracy click here.

By Mail:
TransUnion Consumer Relations

Personal Information

This section will detail your personal information: Name, Social Security Number (SSN), phone number, current address, current employer, date hired and position. Your SSN will be masked to protect against identity theft. The file will also indicate how long you have been in the TransUnion database.

Account Information

This is a legend to help you understand the status of each account. Status range from not applicable, unknown, current, 30 days late, 60 days late, 90 days late to 120 days late.

Adverse Accounts

Any information that may lead creditors to view you as a credit risk will be listed here. The following details will be listed: name of the creditor, their address, their phone number, your account number, account balance, highest balance on account, account limit, account status, account type and the date the account was opened. It will also indicate who bears the responsibility for resolving any claims or issues against the account.

In addition, this section will list any bankruptcies, foreclosures, judgments or liens in your credit history.

Satisfactory Accounts

Hopefully all your accounts fall into this section rather than the previous section. Every account you have listed here works towards a good FICO Score. The following details will be listed: name of the creditor, their address, their phone number, your account number, account balance, highest balance on account, account limit, account status, account type and the date the account was opened.

Regular Inquiries

Any companies that have made inquiries against your credit file and have received your credit report will be listed here. Inquiries are generated when creditors with whom, you have applied for credit lines or loans (e.g. mortgage loan or credit card application) inquire about your credit history. Some inquiries may have been originated from potential employers. The request will detail the name of the requesting company, their address, the date on which they made the request and the reason for the request. The inquiry record will remain on your credit report for two years.

Inquiry Analysis

This is a list of all companies that have requested your credit report. The request will detail the name of the requesting company, their address and the date on which they made the request.

You may also find the following credit report terms helpful:

CURR ACCT – Account is current in payments and in good standing.

CUR WAS 30-2 – Account is current was 30 days late twice.

PAID – Account has been paid off and has a $0 balance and is inactive.

CHARGEOFF – Unpaid balance on account was reported as a loss by creditor and the creditor is no longer seeking reimbursement.

COLLECT – Account is severely delinquent and assigned to collections.

FORECLOS – Property was foreclosed.

BKLIQREQ – Debt was forgiven due to Chapter 7, 11 or 13.

DELINQ 60 – Account is 60 days delinquent.

INACTIVE – Account is inactive.

HOW TO READ EQUIFAX

EQUIFAX

Equifax Credit Report™

Equifax Credit Report™ Sample

Get your Equifax Credit Report™ for just $9.50

Order Now | Give as Gift

Confirmation Number: **123456789**Credit Report for: **Stephen X. Smith** as of **02/02/2004**.

Personal Information

This credit report is available for you to view until <date>. This report will not update. If you would report as of a later date, you may order another one in the Member Center.

The following information is added to your file either when creditors enter requests to view your cr when you report it to Equifax directly. If you believe that any of this information is incorrect, pleas Dispute File Information section at the end of this report.

Name: Stephen X. Smith Jr.
Social Security Number: 123-45-6789
Age or Date of Birth: May 1, 1965
Formerly Known As:
Death Notice:

Current Address

123 Penny Lane
Anytown, PA 12345
Date Reported 01/2001

Previous Address

Former Address 1
345 Easy Street
Anytown, VA 23456
Date Reported 01/2001

Former Address 2
678 Boardwalk
Anytown, NC 23456
Date Reported 01/2001

Other Identification

Date Reported	Type Code	Identification Number	Reason
MM/YYYY	Tax ID	12-3456789	Employee ID Number

REPORT

MM/YYYY	SIN	446-68-7338	
MM/YYYY	Social Security #	344-58-7666	Variation
MM/YYYY	Social Security #	244-98-2297	Freeze

Employment History

Last Reported Employment:
Director; ACME; Atlanta, GA; Since: 01/2001; Until: 11/2004; Verified: 11/2004

Previous Employment(s):
Manager; ACME; Atlanta, GA; Since: 02/1999; Until: 01/2001; Verified: 01/2001
Associate; ACME; Atlanta, GA; Since: 03/1998; Until: 02/1999; Verified: 01/1999

Alert(s)

File Blocked For Promotional Purposes

ID Theft Victim - Information Blocked Due To Police Or DMV Report

Security Freeze In Place

Fraud Alert

Expiration Date:	Date Reported:
Address:	Phone:
Phone:	Phone:
Comments:	

Active Duty Alert

Expiration Date:	Date Reported:
Address:	Phone:
Phone:	Phone:
Comments:	

Consumer Statement

The following Consumer Statement was added on 09/1999 and will expire on 09/2006:

Personal Information

This section will detail your personal information: Name, Social Security Number (SSN), date of birth, any former names, death notice information, current address, previous addresses, any other identification numbers that you may have, current employer and previous employers.

Account Information Summary

You'll find a list of all your accounts here. Additional information will include account type, account number, date account was opened, account balance, any past due amount, account status and credit limit.

Inquiries

Any inquiries against your credit file will be listed in this section. This section is divided into two subcategories: (a) Inquiries that display to companies and may impact your credit score. (b) Inquiries that do not display to companies and do not impact your credit score.

Collections

Any accounts that have gone to collections will be listed here along with the name of the creditor, date reported, creditor type, your account number, original amount, dates of delinquency, outstanding balance and status information.

Public Records

Bankruptcies, liens or judgments information from federal, state or county court records will be listed here. Each public record will indicate the type of record, case number, amount in default and any relevant information associated with that particular case.

You may also find the following credit report terms helpful:

CURR ACCT – Account is current in payments and in good standing.

CUR WAS 30-2 – Account is current was 30 days late twice.

PAID – Account has been paid off and has a $0 balance and is inactive.

CHARGEOFF – Unpaid balance on account was reported as a loss by creditor and the creditor is no longer seeking reimbursement.

COLLECT – Account is severely delinquent and assigned to collections.

FORECLOS – Property was foreclosed.

BKLIQREQ – Debt was forgiven due to Chapter 7, 11 or 13.

DELINQ 60 – Account is 60 days delinquent.

INACTIVE – Account is inactive.

EXPERIAN CREDIT REPORT

Sample Credit Report

Page 1 of 4

Sample Credit Report

Page 1 of 4

experian®

Online Personal Credit Report from Experian for

Experian credit report prepared for
JOHN Q CONSUMER
Your report number is
1562064065 1
Report date:
01/24/2005

Index:
- Potentially negative items
- Accounts in good standing
- Requests for your credit history
- Personal information
- Important message from Experian
- Contact us

2

Experian collects and organizes information about you and your credit history from public records, your creditors and other reliable sources. Experian makes your credit history available to your current and prospective creditors, employers and others as allowed by law, which can expedite your ability to obtain credit and can make offers of credit available to you. We do not grant or deny credit; each credit grantor makes that decision based on its own guidelines.

Potentially Negative Items 3

back to top

Public Records

Credit grantors may carefully review the items listed below when they check your credit history. Please note that the account information connected with some public records, such as bankruptcy, also may appear with your credit items listed later in this report.

MAIN COUNTY CLERK

Address:
123 MAINTOWN S
BUFFALO , NY 10000

Identification Number:
1

Plaintiff:
ANY COMMISSIONER O.

Status:
Civil claim paid.

Status Details:
This item was verified and updated on 06-2001.

Date Filed:
10/15/2000

Claim Amount:
$200

Date Resolved:
01/04/2001

Liability Amount:
NA

Responsibility:
INDIVIDUAL

Credit Items

For your protection, the last few digits of your account numbers do not display.

ABCD BANKS

Address:
100 CENTER RD
BUFFALO, NY 10000
(555) 555-5555

Account Number:
1000000....

Status: Paid/Past due 60 days. 4

Date Opened:
10/1997

Type:
Installment

Credit Limit/Original Amount:
$523

Reported Since:
11/1997

Terms:
12 Months

High Balance:
NA

Date of Status:
01/1999

Monthly Payment:
$0

Recent Balance:
$0 as of 01/1999

Recent Payment:
$0

Last Reported:
01/1999

Responsibility:
Individual

Account History:
60 days as of 12-1998
30 days as of 11-1998

Report number:

You will need your report number to contact Experian online, by phone or by mail.

Index:

Navigate through the sections of your credit report using these links.

Potentially negative items:

Items that creditors may view less favorably. It includes the creditor's name and address, your account number (shortened for security), account status, type and terms of the account and any other information reported to Experian by the creditor. Also includes any bankruptcy, lien and judgment information obtained directly from the courts.

Status:

Indicates the current status of the account.

If you believe information in your report is inaccurate, you can dispute that item quickly, effectively and cost free by using Experian's online dispute service located at:

www.experian.com/disputes

Disputing online is the fastest way to address any concern you may have about the information in your credit report.

HOW TO READ EXPERIAN CREDIT REPORT

Personal Header Information

This section lists your full name, report number and report date. You will need to reference the report number, if you wish to contact Experian regarding your credit report.

Potentially Negative Information

Any information that may lead creditors to view you as a credit risk will be listed here. The following details will be listed: the name of the creditor, their address, your account number, account status, claim filed date, claim amount, claim resolved date and who bears the responsibility of resolving any claims or issues against the account.

In addition, this section will list any bankruptcies, foreclosures, judgments or liens in your credit history.

Credit Items

Here you will find all the credit accounts that you have or have had in the past. It will list the name of the creditor, their address, your account number, the type of account, the status of the account (e.g. paid or past due), the date on which the account was opened, the credit limit, payment terms (e.g. 12 months/year), monthly payments, recent balance and recent payment.

You will see a summary “credit history” for each of your accounts. The summary will indicate, whether the account has been to collections or was delinquent. In cases, where you are disputing items against the account, you will see a note indicating your dispute status.

Accounts in Good Standing

This is the good part. Every account you have listed here works towards a good FICO Score. You will find the name of the account creditor, their address, your account number, the type of account, the status of the account, the date on which the account

was opened, the credit limit, payment terms (e.g. 12 months/year), monthly payments, recent balance and recent payment.

Requests for your Credit History

In addition, this section will list any bankruptcies, foreclosures, judgments or liens in your credit history.

Any inquiries against your credit file will be listed in this section. This section is divided into two subcategories: (a) Requests Viewed by Others (b) Request Viewed by You.

Personal Information

This section will detail your personal information. “Names” will reflect all variations of your name (e.g. Sam J.Doe, Samuel J. Doe, S.J.Doe). Additional information will inclue your date of birth, social security number, current address, previous address, phone number, current employer and any personal statements that you have made to Experian regarding your credit report.

Note: By law, Experian cannot disclose medical information; therefore any accounts of the medical nature will be listed as “Medical Payment Data”.

You may also find the following credit report terms helpful:

CURR ACCT – Account is current in payments and in good standing.

CUR WAS 30-2 – Account is current was 30 days late twice.

PAID – Account has been paid off and has a $0 balance and is inactive.

CHARGEOFF – Unpaid balance on account was reported as a loss by creditor and the creditor is no longer seeking reimbursement.

COLLECT – Account is severely delinquent and assigned to collections.

FORECLOS – Property was foreclosed.

BKLIQREQ – Debt was forgiven due to Chapter 7, 11 or 13.

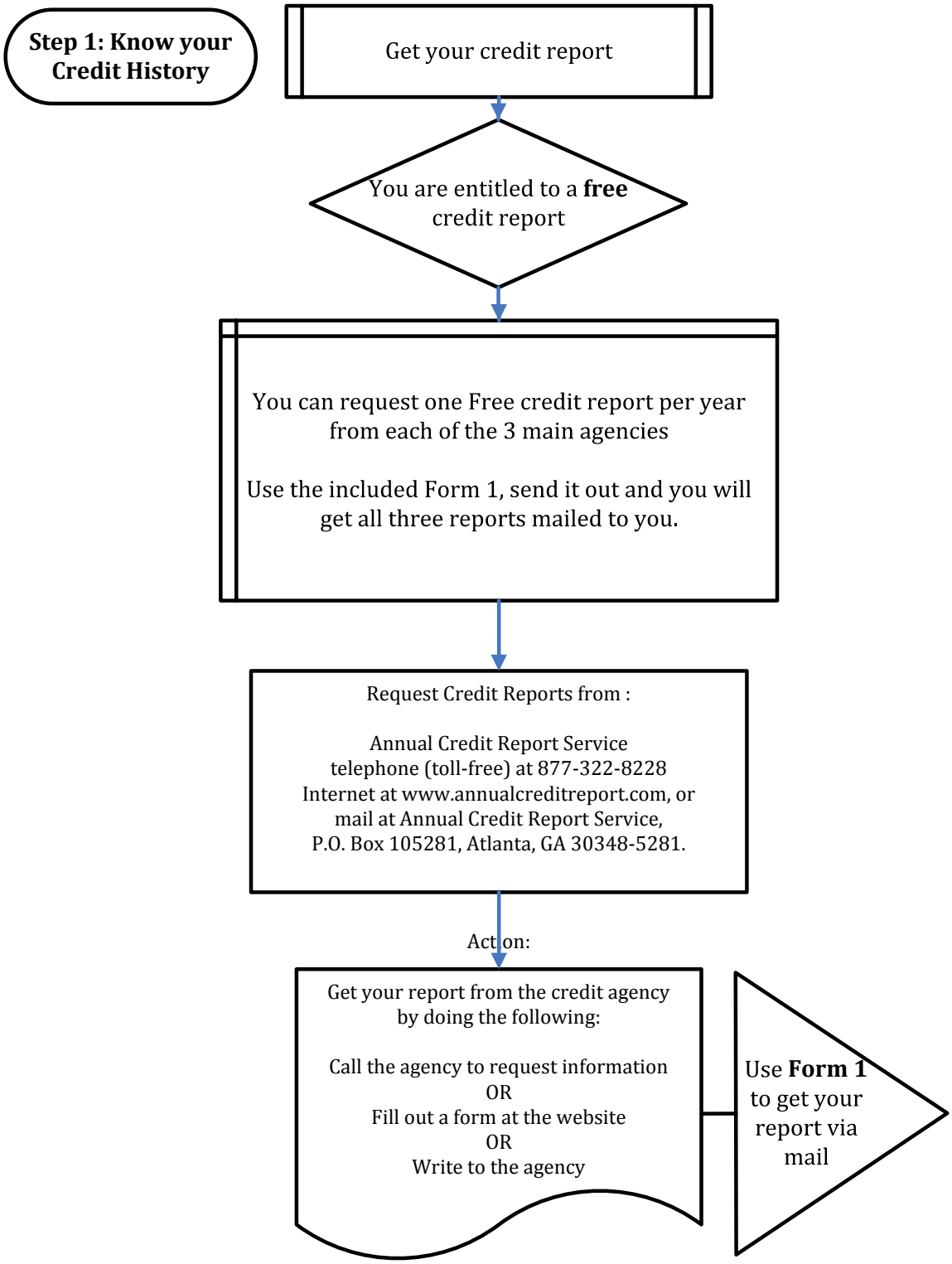
DELINQ 60 – Account is 60 days delinquent.

INACTIVE – Account is inactive. Does your family have special objects that have been passed down through generations? Are you collecting special objects that you want to give to your family members someday? Describe each item, where it came from, and who it is going to. Replace this paragraph with an introduction for the section, or delete it.

A P P E N D I X B

CHARTS

Use these charts to help you follow the steps of credit repair.


Step 1: Know your Credit History
Get your credit report
You are entitled to a **free** credit report
You can request one Free credit report per year from each of the 3 main agencies
Use the included Form 1, send it out and you will get all three reports mailed to you.
Request Credit Reports from :
Annual Credit Report Service
telephone (toll-free) at 877-322-8228
Internet at www.annualcreditreport.com, or
mail at Annual Credit Report Service,
P.O. Box 105281, Atlanta, GA 30348-5281.
Action:
Get your report from the credit agency by doing the following:
Call the agency to request information
OR
Fill out a form at the website
OR
Write to the agency
Use **Form 1** to get your report via mail

Step 1: Know your Credit History (continued)

Get your credit report

If the following apply to you:

- If you have been denied credit because of information in your credit report;
- you are the victim of identify theft and place a fraud alert in your file;
- your file contains inaccurate information as a result of fraud;
- you are on public assistance;
- you are unemployed but expect to apply for a job within 60 days.

You are entitled to a free Credit report from each of the major credit agencies

Action:

Get your report from each of the credit agencies by doing the following:

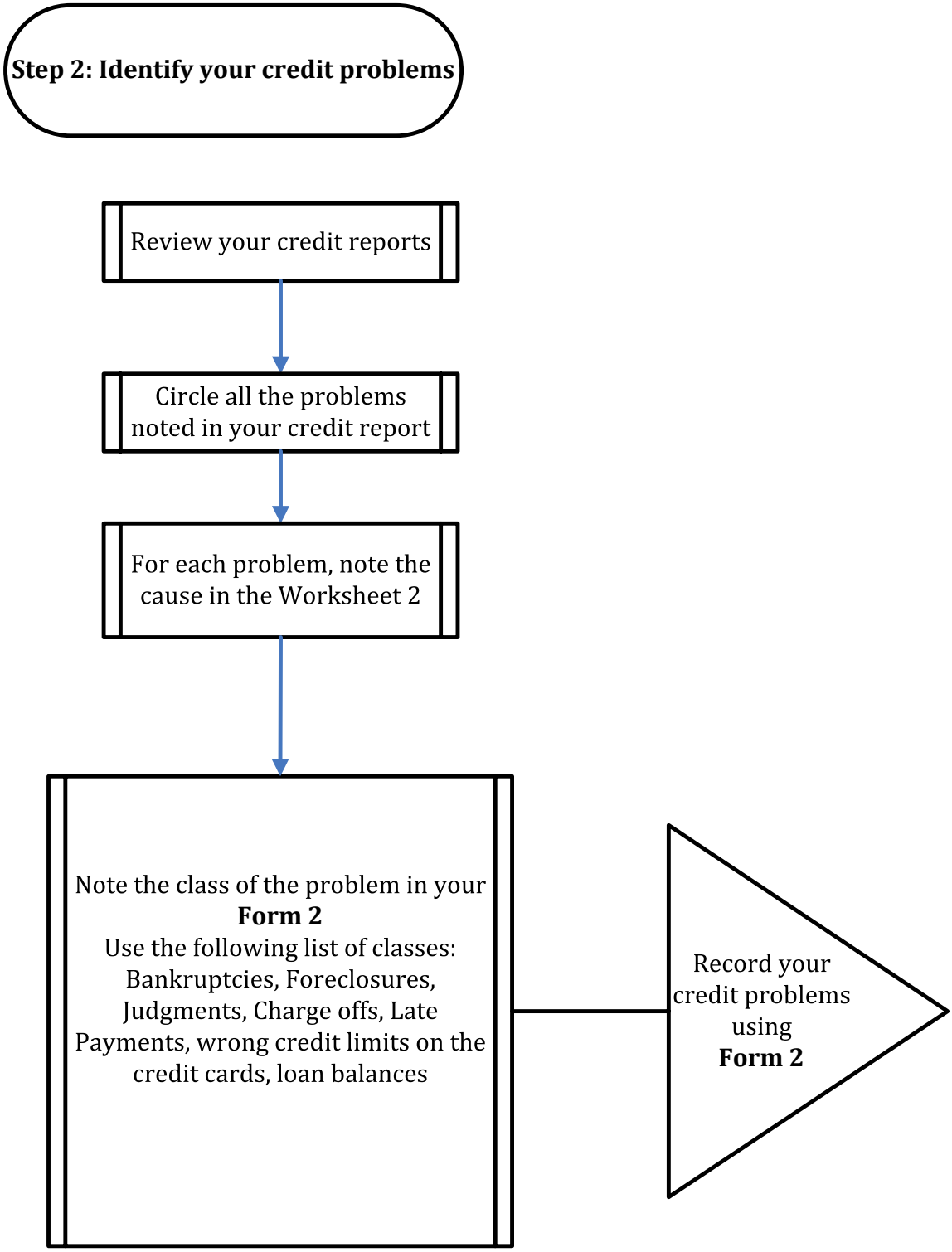
Call the agency to request information
OR
Fill out a form at the website
OR
Write to the agency

Use **Form 1 a, b, c** to get your report via mail

Equifax
P.O. Box 740241
Atlanta, GA 30374
800-525-6285
www.equifax.com

Experian
National Consumers Assistance Center
P.O. Box 2104
Allen, TX 75013-2104
888-397-3742
www.experian.com

TransUnion
Consumer Disclosure Center
P.O. Box 2000
Chester, PA 19022
800-916-8800
www.tuc.com


Step 2: Identify your credit problems
Review your credit reports
Circle all the problems noted in your credit report
For each problem, note the cause in the Worksheet 2
Note the class of the problem in your **Form 2**
Use the following list of classes: Bankruptcies, Foreclosures, Judgments, Charge offs, Late Payments, wrong credit limits on the credit cards, loan balances
Record your credit problems using **Form 2**

Step 3: Classify your credit problems

1. Target & Pick Your Fights

Decide which items to target first using the list provided.

Bankruptcy;
Foreclosure;
Repossession;
Loan default;
Court judgments;
Collections;
Late payments (60+ days late);
Past due payments (less than 60 days late);
Credit limits
Credit Inquiries

Accounts that were once past due, but are now completely paid off are easier to remove

YOUR RIGHTS

You are allowed to challenge the accuracy of your credit report at any time.

o The credit bureau must "reinvestigate" anything you challenge.

o The credit bureau must reinvestigate the disputed information within 30 days. The time period begins when the bureau receives notice of dispute from the consumer.

o If the credit bureau cannot confirm the negative information or finds any error, it must promptly delete that erroneous information from its files.

o If the bureau cannot or does not confirm the information you have challenged within a reasonable time period, it also must delete that information from your files.

Step 3: Classify your credit problems

1. Target & Pick Your Fights

Decide which items to target first using the list provided.

- Request Corrections and Dispute Questionable Items
- Ask for verification of the items on your report
- Make additions to your credit reports
- Use the included forms to write to the Credit Agencies

3. Late payments

One of the most common type of problems is late payments

- Is the timing (months and years etc) for any late correct? If you are not sure, have them verify them.
- Is the amount owed in the late payment correct?
- Is your credit limit listed correctly?

All of these items can be and need to be disputed.

Types of Credit and
how much they affect your Credit Score

An overall score called the FICO score is calculated based on the following categories:

Type of credit used = 10%
Credit history = 35%
Amount owed currently = 30%
Length of credit history = 15%
New credit obtained = 10%

4. Judgments, Bankruptcies

Is all the information accurate? Are the accounts that were discharged still on the report and are duplicated? If so have them removed.

Step 3: Record your credit problems

Form 2: Credit Problem Worksheet

Item number	Creditor	Problem	Reason for Problem

Sample worksheet

Item number	Creditor	Problem	Reason for Problem
1		Late payment	Problem with mail forwarding
2		Inaccurate information	Wrong credit card listed

Step 5: Dispute your Credit Issues

For each negative mark in your credit report that is incorrect, send a letter of dispute to the credit bureau

Credit bureaus must investigate every dispute, and get back to you in 30 days

Very often, credit bureaus will remove a negative mark simply because it is too much hassle to investigate or the information is too old. **But you must dispute the information to have it removed**.

1. Refer to your Worksheet
2. Write a dispute letter for every problem on your report using the forms in the book or CD [Forms 2-4]

Remember: To have credit problems removed, you must dispute them with the credit agency

The law is on your side.

The credit reporting agencies are required by law to investigate any credit issue that you bring to their attention

They are required to respond to you within 30 days of receiving your letter

If they do not investigate, or fail to confirm the bad mark on your report with the creditor -
They must remove the disputed item from your credit history

Step 5: Dispute your Credit Issues (continued)

1. Inaccuracies and Incomplete information

All inaccuracies in your credit report must be corrected.

- 1. Use Form 6 to dispute Inaccurate information: in your credit report such as name, prior addresses etc.
- 2. If there are active credit cards that you do not have, or did not apply for, use Form 8 to let the credit agency know
- Is the credit limit listed correctly for your cards? If not, use the Form 9 to write to the Credit Agency and also call the credit card company to have them report it.

2. Credit Inquiries

Look for credit inquiries in your report, that are being shared by other creditors. Too many credit checks can affect your credit

- 1. Look at credit checks from credit card agencies. If you did not authorize these (for example,there is a credit check for a “pre-approved” credit card that you did not apply for), you must dispute the credit check using form BD03

Step 5: Dispute your Credit Issues (continued)

3. Late payments

Late payments have an important effect on your credit rating
You must pay all your debts for your credit rating to be restored

Late payments will fall into one of the following categories:

Next Action:

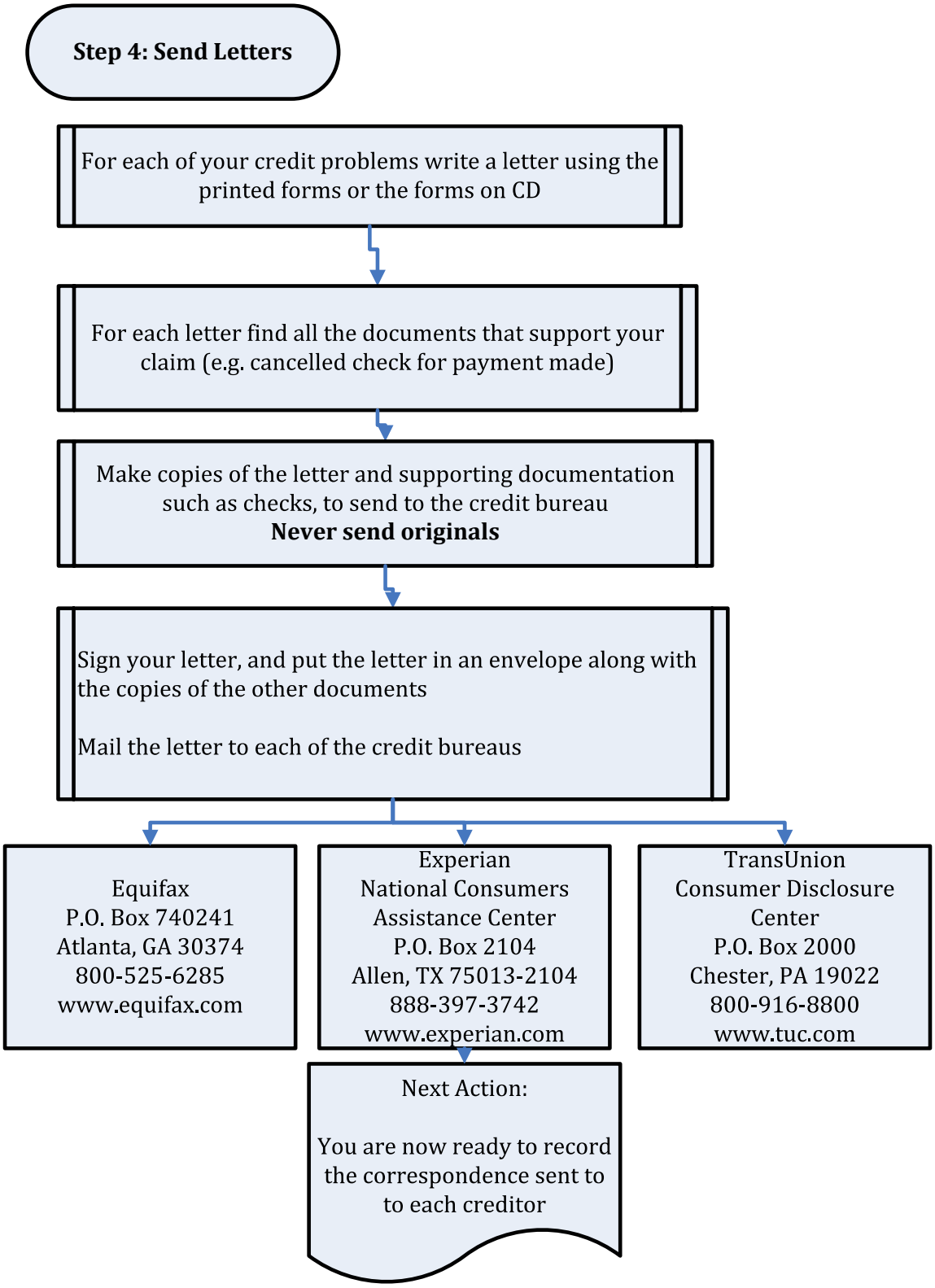
You are now ready record your dispute process and start sending out your letters

1. A payment that was made on time but shows as being late
Send the Form 6 to correct the information

2. A payment that shows up as a charge-off that you indeed later paid. Charge-offs result when creditors believe they will not get paid. Paying off this will help your score ONLY IF the creditor deletes the information. DO NOT PAY OFF amounts without getting that in writing. Just Paying it off would actually hurt your score.

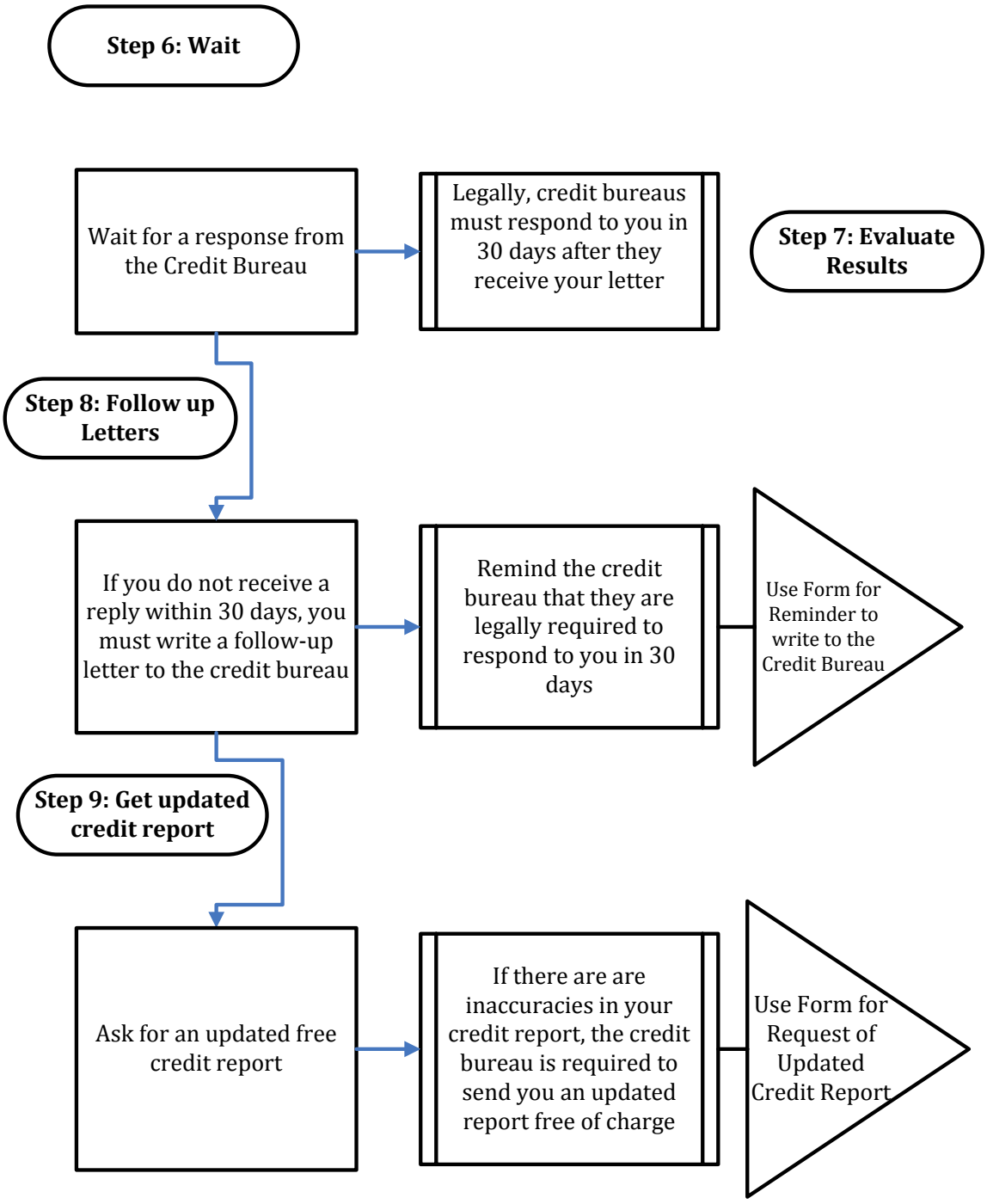
3. A payment that you currently owe and you have not paid. A delinquent account looks bad on your credit report. You must pay the creditor. If you are not able to, do the following:

A. Call up the creditor and work out a repayment schedule with them that you can afford.
B. Put the agreement in writing
C. Agree on a term, say 3 months of on-time payments after which the creditor will call the credit bureau and remove the delinquent mark from your records
D. Send a copy of the agreement to the credit bureaus that have the negative report
E. After the agreed upon time, call the creditor to make sure they have contacted the credit bureaus to remove your negative report


Step 4: Send Letters
For each of your credit problems write a letter using the printed forms or the forms on CD
For each letter find all the documents that support your claim (e.g. cancelled check for payment made)
Make copies of the letter and supporting documentation such as checks, to send to the credit bureau
Never send originals
Sign your letter, and put the letter in an envelope along with the copies of the other documents
Mail the letter to each of the credit bureaus
Equifax
P.O. Box 740241
Atlanta, GA 30374
800-525-6285
www.equifax.com
Experian
National Consumers
Assistance Center
P.O. Box 2104
Allen, TX 75013-2104
888-397-3742
www.experian.com
TransUnion
Consumer Disclosure
Center
P.O. Box 2000
Chester, PA 19022
800-916-8800
www.tuc.com
Next Action:
You are now ready to record the correspondence sent to to each creditor

Fom &: Credit Follow-up Worksheet

Item #	Creditor	Date dispute letter sent	Documents sent to Creditor/ Bureau	Documents sent	Date dispute letter sent	Date reply received	Status of dispute


Step 6: Wait
Wait for a response from the Credit Bureau
Legally, credit bureaus must respond to you in 30 days after they receive your letter
Step 7: Evaluate Results
Step 8: Follow up Letters
If you do not receive a reply within 30 days, you must write a follow-up letter to the credit bureau
Remind the credit bureau that they are legally required to respond to you in 30 days
Use Form for Reminder to write to the Credit Bureau
Step 9: Get updated credit report
Ask for an updated free credit report
If there are are inaccuracies in your credit report, the credit bureau is required to send you an updated report free of charge
Use Form for Request of Updated Credit Report

Step 9: Contact Creditors Add Accounts

Contact your Creditors and ask for "goodwill" negative item deletion

If the account is current, they probably will remove some late items

Contact the Credit Agencies with the changes

Add positive accounts that have not been listed to boost you score.

Compare the entries in three credit reports, make sure that all of them contain all positive accounts

It is time to fight the bad with the good. If you have accounts which are in good standing but do now show up in the credit report, write a letter asking that they be included in your credit history

Be very sure that all payments have been made on time before you ask to have the account information included

Use the form for including accounts with good credit

Step 10: Repeat

Identify which issues have still not been resolved and repeat the process of writing letters

Remember that repairing your credit history requires time and patience

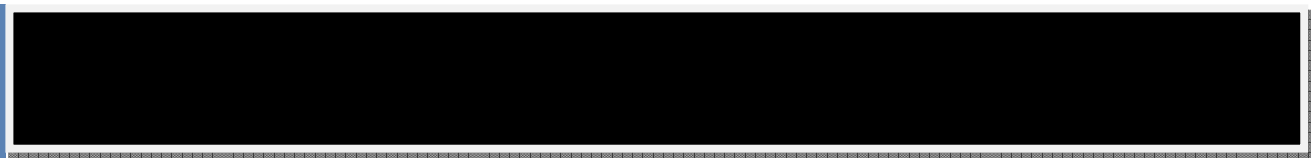
Repeat the process of writing letters for unresolved issues

APPENDIX C

FORMS

FORMS

The following forms are included in this package. We have also included extra copies of these forms in a folder and the forms are also available on the CD that is supplied with the package.

Form	Title	Usage
Form 1A	Request for **Fee** Credit Report	Use this form when requesting a free annual credit report from the credit agencies.
Form 1B	Request for Credit Report	Use this form when requesting additional copies of the credit report from the credit agencies.
Form 1C	Request for Reasons for Credit Denial	Use this form when you are denied credit based on a report from one of the credit agency.
Form 2	Form to list negative items on the credit report	Use this form to list all the negative items in your credit report
Form 3	Complaint Letter to Delete Inaccurate Information	First letter to the credit agencies to delete inaccurate information
Form 4	Request for Removal of Outdated Information	Use this form to delete old and outdated negative information from your credit report
Form 5	Request for Removal of Outdated Information - collections	Use this form to delete outdated information from the credit report and also remove related collection items in the credit report
Form 6	Reminder to Respond	Use this form to remind the credit agency to respond
[redacted]	[redacted]	[redacted]onses to [redacted]t

Form 8	Addition of Consumer Statement	Use this form to add 100 word statement to your report (we generally recommend that you do not add any statement to the report)
Form 9	Request For Addition of Supplementary Credit References	Use this form to add additional accounts to your report
Form 10	Credit Bureau Verification Procedure Request	Use this form when a credit agency responds that the inquiry about a particular item has been verified.
Form 11	Disputing reinsertion of deleted credit information	Use this form if an item was deleted from your credit report and later returned
Form 12	Request for validating debt from the collection agency	Use this form when there is a collection account in your report. Send directly to the collection agency.
Form 13	Goodwill Letter to the creditor	A letter to request that a creditor remove certain negative items from your report as a goodwill gesture to you.
Form 14	Complaint letter to the Creditor for not notifying you of insertion of negative information	Use this form when there is negative item from a creditor and you did not expect it there and you did not receive a warning from them.
Form 15	Requesting removal of an inquiry	Use this form to remove inquiries from the report that you did not make or did not authorize to be made.
Form 16	Request for Husband and Wife File Separation	Use this form to keep the husband and wife's credit report separate