



Your Free Guide To Building A Healthier Credit Life

Courtesy of: Credit Doctor

WE WANT TO HELP YOU UNDERSTAND CREDIT REPORTING

In case you were not aware, everything in today's world is based off your credit report. Things such as getting a mortgage, a car loan, a credit card, a bank loan, or even an apartment lease to other things as small as getting a cell phone and in some cases even employers will look at your credit report when deciding to give you a job!

"Have you ever paid off a credit card or loan only to apply later in life for a new loan that that credit item still has a balance?" - Mistakes like these plague your credit report and can do some real damage to your credit score!

We can help you learn about and understand your credit better than the competition! We specialize in taking the time to helping individuals and couples review their credit to see how it can be improved.

If you do not fully understand your credit, or the credit laws, then you may not be utilizing your consumer rights granted to you under the United States Federal Trade Commission Fair Credit Reporting Act.

Many times we can take a look at your credit report and review what's wrong with it, then we work with you using our past experience, the current consumer credit laws to get rid of the erroneous information quickly. No need to lose precious time waiting for old credit items to "fall off" in 7 to 10 years, or the need to learn all pages of the law.

We educate you so you don't let the same errors reappear again. We help you uncover find mistakes on your credit reports and get them updated quickly through an automated process so you can get your credit scores to reflect your true rating.

Don't be the victim of your creditors reporting errors and mistakes. Under the current laws they are allowed to report information on you, however, it is not always accurate. The laws provide you the ability to dispute inaccurate items, but if you don't know what to look for, or how to dispute it properly, you are letting the mishaps of your creditors (and sometimes creditors you mistaking put your name on their account) affect your mortgage and loan interest rates, the amount of money you can borrow, the places where you can live, and sometimes, even the job you can get!

It's time you learn to take back control of your credit, educate yourself and fight back against creditors who may have taken advantage of you simply because you let them.

**We can help you educate you regardless of the condition of your credit!
It's time you start to help yourself!**



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Where to Get Your Free Credit Report

As of September 1, 2005 All states can obtain a free credit report.

This isn't as easy as you think, but then again, why would a business want to make it easy for them to do more work?

You should be able to just go to the credit bureau's web site to order a free report, but that's easier said than done. There are caveats.

Experian:

If you enroll in their "Credit Manager" program at www.Experian.com, you can get a free report. However, there is an expense associated with this "free" report. After the 30-day trial period, you'll get your "free" report, you will be automatically billed \$9.95 to your credit card for their "Credit Manager" program. To avoid being charged, You can cancel the service in time, but come on, who really pays that close attention to the calendar to do that? Free should be free!

Trans Union:

When you order a "3-in-1" credit report for \$30, they will send you a "free" credit score.

Equifax:

Same as the other, buy something first, get something free.

Don't get your hopes down yet....The Federal Trade Commission came through...

The Federal Trade Commission finally got it right and put some new regulations into effect. They set up a website for consumers to request their free credit report. It's

www.AnnualCreditReport.com

The good news is you can also call 1-877-322-8228 or write to P.O. Box 105281, Atlanta, Georgia, 30348-5281.

Now that's much Better. Simple, and Easy to understand as well as Easy to do. BUT- there's one more caveat—although you do get your Truly 'free' annual credit report, you won't get your credit score. A report is a report, as score is something completely else. The score is that perfect little number banks like to use to avoid actually looking at your credit and making a human decision. You'll have to pay about \$10 an agency for that. But even without a score, you can at least tutor yourself into learning if your report is correct and accurate as well as learn how to live in this credit driven world. The facts are the facts and you can't change those, but you can play the game better if you know the rules!



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What is a Credit Report?

Whenever you apply for any type of credit or financing, a credit report is pulled from at least one of the three major credit bureaus. While there are hundreds of smaller credit bureaus around the country, virtually every credit bureau is affiliated with either Experian, Trans Union, or Equifax. These credit bureaus collect and maintain information on the vast majority of Americans, but they are not affiliated with the government in any way. The credit bureaus are for-profit corporations and they sell your personal information for money.

The credit bureaus receive your personal information through the same lenders who grant you credit. They have agreements with each of these credit grantors that require the credit grantor to inform the credit bureaus of everything that occurs in your relationship with the credit grantor. If you make a payment late, the negative credit listing is quickly reported to at least one of the three major credit bureaus and is added to your credit history.

Credit reports are not just a record of how you are currently managing your credit accounts. Credit reports are histories of everything you are doing with your credit now, and everything you have done in the past. The credit bureaus collect this information, list it on your credit report, and then sell it to other credit grantors who wish to see your credit history before they decide to lend you money. The credit grantors who review your credit are especially interested in any negative credit. If you have shown any tendency to pay late, or to disregard your financial commitments in the past, then the creditors' computers will immediately reject your application. Just like when you were in grade school, your credit report is your financial report card to the world.

Who controls my Credit Score?

The 3 national bureaus are 3 companies (that means they make profit in exchange for service/goods). They are not here for your good. They are companies looking to get paid. However, the Federal Trade Commission (a.k.a. "FTC") created the FCRA (or Federal Credit Reporting Act) which regulated how the bureaus operate and the rules they are held to.

The 3 major companies are Trans Union, Experian, and Equifax. Your credit score comes from a company who made judging cards (approximately 10 of them, may more now as credit has progressed) to rate you compared to other Americans. The Fair, Isaac & Company took 1 million records from all the bureaus and started sorting them to find trends. The model became well known as the "FICO" model and is used by the bureaus. Think of it as a bell curve (small percentage doing extremely perfect or extremely awful, most of the numbers fall in the middle)

Creditors will likely use this score to evaluate your credit rather than actually thumbing through your report and looking at the actual detail. (this was the common trend, now practically everyone is just a Number. So make sure your number is accurate!). Creditors generally look for a score of 620 or more for most purposes. A score higher than 680 opens more doors and can often give you lower rates & larger purchases. Creditors make the rule for what score they fell comfortable with, and the FICO scores determine that score based on your history. So where do you fit in the picture? By having good credit history and looking for all the mistakes the bureaus make. An error by the bureau lowers your score, the Lender/Creditor does not review your report for accuracy (even if you have proof) it is all based on scores these days. (the score is supposed to take the review work away from creditors to make their job easier.) So what things make up your score?... it is largely based on the following factors...(next)

Payment history accounts for 35% of your total credit score (so far we are at 35% of 100%)

We all know it. If you miss a payment, it shows on your credit. The problem is, this is one of the things scrutinized closest. This is the largest factor determined on your credit score. The number of unpaid bills you have, any collection accounts, or bankruptcies etc...impacts your score. And the worst part is the more recent the problem (in comparison to when the report was pulled by a creditor to issue credit), the lower your score might go.

The credit model's main focus for score



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In fact, even something as significant as a 30 day late payment can have a tremendous negative impact on your score if it occurred within the last few months.

Things to really watch out for are repeat late payments. If you have a late payment from 5 years ago, and another one from 1 year ago, it's possible that the FICO scoring might predict that you will have a late payment again since you now have a history of it.

One simple analogy that most people can relate to is car insurance. If you get in an accident 5 years ago and again recently, then we all know your insurance rates go up. They go up because you are a higher risk in that you have a repeated pattern of accidents. So make your payments on time if you have had late payments in the past, otherwise, they might be even more damaging than if it was just your first late payment ever.

Outstanding Debt accounts for 30% of your total credit score (so far we are at 65% of 100%)

The scoring models look at the balances on your credit to rate you. Since this makes up 30% of the score, that means pay attention to your balances! A good rule of thumb is keep cards below 35% of their limit. Here is a guideline you can keep mental note of when arranging your bills:

Installment Loans (i.e. Mortgages, Car Loans/leases, students loans, etc) - balance is not the major issue since these accounts have a pay off period. However, if you are late on an installment note, your credit may be impacted negatively.

Revolving accounts (i.e. Credit Cards, store cards, etc...) have revolving terms, so they get analyzed based on balance. Compare your balance to the card limit:

- higher than limit = Ultimate Bad- (probably means you have late fees, or you charge over your limit.)
- 75% to limit= Not good -(indicates you carry high balances)
- 50%-75% = this can still impact you negatively in some cases. (There is a phrase we've heard "When it's more than 50% it's a debt; below that it's only 'extended credit')
- 33% to 40% = getting better. The # of cards like this is your primary focus. Still try to lower the balance
- below 25% of limit= best scenario you can have!
- 0% balance = good, but not that good (surprised?!) Well, if you don't use credit, how can they score you? The unproven theory is, "That you could potentially charge up all your cards at once". A history of only using low amounts is better than no history of how much you use....and since Zero can't be judged...try using your card to buy gas or food and pay it off. During a credit pull, a balance of \$200 with a card that has a \$1,000 limit is very good! (assuming you have no late payments of course!)

The Length of time your credit history has existed for accounts for another 15% of your total credit score (so far we are at 80% of 100%)

Starting from the date your credit is pulled and going back from there, you are assessed based on the time you have had credit open. The more time of using credit, the better. A longer track record gives insight to your credit habits.

Also, the length of time you have been paying creditors back gives the scoring system the chance to figure out if you have been paying all long or not. Someone with new credit (less than 5 years) might not have enough payment history to give an accurate gauge of how much credit they can handle. Someone with a longer credit history has demonstrated the amount of credit they keep open and the balances they keep.



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Recent inquiries account for only 10% of your score. (now we are at 90% of 100%)

When you apply for credit such as a car loan, credit card, mortgage, etc... a bureau inquiry is made and this is noted on your report. Many inquiries negatively affect your score as it seems you are applying for more debt. The most recent 30 days is the most important when applying for a mortgage, but the most recent 6 months can still impact you greatly. If you are planning on getting a mortgage, watch the number of credit inquiries you do!

The credit bureaus understand that people shop around for the best mortgage rate and need to have their credit pulled by a lender. So having your credit pulled multiple times by different lenders does impact you as long as all the pulls are within a couple weeks of each other.

Now there is a downside to that, if you apply for other credit like credit cards, department store cards, student loans, car loans, etc...during that time, then beware your score could drop significantly! So if you plan on buying the new house & the new car at the same time....our best advise is to WAIT UNTIL AFTER YOU CLOSE on the mortgage before buying a new car and applying for new credit cards. You should also keep in mind that having 3-4 inquiries that you apply for per year for a credit history less than 5 years is a safe average, if you have 5 to 10+ years of credit history, you can probably have closer to 7 or 8 inquiries that you apply for. Have more than that can drop the score by more and more points.

Types of credit in use (10%). (That's it-- these five things make up 100% of credit scores)

How many trade lines (loans and credit cards) you have open. Even ones without balances on them. The more you have, the higher the risk. Some news that might be shocking to you is that not all credit cards are looked at equally. Having loans from finance companies or department stores can detract from your score. The flashy buy now for 0% interest and no payments for a year is usually the best giveaway that the card falls into the classification of department store card. Even though unbelievable, statistics have shown that people with department store cards and Finance company loans and cards have the trend of making more late payments than people with a standard credit card from Visa, MasterCard, American Express, Discover, etc...).

However shocking this may sound, if you one of these cards, and a low score, this may be the culprit. You should do more research to find out if your credit card is a Tier 1, Tier 2, or Tier 3 card, where Tier 1 is the best and Tier 3 is the worst.

examples of finance companies are: Beneficial Finance, Household Bank, American General, etc.

Examples of department store cards range from furniture store cards, to popular shopping mall department store cards. Even home improvement store cards are considered department stores cards.

According to the Public Interest Research Group Study

Of the credit reports surveyed, 29% contained serious errors that could result in the denial of credit, 70% contained mistakes or errors of some kind, 41% contained incorrect personal demographic identifying information, 20% were missing major credit cards, loans, mortgages, or other accounts that are critical to demonstrating consumer credit worthiness.



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When reviewing your free, yet "not-so-easy" to read credit report, you want to look for these types of inconsistencies and inaccuracies, above and beyond what you believe to be false.

Inaccuracies to look for:

Account not yours - Does it belong to someone else?

Account number wrong - Is this an account that is a duplicate of something else, but with a wrong number?

Date of account wrong - Is the dates the account opened inaccurate?

Status wrong - Do they have something listed as Profit and loss when you know it was taken care of or sold to someone else?

Balance wrong - If the account was sold and is still reporting you owe money, this is an example of an inaccurate account.

Late pay history wrong - Are your payments recorded incorrectly? This affects the most recent date of when you were actually late. This is something to have investigated.

Account type wrong - Is the account listed as something it is not? Repossession, a charge off, profit and loss, etc...

Inconsistencies to look for:

More late pays than months reviewed - A creditor can't say you had 20 late payments if they only have 18 months of review period. How would they know?

Accounts shows as Included In Bankruptcy but no Bankruptcy listed on the Publics records section of your report.

Duplicate accounts - These are the most troublesome. Figure out which account is correct and dispute the one(s) that would technically "not be your account."

Never lived in area of court record - if your public records show a court records, and you know you never lived in the area, this is most likely inaccurate.

Account shows older than actually is - It's possible, and an account make have the incorrect open date, or it may be opened before you were of legal age. This account would typically be disputed as account not yours.

Past addresses wrong - Make sure to have your addresses listed correctly, otherwise, you may have someone using your identity in another part of the country! Make sure the bureaus know you never lived there.

Personal information wrong - These errors will not hurt your score, but it could be a sign that someone might have used your identity somewhere else and changed some details.



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Misconception #1 – After paying off a past-due account (i.e. charge off, collection, etc.) it is no longer considered negative.

The simple fact that an account had to go to collection is the negative item your credit score will suffer from. By nature, you are expected to pay your bills on time. Collections only happen to late bills, so whether you pay this or not does not "heal" your credit. It merely will show the account "paid in full" but you were in collection prior to that.

This is an indicator that you are not a timely payer.

On the other hand, if you feel that your account went to collection erroneously, then you definitely want to dispute that to have the collection removed as it was not your fault. Collections get sold too often and create more than one collection on your report. Only one company can collect, so you should determine who that is and have the others removed.

If you owe money to a creditor, they are not just going to forget about it. Typically you will have to pay them something. Many people with collection accounts can negotiate a payoff figure appealing to both parties.

Misconception #2 – When I have a negative item deleted, it will return on a future credit report

Sounds good, but isn't true. When you have an item verified and deleted, it stays off. With the exception to the rule that if you a creditor does not respond in 30 days, the bureau removes it temporarily until the investigation is done. If your account is verified as inaccurate, erroneous or obsolete, it will be removed permanently. If after the 30 days time frame the creditor comes back with solid proof of the procedures used to report your credit were in fact followed and accurate, then the creditor can put the item back on your report as it was.

Now there are other instances where an account may be sold to a new creditor and show up under a new name on your report. This scenario is almost impossible to avoid. You never know which bank is buying which bank and what they are selling behind the scenes. So an old item you thought went away simply was sold at the time you requested your dispute and was unverifiable with "the old" creditor.

Our humble advise...check you credit annually like the government suggests and review it closely! Stop problems before they get too big and too distant.

Misconception #3 – It's impossible to remove negative listings, such as bankruptcies and foreclosures, from a credit report

Every type of negative listing has been successfully removed from thousands of consumers credit reports. These negative items (bankruptcy, foreclose, etc) require a different approach during the dispute & investigation so they can be more difficult to remove from the credit report, but they do come off. Easier items such as judgments and Federal & State tax liens are just as severe as a bankruptcy based on the scoring model, yet these are easier to remove.

A mistake can be made so easily. Many people have filed for bankruptcy and had accounts listed incorrectly in bankruptcy when they were not supposed to be. There can be many reasons how the error got there, but if you feel the item is not a bankruptcy, foreclosure, or repossession item, you should certainly exercise your consumer right to have the account verified.

Misconception #4 – Any consumer can dispute items on their own credit report easily

Well, Yes and No on this one. Disputing something takes no effort at all, but actually going through the process and not



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wanting to ever use another credit card again just because you are dealing with bureaucrats who don't respond to your request (don't forget...Credit Bureau's are a bureaucracy! The name is not just a coincidence.)

This comes down to how organized, professional, determined, knowledgeable, persistent and persuasive you can be.

Credit bureaus are not a call center, nor are there any customer service hotlines. You have to be ready to do some work. By that we mean typing, tracking, calling, writing, mailing, logging, following up, verifying, digging up history, or whatever your credit report needs based on the errors you have. Sometimes hiring a qualified professional to spend the time to review your credit with you is invaluable. Most credit consultants, after spending the time with you to going over your credit, can recommend the best solution for you. They typically offer to send out the dispute letters for you since they are now abreast of your profile and have most of the letters in a ready to go format. Results can be tough if you are not prepared. The worst part is, if you attempt to fix without being prepared, you may not be able to hire a professional if you've done any further damage. Saying the wrong thing in a letter can move you backwards in your process to investigate errors.

Misconception #5 – If I declare bankruptcy, I can start over fresh

Basically, declaring bankruptcy is the WORST possible thing you can do. A credit report is based upon your ability to manage your credit and repay your debts. Once you declare bankruptcy, you are saying that you are unable to manage your debts and have resorted to the "easy way out". A filing date and discharge date will appear negatively under the public records section of the credit report. In addition, each credit item that is included in the bankruptcy will also report negatively on your credit report. Trying to remove these items after the fact is virtually impossible. However, if you notice errors on the accounts that were included in your bankruptcy, those are still eligible for dispute.

Our advice, is avoid declaring bankruptcy. Seek a Credit Consultant, Credit Coach, or Account Negotiator before declaring bankruptcy at all costs.

Misconception #6 – By filing a "100-word statement" if I am not satisfied with the results, will force the creditors to read my statement and take it into consideration.

News flash...no creditor will consider the information in a 100-word statement. You are lucky if they even read it. This is a waste of time and should not even be bothered with. These statements only provide the creditor with validation that you are admitting to the negative statements on your credit report and have some kind of an excuse for them.

Misconception #7 – I can have a new credit file under my name if I change my social security or use an EIN tax number

First and foremost, this is illegal and could result in fines or imprisonment. This is also highly risky and as you know, lying about your personal information on your credit application is a criminal offense.

Misconception #8 – I can use my good credit to off set my bad credit thus canceling them out

It does not matter how much good credit you have. If you have anything negative on your report, it could impact you adversely and could result in a denial for a mortgage or other personal lines of credit. Most often, the interest rate that you are approved at for the lines of credit are directly related to your credit worthiness on your credit report. One negative item could increase those rates tremendously or have you denied completely.

You can not tell your car insurance company that you "only got in three accidents over the past 3 years, and all those



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other days I didn't get in any accidents!" can you? Just like when driving a car you are expected to be in control, with credit you are expected to be in control and manage your credit. Most of all, you are expected to pay your bills. On pretty much all loans and credit cards, there is an agreement to pay on time. If you do not pay on time, then you have "not paid as agreed" and this will lower your score.

If you gauge your spending and repayment habits on a regular basis, you will avoid most credit accidents that happen.

Misconception #9 - Consumer Credit Counseling Service can help me pay my bills and restore my credit

Consumer Credit Counseling Service (or CCCS) will help you manage your debts but will NOT help you restore your credit.

These Consumer Credit Counseling Services are debt counseling organizations that work closely with the credit grantors and the credit bureaus. They are not able to recreate the rules or change your past. They simply exist to help individuals negotiate terms of repayment for those individuals who are having difficulties in repaying their debts due to a loss of employment, increased medical expenses, family tragedy, unmanageable debt balances, etc...

In most cases when you work with a CCCS it will be reported on your credit report. This is NOT a positive event. Most creditors will not grant you additional credit such as a mortgage or auto loan if you are using any type of service to manage your debts. They see it as you not being able to manage your debts and having to resort to someone else managing them for you. You may want to explore other options prior to having your debts managed by a Credit Counseling Service.

Some options are*:

Refinance your Mortgage Loan to include your debts

Transfer all debts into a single balance and pay that bill

Try to defer student loans for a year so that you can pay off other loans

Borrow money from a relative to pay debts down to a reasonable level

*These options all assume that the overall payment is lowered.

Misconception #10 – I was told that it is illegal for a creditor to remove an accurate negative listing from my report and it has to remain there for a minimum of seven to ten years

You will probably hear this multiple times from multiple different credit grantors, etc., however, the law states that a negative listing must appear on your credit report for no more than seven years and sometimes ten years. This means that a creditor has the option of removing that negative listing at any time within those seven years. Your job is to persuade them to do so as soon as possible.

Remember, attempting to restore your own credit can be very time consuming and demanding. There can be a lot of paperwork involved and you need to be organized. Before attempting to do so, make sure you are dedicated, have the right resources and are going to follow through. Make the time in your schedule to do so. If not, you can further damage your credit and make it impossible for anyone to restore it in the future.



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Getting Ready Collecting your personal documents

In the beginning of the process you should first gather some needed documents.

Remember to include a copy of your Photo Identification, such as your Driver's license, State or Government ID card.

You will also need a document that verifies your social security number, such as a social security card, a W2 with your social security number on it, a Health Insurance Card with your social security number on it, or possibly a paystub with your social security number on it.

The last thing that is important to include is address confirmation. Your Photo Identification should match your present address, if it doesn't, then you will need to provide a document that is proof of your address. Documents that can prove this are typically a utility bill, such as a gas bill, water bill, electric bill, cable or phone bill, that has your name and address on it.

You should always be sure to send your requests to the bureaus via US Post office certified mail with Return Receipt. Delivery by the US Post Office is a Federal delivery service and other methods are not, so best to stick with methods that are in your favor.

Reminder 1 Do not lie on your credit application

You must not lie when disputing our credit report or completing a credit application as this is in most cases a federal crime. It is also unnecessary to lie when disputing your credit report as you have the right to dispute your credit report if you find items that are unverifiable, inaccurate, or obsolete. If you have items that are technically correct but you feel should still be investigated or deleted on the basis of verifiability, an alternative to you claiming the item is "not mine" or "was never late", a dispute might read instead that "I don't believe these listings are correct".

Reminder 2 Always indicate whether the disputed listing is "not mine" or "not late"

For the credit bureau to begin their investigation, they need to know if you are disputing the existence of the listing or just the information within the listing. They need to know if you believe the listing does not belong on your report at all, or if you believe the information listed is incorrect and should be changed. If this is not clear, the credit bureau will return your letter and no investigation will take place. If the credit bureau fails to verify a listing that you have disputed as being "not late", they are obligated to change the listing to a positive and remove the late. If the credit bureau fails to verify a listing that you have disputed as being "not mine", they have to remove the listing all together from your credit report. Remember, a positive listing is better than no listing at all therefore you should dispute the late payments as "not late" and all others as "not mine".

Reminder 3 Always inform the credit bureau of the desired outcome of the investigation

In your dispute letter, you need to indicate to the credit bureau how you want the listing to read once investigated. For example, you would want the credit bureau to either, "erase the late pay notations within the listing" or "delete the entire listing". For items such as a judgment, charge off, collection, foreclosure, or repossession, can only be disputed to be deleted as they are already negative listings and removing any late payments would not improve the listing.



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Reminder 4

Always provide the credit bureau with a reason for the dispute

If an explanation is not given, the credit bureau will return or ignore the dispute. They need to have some kind of explanation ranging from, "I am sure that I would know if I was ever as late as they are stating on my report" to "I do not recognize these listings as you have reported them" for them to investigate the dispute.

Reminder 5

Always include any indicators of authenticity in your dispute

Your dispute letter must be convincing. You want the credit checker to know that you are for real. To achieve this, add sentences or phrases that will come across as you being the frustrated consumer who is desperately trying to verify the listings that you think are in error. For example, writing that "My cousin is a banker and he mentioned that I could write to you to have you clear up all the mistakes on my report" adds validity to your dispute. Be creative and let them know how the mistakes have impacted your life.

You need to also send in a photocopy of your state/government issued ID and your social security card. If your address on your driver's license is different from the address on your credit report, you need to provide a copy of utility bill (gas, water, electric, cable, or phone) along with the letters. The utility bill must have your name and present address on it.

This helps the bureaus identify you as an individual and not a big credit repair organization. They need to know you are genuine about having your credit investigated.

Reminder 6

Never sound like an expert

If the credit bureau suspects that you have read a book or are using a credit company and are attempting to restore your credit, they will discard your dispute and no investigation will take place. You want your dispute to look like any of the thousand other disputes that they receive a day. Do not quote your rights under the law or legal statutes as these are red flags to the credit bureaus.

Start your letters off in a general sense and keep it concise. Too many details and you may just end up verifying the account for them, and typically, it is not the result you wanted!

If after your first dispute either no response is given, or a generic letter is mailed to you stating to verify the authenticity of your dispute, you may want to change your language to be a bit more direct and let the credit bureaus know that you are aware of the laws under the FCRA and that they must abide by them. The bureaus send any number of letters back to you asking for more information, or verification, etc. This is their tactic to "stall" you or whoever is helping you so they do not have to spend the time or money investigating your request. If your request is legitimate, then there is no reason why you should be singled out and denied your rights. Stay persistent!

Reminder 7

With each dispute, become more threatening and insistent

After the first two friendly and polite disputes have been sent, it becomes important to send the ones following with more conviction. Getting the Bureau's Dispute Request Letter checker to initiate and investigation after the first couple disputes have been sent becomes more and more difficult. It is at this time that you as the frustrated consumer, if you are considering doing so, can start threatening to sue the credit bureau, hire an attorney, complain to your States Attorney General or the FTC.



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Reminder 8

Do not send multiple disputes to the credit bureaus

Only send one dispute every 60 – 90 days. If you send multiple disputes within a short period of time, the credit bureau will return your disputes and not investigate

Try to request no more than 10 items at a time for investigation. Too many accounts being disputed at once looks like a frivolous request. There are instances where you do have more than 10 items to be investigated. If this is the case, then be sure to include some documentation that supports your request, such as cancelled checks, a letter from the past creditor, a balance statement for that account during that time frame, etc...

This is not a hard and fast rule, however, while the bureaus do make mistakes and acknowledge this, they do know that statistically, one person does not get all the mistakes. Each report will have a few mistakes, that is why when you dispute too many accounts, they will check twice with you before proceeding.

Reminder 9

Show how the credit listings are wrong by using inconsistencies and inaccuracies

Showing the other two credit reports and pointing out the similarity between those two and the inconsistency of the one you are disputing is a great way to show the inaccuracy of the item. You have to make sure that the other two credit reports you are using as proof are in fact recording the item as being positive and are not confirming the negative that you are trying to dispute against. Do not use minor inaccuracies and inconsistencies as a basis of your dispute.

Here is where having a credit report from each of the 3 bureaus is important. Make sure to request your free credit report as soon as possible if you need to use this to your advantage. A triple-merge (or tri-merge) report just will not work effectively since the bureaus do not respond to those report types.

Reminder 10

As a truly wronged and disadvantaged consumer, you have to use other techniques that lend creditability to your dispute

Unfortunately, even though the Fair Credit Reporting Act mandates that the credit bureau should legally investigate all disputes that are not considered "irrelevant or frivolous", the credit checker will only do what is needed to avoid a lawsuit. This means that they might not investigate all disputes submitted. With this in mind, it is important for you to make a convincing case that your report is in fact inaccurate to have the checker investigate every reasonable dispute as they are in fact required to do by law.

This reminder list only provides you with general strategies. You have to find out which techniques and strategies work best for your particular case. Using the software to generate your letters will lend more credibility than hand written letters and save you enormous amounts of time.

Each copy of the credit reports that you receive from the 3 bureaus will have a form on which to list your disputes. DO NOT use these forms as your dispute letters. Dispute letters printed from your personal computer and on personal stationary is the most creditable way to have your dispute taken seriously. The forms supplied could force you to be deceiving and are not specific enough for the checker to have all the information for the investigation.

Do not forget to add your personal information to your dispute letters. Each letter should include the following: Your full/legal name; date of birth; current address; social security number.



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Consumer Credit File Rights Under State and Federal Law

You have a right to dispute inaccurate information in your credit report by contacting the credit bureau directly. However, neither you nor any "credit repair" company or credit repair organization has the right to have accurate, current, and verifiable information removed from your credit report. The credit bureau must remove accurate, negative information from your report only if it is over 7 years old. Bankruptcy information can be reported for 10 years.

You have a right to obtain a copy of your credit report from a credit bureau. You may be charged a reasonable fee. There is no fee, however, if you have been turned down for credit, employment, insurance, or a rental dwelling because of information in your credit report within the preceding 60 days. The credit bureau must provide someone to help you interpret the information in your credit file. You are entitled to receive a free copy of your credit report if you are unemployed and intend to apply for employment in the next 60 days, if you are a recipient of public welfare assistance, or if you have reason to believe that there is inaccurate information in your credit report due to fraud.

You have a right to sue a credit repair organization that violates the Credit Repair Organization Act. This law prohibits deceptive practices by credit repair organizations.

You have the right to cancel your contract with any credit repair organization for any reason within 3 business days from the date you signed it.

Credit bureaus are required to follow reasonable procedures to ensure that the information they report is accurate. However, mistakes may occur.

Consumer Rights (Continued) State and Federal Law

You may, on your own, notify a credit bureau in writing that you dispute the accuracy of information in your credit file. The credit bureau must then reinvestigate and modify or remove inaccurate or incomplete information. The credit bureau may not charge any fee for this service. Any pertinent information and copies of all documents you have concerning an error should be given to the credit bureau.

If the credit bureau's reinvestigation does not resolve the dispute to your satisfaction, you may send a brief statement to the credit bureau, to be kept in your file, explaining why you think the record is inaccurate. The credit bureau must include a summary of your statement about disputed information with any report it issues about you.

The Federal Trade Commission regulates credit bureaus and credit repair organizations. For more information contact:

The Public Reference Branch
Federal Trade Commission
Washington, D.C. 20580



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Freeze your credit report

Since 2003 all California residents have had the right to freeze their credit reports, prohibiting credit from being issued in their names. This was a first in the United States. Now, more states offer their residents the same rights: New Jersey, Louisiana, Texas, Vermont, Washington, Nevada, Connecticut, Illinois, Maine, North Carolina and Colorado. However, Texas, Vermont, Illinois and Washington limit this opportunity to those who have been the victim of identity theft or a security breach.

Anyone can ask the three major credit reporting agencies to place a fraud alert on their credit reports. Fraud alerts are supposed to alert you when someone applies for credit in your name and signals creditors to contact you for permission to issue credit in your name. Residents of any state can put a fraud alert on their reports. Creditors, however, aren't required to abide by or even check the alert.

A credit freeze goes a step further. With a credit freeze, no one can open any form of credit in your name. Your credit file is off limits to potential lenders, insurers and even potential employers. Here's how it works.

When you apply for a loan, credit card or cell phone, the company issuing credit contacts one of the three credit reporting agencies and requests to see your credit file. If you have a freeze on your account, the company will be told that it cannot see your credit file because your account is frozen. At this point, most companies would not allow the loan, issue the credit card or activate the cell phone.

But this does not mean that you won't be able to get credit for yourself or allow potential employers to run a background check. The three credit bureaus assign a personal identification number for you when you freeze your report. Using this PIN, you can lift the freeze when necessary.

With a credit lock-down, a criminal can have your name, birthday and Social Security number -- but it won't matter. No credit will be issued.

How it's done

To lock down a credit report, consumers must contact each of the three credit reporting agencies. For the majority of states, there is no cost if you are a victim of identity theft, as long as you have a report from either the police or law enforcement agency. California residents who are not identity theft victims must pay \$10 to freeze each credit report, or a total of \$30 to freeze their files at the three credit bureaus.

None of the three bureaus charge to permanently lift the freeze, but there are fees for a temporary lift -- even for identity theft victims.

Depending on your state of residence, each agency has a different fee for locking down or lifting your credit file freeze.

California – Since Jan. 1, 2003, Any consumer can freeze their credit, No fee for identity theft victims; \$10 for others to freeze at each (\$30 total); indefinitely \$10 for a temporary date-range lift per credit reporting agency (\$30 total); \$12 (\$36 total) to lift for one creditor per agency

Colorado - Since July 1, 2006 Any consumer can freeze their credit; No fee for first freeze; \$10 to place a second freeze \$10 to lift temporarily or permanently per credit reporting agency (\$30 total); \$12 to lift for one creditor per agency (\$36 total)



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Connecticut - Since Jan. 1, 2006 Any consumer can pay \$10 to freeze at each credit reporting agency (\$30 total); \$10 to lift temporarily or permanently per credit reporting agency (\$30 total); \$12 to lift for one creditor per agency (total \$36)

Illinois - Since Jan. 1, 2006 Only Identity theft victims can freeze their credit; There are no fees and the freeze is indefinite. You can lift the freeze with a charge either.

Louisiana – Since July 1, 2005 Any consumer can freeze their credit. There is no fee for identity theft victims or persons age 62 or older; otherwise it will cost you \$10 to freeze credit at each credit reporting agency (\$30 total); It will last indefinitely and cost you \$8 for a temporary lift per credit reporting agency (\$24 total)

Maine - Since Feb. 1, 2006 Any consumer can freeze their credit. There is No fee for identity theft victims; otherwise the fee is up to \$10 to freeze at each credit reporting agency (\$30 total); it will cost you \$10 to lift temporarily or permanently per bureau (\$30 total); \$12 to lift for one creditor per bureau (\$36 total)

Nevada - Since Oct. 1, 2005 Any consumer can freeze their credit. There are no fees for identity theft victims; otherwise it will cost you \$15 to freeze at each credit reporting agency (\$45 total); It will cost you \$18 for a temporary lift per credit reporting agency (\$54 total); and it will cost you \$20 to lift the freeze one time fore for one creditor per agency (\$60 total)

Texas - (See Chapter 20, Section 031) Since Sept. 1, 2003 Only Identity theft victims can freeze and the cost is \$8; (freezing at one credit reporting agency must be honored by all); The freeze is indefinite and there are No fees to remove the freeze

Vermont - Since July 1, 2005 Only Identity theft victims can freeze their credit; there are No fees; the freeze lasts indefinitely, and there are No fees to lift the freeze temporarily

Washington - Since July 24, 2005 Only Identity theft victims can freeze their credit, (including persons who receive a notice of a security breach of computerized personal information). There are No fees to this; the freeze lasts indefinitely and there are No fees to lift the freeze temporarily

Credit reporting agency Mailing address What information to send

Equifax 1-800-685-1111 Equifax Security Freeze, P.O. Box 105788, Atlanta, GA 30348

Send by certified mail.

Name, current and former address, Social Security number, date of birth

Pay by check, money order or credit card. Credit card (Visa, Master Card, American Express or Discover only): Give name of card, account number, expiration date

ID theft victim must include: valid copy of police report, investigative report or complaint filed with law enforcement agency

Experian 1-888-397-3742 Experian Security Freeze, P. O. Box 9554, Allen, TX 75013

Send by certified mail.

Full name, with middle initial and Jr./Sr., etc.

Current address and home addresses for past five years, Social Security number, birth date, two proofs of residence (copy of driver's license, utility bill, insurance statement, bank statement)

Pay by check, money order or credit card. Credit card: Give name of card, account number and expiration date.

Credit Doctor
Dawn Offerman
dawn@nationalcreditdr.com

Phone: 503-663-9095
Fax: 503-663-9083

www.nationalcreditdr.com
2229 NE Burnside St #285
Gresham, OR 97030



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ID theft victim must include: valid copy of police report, investigative report or complaint filed with law enforcement agency

Transunion 1-888-909-8872 Trans Union Security Freeze, P. O. Box 6790, Fullerton, CA 92834-6790

Send by regular or certified mail.

First name, middle initial, last name, Jr., etc.

Current home address and addresses for past five years, Social Security number, birth date

Pay by check, money order or credit card. Credit card: Give name of card, account number and expiration date.

ID theft victim must include: valid copy of police report, investigative report or complaint filed with law enforcement agency

Restoring Your Credit, Quickly

Now that you have learned how to get all inaccurate information off your credit report, you might be shocked to learn that your credit score may not increase right away.

Why is this? You might ask....well, your credit score is calculated off of what the bureaus have listed for you. Whether the information is good, neutral, or bad, there is something to give you a score, and enough items to compare to and look at the history on. As discussed earlier, history, rather time, is on your side. The more history you have, the more spaced out bad events can be. The less history you have, the more congested the bad events can be. However if you take time away, in the form of removing an old account, believe it or not, it's possible you have just shortened your credit history simply because the oldest item you have on your report be newer than the item you just deleted.

So what does all this mean? It means you need to start restoring your credit old credit with new credit. Just removing bad credit does not mean you are healed. There is still work to do, That means you need to start having more and more "good" credit so over time your scores have a better chance to increase.

Since your credit may not be perfect right now, and your credit scores are still too low to get any truly fantastic financing offers, you will want to try to get your credit score up as fast as possible.

Let's review some ways that you can add good credit to your history.

- * Secured Credit Card
- * Secured Loan
- * Joint account holder

Method #1: Secured Credit Card

The secured credit card is a credit card that is held by a financial institution that has upfront money you give the bank as collateral in case the credit card is never paid in full. What it means is you give a bank \$500.00 they issue you a credit card with a \$500.00 limit. You still need to pay the bill on the monthly credit card as it comes due. And only once you payoff and cancel the secured credit card can you get your \$500.00 back.

To get a secured credit card, you should try going into your local bank and see what their terms are to get a Secured Credit Card. For example, the bank may require you to give them \$500-\$1,000 to secure the credit card. The interest rates will vary from institution to institution, however, if you spend too much time trying to shove together interest rate you may in fact to lose more time. It is important to make sure the financial institution does report to at least one if not all the credit reporting agencies. This will ensure that all your payment activity is getting reported.



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If you do obtain a secured credit card you'll want to start using to it to pay for everything that you shop for. That includes your groceries, gas for your automobile, utility bills, even your mobile phone bill. This will put the credit card in use so that the credit reporting agencies and will start reporting all the information.

Now you'll still need to make your monthly payments on the secured credit card and is a very important that you make your credit card payments on time . If you do not make a credit card payments on time this will again damage your credits score.

Method #2: Secured Loan

Since you may not have the best credit scores yet, financial institutions may not be that willing to give you a loan. However there are some tactics you might try to see if you can get the loan. The reason why you want to try to get a loan is that the credit reporting agencies value credit based on the type of account (Mortgage, Installment, Revolving). That means all mortgage loans are considered the top most important followed by regular installment loans such as car loans and lastly revolving credit cards. If you only obtain a credit card it will take a longer to make a bigger impact on your credit score.

Once you do have a secured credit card, you can try to get a secured loan using this tactic. It will require you to give collateral for (or invest) another \$500 to \$1,000.00 by purchasing a "certificate of deposit" (or a "CD") from the bank where you were issued a secured credit card. Take a "CD" out for twelve months or longer. The CD accrues interest so you will actually get a return on that investment.

The following week, go in to the same institution where you purchase the certificate of deposit and ask to take out a secured loan for the same amount as the certificate of deposit as the collateral. Once again, you need to ensure that the bank does report all the payment information on that secured loan to the credit reporting agencies so that your payment history will be reported. The secured loan will have an interest rate and payment terms that you'll need to make on a monthly basis. It is very important that you do not miss any of the monthly payments because any new negative information will be reported include impact as for negatively.

Method #3: Joint Account Holder

This last tactic may not be suitable for every one; however, it is highly effective in obtaining time quickly (sometime years) in history payment on your credit report. If you do have the ability to make this happen for you here is what you would want to try.

A joint account holder is nothing more than being equally responsible for an account (a loan or credit card). The tactic here is if you and someone who you trust and who will trust you with their credit account. You can ask them to add you as a "joint owner" on the account so that all the information the original account holder already has, will immediately be applied to your credit history once you sign on as a joint account holder . Please note the "joint account holder" is not the same as an "authorized user" of an account , there are differences and credit scores reflect these two differences.

One other important note about this tactic, it that each person can equally help or hurt the other person. Also, one a person is added, they cannot be removed, ever. Only once the account is paid in full and closed properly, will each person not be able to affect one another. One good measure is to not issue any new cards to the new joint owner so only the original account owner can continue adding positive credit history.

This method is extremely risky, so only attempt to follow this method if you have complete trust for the other person, and them for you.



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