

# Credit Repair Made Easy

A simple self help guide to credit repair

By Don Troiano

# Introduction

My name is Don Troiano and I spent over 15 years in the mortgage industry. Knowing how to guide customers in repairing their own credit became part of the job. As you probably know obtaining a mortgage is based on several factors and one of the most important is your credit. Good credit can open up many doors for you, while bad credit can make it almost impossible to even get a telephone or electricity. When you have great credit with great credit scores and know it, you will be in the driver seat whenever negotiating for financing for cars, mortgages and much more. Needless to say everyone wants good credit, but credit profiles and credit scores are pretty much a mystery to us all. Within this book I will discuss step by step how credit reports work and how you can improve your score to live a better life with great credit.

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## Chapter 1

### Obtaining and Understanding Your Credit Report

The first step to credit repair actually knows what is in your credit report. A borrower is entitled to one free credit report per year from each bureau. Borrowers can obtain a free credit report at each of the credit bureaus at the following addresses.

#### Credit Bureaus' Contact Information

##### **Equifax, Inc.**

P.O. Box 740241

Atlanta, GA 30374

---(800) 685-1111---

<http://www.equifax.com>

##### **EXPERIAN**

P.O. Box 2002

Allen, TX 75013

---(888) 397-3742---

<http://www.experian.com>

##### **Trans Union Corporation**

P.O. Box 1000

Chester, PA 19022

---(800) 888-4213---

<http://www.transunion.com>

If you can afford to get the report with your scores I suggest you do that. The credit report should be easy to understand but will show some basic components. Each credit line will show 4 basic components. The report will show when the account was opened month and year, who the creditor is, what type of account R for revolving like credit cards and M for mortgage and I for installment loans like car payments and last it will show delinquencies 30,60,90 and 120 late. Also there should be comment lines such as paid as agreed or settled. The report should give you phone numbers for each creditor and a list of recent inquiries.

## Chapter 2

### Understanding Credit Scores

Unfortunately the actual methodology of credit scoring is a closely guarded secret of the credit reporting industry, but there are some simple factors that we know are included in to a credit score and many of them make perfect sense. Some of the factors seem unfair and others make no sense at all. I will outline them for you here.

- 1) **Zip Code**- Yes your zip code is actually considered in your credit score. The best reason I can come up with is if you live in a more or less affluent community your more likely to pay on your debt. This is considered a very small part of your score.
- 2) **Time at Current Address**- Needless to say if you move around often it is more likely that you are not secure in your life and finances and therefore more likely to default on debt. This is also considered a very small part of your score.
- 3) **Time at Your Job**- It is fair to say constantly switching jobs is usually not a good thing. Perhaps the borrower is a bad employee or unreliable and are more likely to default on debt. This is considered a small part of the score.
- 4) **Amount of Credit Inquiries**- Within a credit report is a list of inquiries within the last 90 days. What this tells the scoring model is how much new credit a borrower is applying for. If someone is out applying for a great deal of credit they may become over extended and unable to pay. This is usually a small part of the score unless the borrower has many inquires it can add up to quite a bit.
- 5) **Amount of Available Credit**- A borrower who has a great deal of available credit could possibly use it and over extend them selves. This plays a larger role in the score depending on the age of the new available credit.
- 6) **Age of Debt and** - The longer a borrower has a credit line without a problem the more likely that borrower is responsible and can manage their debt. This plays a much larger role in the score.

- 7) **Amount of Available Credit Used or over limit** – Simply put this is how much of borrowers credit lines have been used up. If a borrower's credit cards and credit lines are maxed out they are probably close to default. If the borrower is over the limit this will impact his score very much. The other side of the equation is if a borrower had used up a high amount of his credit limit and has paid it way down he has shown a good ability to pay his debt. This is a major part of credit scoring as it shows a good snapshot of a borrower's financial position and responsibility.
- 8) **Delinquencies New and Old-** Delinquencies are always bad for a borrower's credit score but delinquencies that are new shows that a borrower is in trouble right now. Older delinquencies tend to carry less weight in the scoring system over time. A credit line is not reported as delinquent till it reaches 30 days and is reported as 30,60,90 and 120 days late. Someone who is 25 days late on everything is not considered delinquent. This is a major part of a credit score.
- 9) **Serious Delinquencies-** While all delinquencies are bad serious delinquencies are worse. For instance 30 days while bad is far better then 60 or 90 or 120. This is a major part of a credit score.
- 10) **Type of Debt Delinquent-** Again while all delinquencies are bad there is a weight given to the credit line. It seems to go mortgages are the highest followed by car loans, credit lines and lastly credit cards. Clearly if a borrower is 30 days late on his Discover card it is far less important then his mortgage or car loan. This plays a major part in a credit score for obvious reasons.
- 11) **Judgments and Collections-** Judgments and collections are usually the result of defaulted debt like a credit card or medical service. And while it would seem that these are also very important they play a lesser role particularly if they are older. This plays a role in scoring, but as previously stated it can vary depending on age and type of collection or judgment

In conclusion knowing the factors in a borrowers scoring can be an important tool to gaining great credit scores. Keeping inquiries to a minimum and quickly paying down debt also can help boost a credit score quickly. Most

borrowers do not manage their credit till the time comes when they need to borrow. Keeping a constant eye on a borrowers credit profile will ensure they will receive the best terms they deserve always.

### What is a good credit score?

The credit scoring system ranges from 300 to 850. A credit score above 720 is considered excellent and a score below 550 is considered poor. The following is a chart of scores and ratings.

Credit Score	Description
740+	<b>Excellent Credit</b> - Qualify for top interest rates
680 -739	<b>Good Credit</b> - Qualify for very good interest rates
620 -679	<b>Average Credit</b> - Qualify for average interest rates
560 - 619	<b>Poor Credit</b> - Difficult to qualify for loan or credit card
below 559	<b>Bad Credit</b> - Unable to obtain loan or credit card

Formerly someone could obtain a loan if they had a low score and even today an FHA mortgage can be obtained with a low score or no score. The normal range to obtain a conforming loan or credit card is generally over 620.

## **Chapter 3**

### **Checking credit report for Inaccuracies**

Now that you have your credit report you should check each line to make sure it is reporting correct. Often times a paid account will fail to report it as paid or may just stop reporting all together. In the case of bankruptcy the accounts often fail to report account as included in bankruptcy. Make sure you correct this with a dispute. The balances may be inaccurate or an account may fail to report closed and still be reporting as opened. An account may not be yours at all and of course that would need to be removed as quickly as possible. Anything that is inaccurate should be disputed. You can dispute these lines with each bureau and on line, but I suggest using a credit dispute letter. Taking longer is actually better when disputing a credit line.

## **Chapter 4**

### **Disputing an Account With the Creditor**

I suggest only giving a creditor 8 days to provide your with the proof you requested to your mailbox (4 days to find it and only 4 days for mail delivery). If it takes them any longer, they probably don't have the proof and you should start taking the action.

Get on the phone and contact the Attorney General where your creditor is located. You can either obtain their phone number from directory assistance or you can find it online. Simply tell them that you this creditor is damaging your credit and they are reporting an account that does not belong to you. Tell them that you have requested proof of account ownership and they do not have it. They will then contact the creditor in question and have that account immediately removed from your credit report. This is a legal service that is free to your and almost guarantees that they will get your negative item in dispute removed.

If you want to make money from your creditor then take them to a small claims court. You can do this for a nominal fee at your local court. It is easy and you can do it all by yourself. You'll be asked to complete a simple form to file your complaint. You want, you may write that you want to have the item in dispute removed from your credit report since it is not yours and the creditor has no proof that the account is yours. After you receive a court appearance date, mark it in your calendar and be certain to attend at the place, time, and date scheduled. When in court, bring along the return receipts from when you sent the registered mail you used for the disputes along with a copy of your phone bill when you called. Sue the creditor for your emotional stress and expenses. Remember, if they are unable to provide you or the court with proof that this account is indeed yours, you will win and the account will be removed from your credit report! If the creditor you are suing is located out of state and does not show in court, you are the winner by default.

**BTW:** I have yet to hear of any creditor actually making an appearance to a court date. They are way too busy to waste their time or money on 1 person when they have other people to service instead. You also have the option of contacting a lawyer in your area for a free consultation about what your rights are in reference to your situation.

If the creditor is somehow able to come forward with the written proof you requested, offer to settle your debt for 20 cents on the dollar that is of course if you have the money to do so. If you don't have the money, please skip to Step 5. If you owe \$1,000, offer them \$200. If they refuse your offer then tell them that you are going to file Bankruptcy and they won't get a dime. This will defiantly get their attention and open them up some more to negotiate your debt. What you agree to pay them should be much less than what you originally owed. Never agree to pay any penalties or interest charges on collection or past due accounts. If you are unable to come up with the money to make the payment arrangement, start over and back to the beginning of this section.

Remember, the laws are on your side and you are legally allowed to dispute any negative items on your credit report **Every Month**. You have every right to repeat this process as many times as you like until the credit bureaus give up on verifying the item you are disputing then remove it. The creditors simply do not have the people to handle the mountain of credit disputes they receive, so if you stay persistent, eventually they will give up or slip and your item may be removed.

At times the credit bureaus will reply by stating that they have already verified all of your information as accurate. If this is the case, write back stating that it is Federal Law that they must verify all of your disputes and that you WILL sue them for \$4,500 for each and every dispute that they do not properly handle. Once they are aware that you know your rights, they'll become cooperative immediately.

## Chapter 5

### Disputing with credit bureaus

When disputing negative items on your credit report requires identifying the negative items that you want removed.

Once you have outlined which items you want to dispute, Do Not Use any of the "Dispute Forms" that the Credit Bureaus sent with copies of your credit report. It is simply more effective to follow the outlines of the sample letters included in with this book. Don't forget to include only a copy of your credit report. You should keep the original for your records. Highlight all the items you are wanting to dispute. Mail the dispute forms to the address listed on the credit report ***In order to dispute an inquiry on your credit report, you should simply write that you have never applied for credit with that institution.***

Make a copy of your dispute letter for your records and do not forget to send it by "Certified and Return Receipt Mail". Mail your dispute form to the address on

your credit report. Repeat the process above for each and every negative item that you want deleted.

After you review your updated credit report make sure that most or all the negative items have been deleted. This book is very effective in repairing any negative credit information that was supposedly verified as accurate after your dispute.

**Important:** Always remember that you do not want a credit repair company to file a dispute on your behalf and if a dispute letter is sent from someone other than yourself, then the credit bureau will know that you hired someone to perform your credit repair. They know the tricks and this will not work as well as you sending it directly.

If there are any negative items that you want removed from your credit report, such as a charge off, collection account or even a bankruptcy, you probably want to write that this item is does NOT belong to you and you want it removed immediately.

If the account in dispute has been completely paid off, but was severely past due at one point or another, DO NOT say that account does not belong to you. Instead, write that it is indeed your account but was NEVER past due at any point. You also need it to reflect that it was always current and on time.

## **Chapter 6**

### **Settling Charge Offs, Judgments and Collections**

If a credit line is in default, unpaid or a charge off it is time to settle the account. You can do this by contacting the creditor and offering a settlement. The phone number for each creditor can be found on the report. You will find that charged off accounts that have been sold will typically settle for less then full balance. The exception to this is utility accounts like electric, phone, cable etc. They will rarely settle for less then full balance. Also judgments will rarely settle

for less than full balance as they already have a judgment against you. You will find that you can settle many of these accounts for quite a bit less than you owe. I would like to point out that you shouldn't be too greedy and when making an offer to settle. I have found that a good hard luck story works well and keep in mind a good jumping off point is about 50% of the debt owed for an offer to settle.

Once you have settled an account that is a negative line on your credit I suggest disputing it to correct the information on your report. There is a school of thought that you can remove a negative line without paying by simply disputing the line over and over. It has been my experience that this is true but keep in mind every time that bad debt is sold it can come back to the report and the whole process can begin again. . The other school of thought is once an account is settled, if it is disputed as paid as agreed there is a good chance it will appear as such on the report and I have seen this before. It seems that this is more likely to occur on settled and closed accounts than on active or unpaid accounts.

## **Chapter 7**

### **Steps to Maintain Great Credit**

#### **Paying Down Revolving Debt**

I think it's fair to say that most people already know paying down debt will improve their credit. What most people do not know is they may have a good overall credit profile but low scores. Here is where the revolving debt can be a problem that is often easily solved without a boat load of cash. Look at your report. Do you see a credit card with a 1000 limit that you are over by say 20 or 30 dollars? This is a major negative for your scoring. The solution is simple. Get below the limit right now at least a few hundred dollars and dispute the balance as soon as possible. You may see a small credit card for a few hundred dollars near the limit. Pay it down to less than half and you will see a major bounce in your score. Also a credit report will show the high balance. It is important to be below that high balance even if you are not near the limit. Pay that card down so

you are below the high balance as much as possible. Again this is a major gain for your credit score. If you have all the above complete but are still near the limits on several larger cards and have no ability to get to the 50% availability it may be a good idea to call the creditor and ask them to raise the limit as you intend to do a large purchase for a necessity in your home like heater. The card companies will often accommodate you and you have just put your cards at 50% of credit limit and spent no money to achieve this.

### **Keeping Credit Inquires to a Minimum**

Now that you have done all you can do, the next step is to avoid applying for credit unless you must as in the case of mortgage shopping or car loan shopping. If you plan do engage in any of these activities I find it best to pull your own credit report and score and show potential creditors your credit report and ask for a quote based on the numbers you have. Most reputable firms will at least give you a quote based on the current report. When you have obtained the best form of financing then you have hit the point where the creditor must pull your credit, but at least you will have avoided multiple pulls for one purchase.

### **Keeping Reported Delinquencies Under 30 Days Late**

Now that you have all the information and have repaired your credit the time has come to keep building good credit. And there may be times in your life when you simply must pay a bill or two late. The most important thing to remember is to pay the bills late that do not report on your credit like phone, cable and electricity. It is also important to note that based on importance it is better to pay late on your discover then on your mortgage or car. And finally if you have to juggle your money that a credit line is not late till it is 30 days or more late. A borrower could pay every bill 25 days late his entire life and never have a late payment recorded on his credit.

## Chapter 8

### Important Tips to Remember

1. Do not hire a credit repair company to assist you as you will lose important rights.
2. Be persistent and keep your eye on the ball. The credit bureaus want it to be hard so you will go away.
3. It is legal for you to dispute any line on your credit report even if you know it is accurate.
4. Send your credit dispute letters registered mail return receipt and keep track of the dates.
5. Keep in mind if there is no resolution within 30 days the negative line must be removed according to the Fair Credit Reporting Act.
6. If sending in a dispute letter never use a pre made letter, be original.
7. Once you have completed a dispute, request an updated credit report.
8. If you make payment arrangements with a creditor pay as agreed and check to see they have reported as such.
9. Be sure to clearly point out the item you are disputing with correct account numbers etc.
10. Do not use letterhead for disputes, it can create problems.
11. Send in disputes in busy times of year for instance in the months of the holidays.
12. If you are making an offer to settle a debt, do it near the end of the month as many collection agencies are trying to hit monthly goals so a low ball has a better chance to be accepted.
13. Federal and local laws are geared towards consumers so keep this in mind during negotiations and disputes.
14. Credit Bureaus have to reinvestigate within 30 days or inform the consumer of the delay.
15. If a credit bureau can not confirm an account within 30 days they must remove it from your credit report.
16. You have every right to include your side of the story to a dispute and if you request they must include it in your credit file.

## Chapter 9

### Sample Dispute Letters

*Example preliminary dispute letter for the credit bureaus.*

It is important to write many letters and they should be original so do not use these and copy and paste. The following letters are just for informational purposes and clearly may not fit your credit situation. I would suggest following the basic format of these letters as to layout and basic content. It is important to note that you will be sending many letters and this process will not fix itself over night, but if you remain focused and on track these letters will help guide you through this process.

## Preliminary Dispute letter to credit bureau

\*\*\*\*\**Insert Date*\*\*\*\*\*

\*\*\*\*\* *Insert Credit Bureau Name* \*\*\*\*\*

\*\*\*\*\* *Insert Credit Bureau Address* \*\*\*\*\*

RE: Acct. # \_\_\_\_\_

Dear \*\*\*\*\* *Insert Credit Bureau Name* \*\*\*\*\*:

While reviewing my credit report I have found it has several errors. I am requesting your investigation of the following:

1. *Foreclosure/late mortgage payment 6/2008* I did not have a foreclosure in 6/2008 or at any time. Please remove this

2. Collection Account \*\*\*\*\**Insert Collections Account Number*\*\*\*\*\* I have tried to get to the bottom of this with the information your company supplied. How are you able to confirm when I cannot? (See enclosed copy). This is not mine. Please remove this.

The consumer has no protection against automobile credit card companies who are not concerned about an individuals credit report or the problems multiple inquiries can cause. Your credit bureau has legal responsibility in this matter. There should be more supervision on access to credit files by salesman with these credit card companies.

I did not authorize the following inquiries and demand they be remove from my file:

1. Capital Zero There are 3 different days in June of 200\*. Why would this be? Please remove 2 of these entries. I only authorized one time.

The listed accounts are not my debts or my authorized inquiries. Please correct this by the removing these items from my credit report. Please send a copy of my corrected credit report to my address below.

Regards,

\*\*\*\*\**Insert Name*\*\*\*\*\*

\*\*\*\*\**Insert Address*\*\*\*\*\*

\*\*\*\*\* *Insert Your Social Security Number*\*\*\*\*\*

## Follow Up letter

\*\*\*\*\**Insert Date*\*\*\*\*\*

ATTN: CUSTOMER SERVICE DEPARTMENT

\*\*\*\*\* *Insert Credit Bureau Name* \*\*\*\*\*

\*\*\*\*\**Insert Credit Bureau Address*\*\*\*\*\*

Dear \*\*\*\*\**Insert Credit Bureau Name*\*\*\*\*\*

I have been around contacted many people in your company regarding the errors that I have.  
And they continue to remain on my credit report.

I am again noting that problems that have been discovered and they continue to remain unresolved.  
I don't know how to better state my problem nor do I know how to correct the errors.

The following accounts are not mine.

\*\*\*\*\**Insert Account Name & Numbers*\*\*\*\*\*

Since you have not given me names of persons with their business addresses that you contacted for re-  
verification of the information, so that I could follow up as I requested,  
I assume that you have not been able to verify the information I have disputed.

If this problem continues and I am forced to seek professional assistance,  
you have been forewarned of the harm which this problem is causing me.

I believe 30 days constitutes a "reasonable time" to complete these actions  
unless you immediately notify me otherwise.

Please send me an updated copy of my credit report with these items deleted.

Thank you,

\*\*\*\*\**Insert Name*\*\*\*\*\*

\*\*\*\*\**Insert Address* >>>>>>

\*\*\*\*\* *Insert Your Social Security Number*\*\*\*\*\*

At the end of the day repairing your credit will take time and Patience. If you stay the course and do not get discouraged you have a great chance of accomplishing this important task. Now that you have great credit you can enjoy all the benefits that it allows you. Enjoy your good credit keep it that way and do not abuse it.

Don Troiano