



MagnifyMoney

## Credit Repair eBook



You don't have to pay money to repair your credit

### Our eBook will teach you:

- How to get your credit report, for free
- How to dispute incorrect information for free
- How to build your credit score
- How to avoid scams

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## Introduction

**Credit repair companies often make big promises. You might have received offers that sounded a bit like this:**

- ✔ *We can erase your bad credit – 100% guaranteed*
- ✔ *Create a new credit identity – legally*
- ✔ *We can remove bankruptcies, judgments and liens forever!*

If you have a bad credit score, these companies can be tempting. How nice would it be if you could just pay someone to make your bad credit disappear forever? Unfortunately, you can not legally hide from debt that is yours.

**Credit repair companies tend to use one of the following tactics:**

**Break the law:** These companies will encourage you to create new Social Security Number or dispute debt that you know is yours, which is illegal. As the Federal Trade Commission makes clear, “no one can legally remove accurate and timely negative information from a credit report.”

**Charge you a fee to do things you can do for yourself at little or no cost:** These companies will not break the law. But they will charge you money to manage the process of removing inaccurate or incorrect information from your credit report.

You might decide that you want to pay someone to handle the process for you. But the purpose of this brief eBook is to help you do, for free, everything a credit repair company would do for a fee.

If you feel overwhelmed by the steps outlined in this eBook, you can consider paying someone to help you. Just make sure that the company you use is not a scam. Here are some of the biggest warning signs that a credit repair company is a scam:

- ✔ The company wants you to pay before it provides a service. Under federal law, credit repair companies can't require you to pay until they've completed the service they have promised
- ✔ The company recommends that you don't contact any of the credit reporting agencies directly
- ✔ The company tells you that it can get rid of negative credit information in your credit report, even if that information is accurate. No one can do this.
- ✔ The company suggest you try to invent a “new” credit identity – and then, a new credit report – by applying for an Employer Identification Number to use instead of your Social Security Number. This is a federal crime, and you would be liable!
- ✔ The company advises you to dispute all of the information in your credit report, regardless of its accuracy or timeliness

If you have just signed up for these services, you have the right to cancel your contract with any credit repair organization for any reason within three business days.

Before we start, I just wanted to remind you that bad items on your credit report are not a life sentence. All negative information will eventually be removed from your credit report and the older an item the less impact they are going to have on your FICO score. For example, a collection item that is 5 years old will hurt much less than a collections item that is 5 months old. Here is how long it takes for items to leave your credit report

**Late payments:** 7 years

**Bankruptcies:** 7 years for completed Chapter 13 bankruptcies and 10 years for Chapter 7 bankruptcies

**Foreclosures:** 7 years

**Collections:** Generally, about 7 years, depending upon the age of the debt being collected

**Public record:** Generally, about 7 years, although unpaid tax liens can remain indefinitely (always pay the tax man first!)

The best way to improve your score is to have good behavior reported every single month. Even if you have a terrible credit score, take out a secured credit card and use it monthly. Charge no more than 10% of the available credit limit. (If your limit is \$1,000 make sure your balance is never greater than \$100). Pay the balance in full and on time every month. Your credit score will start to improve as your negative information ages and your credit report becomes increasingly filled with positive, good information.

We wish we could promise a miracle. But if you have bad credit because you missed payments or defaulted on other loans, there is no miracle other than time and discipline. If your credit score is suffering because of inaccuracies or abuse, we can help you get it fixed quickly.

# Checklist for Credit Repair

In this eBook, we will walk through each step of the “credit repair” process. (We put “credit repair” in quotes because we believe these steps are important. Everyone should go through this process to ensure that the information about them in their credit reports is accurate).

- 1 **ASSESS:** Find out what is on your credit report from all 3 credit reporting agencies – for free
- 2 **DISPUTE:** Dispute incorrect information (You can do this online, and you can do with a letter. We provide sample letters that you can use.)
- 3 **FOLLOW UP:** Make sure you follow up and get that incorrect information removed.
- 4 **MONITOR:** Set up monitoring to ensure that you are notified as soon as the incorrect information is removed. Putting in place monitoring will also alert you quickly if someone tries to open new accounts in your name.

We will now have a chapter dedicated to each step. We will explain in detail how to Assess, Dispute, Follow Up and Monitor.

## 1. ASSESS

There are three credit reporting agencies: Experian, Equifax and TransUnion. Everyone is entitled to one free credit report from each credit reporting agency every year. It is important to get a full report from the credit reporting agency, and not just your credit score. Many sites and credit cards offer access to a free score. Seeing your score each month is a great perk, but you need a detailed credit report in order to do the assessment properly.

**In this chapter, we will walk through the following steps:**

- 1 Download a free copy of all three credit reports
- 2 Review the credit report to find errors
- 3 Prepare a list of items that you might need to dispute

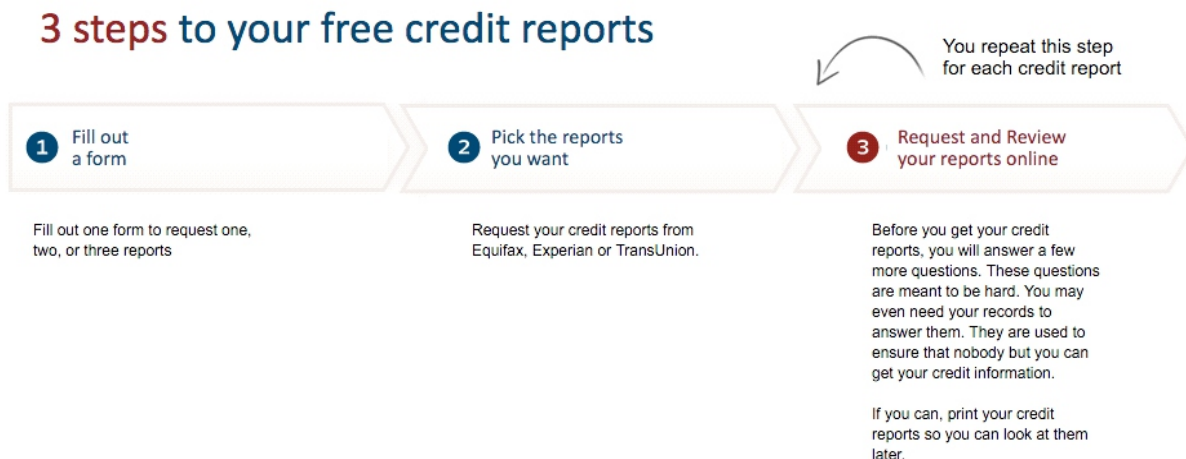
### 1. Download a Free Copy of all 3 Credit Reports

There is only one official website where you can get your official credit reports from all three agencies for free: [www.AnnualCreditReport.com](http://www.AnnualCreditReport.com).

Go to the homepage (pictured below) and click on “Request yours now!” to start the process. You can then download your report from all three reporting agencies.



When you go through the process, you will have to follow 3 steps, as demonstrated below:



Remember that you have to repeat the third step for each credit reporting agency.

It is important to get a credit report from all three agencies, because it is possible that incorrect information could be on only one of your credit reports.


When you fill out the form, you will be asked for personal information, including your Social Security Number and previous address history. This is required to help them match your identity with your credit report.

After completing the form, you will be given the option to download one, or all, of your credit reports:

## Request 1, 2, or 3 reports

TransUnion<sup>tu</sup>

**EQUIFAX**

 **Experian**

**Next**

### COMMON QUESTION:

Should you order all three reports now or spread them out over time?

The answer depends on you.

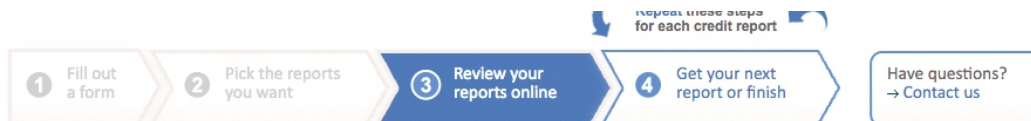
If you are thinking about buying something big soon - a new car or even a home - you may want to get all of your credit reports now. That way you can correct any mistakes on all of them right away.

If you are not planning a big purchase, requesting them over time might be a better choice. When you spread them out, watch for expected changes or suspicious activity throughout the year.

Whichever strategy you choose, mark your calendar so you know when you can request your next free credit report.

For the first time, we recommend downloading all 3 credit reports at once. You will want to do a full inventory of your credit reports to see if there are any surprises out there.

You will then have to go through a process with each credit reporting agency to get your report. For example, here is what the TransUnion screen looked like when I went to download my TransUnion report on AnnualCreditReport:



Welcome, Nicholas Clements [Help](#)

## Welcome, Nicholas Clements

YOUR PROGRESS
0%
<b>Step 1 of 3</b>
Welcome

Please review the following information, then click **Continue**.

### Thank you for selecting TransUnion for your **FREE Personal Credit Report**.

- Your credit report is just moments away.
- To protect your privacy, we'll ask you a few questions to verify your identity.
- To complete the next section, you may need to refer to information including, but not limited to, your credit cards, loans and mortgages. Please have any statements or documents available.
- Please make sure you have the ability to print if you would like to retain your credit report.

To receive your free credit report online, you must complete the identity verification process. If you don't wish to complete the process online or you can't complete it online, you may obtain your free credit report by [phone or mail](#). You can only go through the online identity verification process once per year.

**Upon viewing your report online, we strongly recommend that you print or save it before you close the window and leave the site as it will only be available to you during this session with TransUnion.**



Once you have downloaded your credit report with one of the credit reporting agencies, make sure you click "Get Your Next Report or Finish" on the top right of the screen to get your report from the next credit reporting agency.

With some reporting agencies (like Equifax), you might be asked security information. For example, you could be asked the name of your mortgage company, the amount of your monthly payment, or other personal information.

Once you are authenticated, you will have the opportunity to download your credit report. Here is an example from the Equifax website:



## Your Annual Equifax Credit Report

Get Started >> Verify >> **View Report** ✓

### Your Free Equifax Credit File

Thank you for your order. Your transaction code is 1-38933802108 . Please make a note of this number or [print this page](#); the transaction code will serve as a record of your order.

Your free annual credit report is now available for printing or viewing. Please print your report now as it will only be available for you to review and print during this session with Equifax.

**View and Print your report**  
[Get Started](#) >>

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Most credit reports will have the following sections:

» Credit Summary
» Accounts
» Inquiries
» Negative Information
» Personal Information
» Dispute File Information
» Summary of Your Rights Under the FCRA
» Remediating the Effects of Identity Theft

## 2. Review the Credit Report

Review your credit report in detail. When you review your credit report, you will want to make a list. On that list, you will write down anything that you think is incorrect. Here is what to look for:

- Do you recognize all of the accounts on your credit report? Write down any account that you do not think is yours.
- Do you recognize all of the inquiries on your credit report? (An inquiry is a record of any new credit that you apply for. If someone steals your identity and tries to apply for new credit in your name, an unrecognizable credit inquiry is usually the first sign of a problem)
- Review each account, and make sure that:
  - The account balance and payment history looks right. (For example, you might have an old credit card that you haven't used in years. But when you look online, you see a balance because could have stolen the account information).
  - The payment history is correct. You should be able to see 7 years of history. If you see missed payments that shouldn't have been there –write it down. Your credit score is negatively impacted when you are 30 days or more past due.

### Payment History Key

Meaning	Symbol
Pays or Paid as Agreed:	*
30-59 Days Past Due:	30
60-89 Days Past Due:	60
90-119 Days Past Due:	90
120-149 Days Past Due:	120
150-179 Days Past Due:	150
180+ Days Past Due:	180
Collection Account:	CA
Charge Off:	CO
Foreclosure:	F
Voluntary Surrender:	VS
Repossession:	R
Not Reported:	NR



- Do you have any “Negative Information,” which includes negative accounts, collections or public records. Negative information has the biggest impact on your credit score, and you want to make sure you recognize all of it.

### Potentially Negative Information

Late payments, collections and public records can have a negative impact on your credit standing. The more severe and recent they are, the more negative the potential impact might be.

<u>Public Records</u>	0
<u>Negative Accounts</u>	0
<u>Collections</u>	0

Congratulations if you recognize all of the information on your credit report. At this point, you can just jump ahead to Chapter 4. In that chapter, you can learn how to set up credit monitoring for free. With credit monitoring, you can keep an eye on your credit report for free and be alerted whenever something important happens.

I am sorry if you have information on your credit report that you do not recognize or think is correct. Now it is time to start the dispute and resolution process, which we will explain in Chapter 2.

## 2. DISPUTE

If there is incorrect information on your credit report, you will need to take action.

The incorrect information could be on your credit report because:

- ✔ Someone stole your identity and opened new accounts in your name.
- ✔ Someone stole one of your existing accounts (for example, a bartender skims a card at the bar) and started using it.
- ✔ The bank made an error and reported a delinquency or default when it really didn't happen
- ✔ A collection agency made an error and reported a collection item on debt that was never yours.

If you have incorrect information on your credit report, you will need to dispute that information to the credit bureaus and the reporting organization (bank, collection agency, etc.). If your identity has been stolen, you will need to take some additional steps.

**Was your identity stolen?** When someone steals your identity, they have the ability to open new accounts in your name. And you often don't know that your identity has been stolen until you look at your credit report.

Imagine the following simple example: Someone (the criminal) manages to steal your Social Security Number. The criminal then applies for new credit cards in your name, but at a different address and phone number. The criminal uses that credit card but never pays. You never know about it because you are never called and no letter is ever sent to your home.

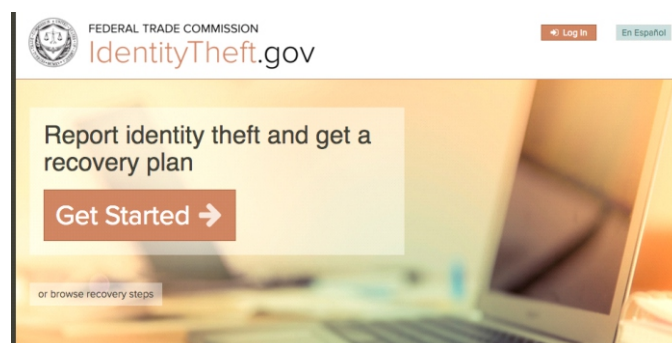
Here are some other symptoms of identity theft:

- > You don't get your bills or other mail. Someone has managed to login to your accounts, change the mailing address, and start receiving everything at their address instead of yours.
- > Debt collectors call you about debts that aren't yours
- > Medical providers bill you for services you didn't use
- > Your health plan rejects your legitimate medical claims because the records show you've reached your benefits limit
- > The IRS notifies you that more than 1 tax return was filed in your name, or that you have income from an employer you don't work for
- > You get notice that your information was compromised by a data breach at a company where you do business or have an account
- > You are arrested for a crime someone else allegedly committed in your name

**Warning:** a very common form of identity theft happens within families. A brother, sister, cousin or uncle steals your Social Security Number and uses it to apply for credit. You might be very saddened, or angry about it. But you will not be alone.

If you determine that your ID has been stolen, you need to take some additional important steps.

Visit [www.identitytheft.gov](http://www.identitytheft.gov) to report identity theft and get a recovery plan. This is an excellent, free website created by the Federal Trade Commission (of the United States Government). You will be able to report your identity theft online. You will then get an action plan and will even have access to real people who can help you resolve your problem.



As an identity theft victim, you will be urged to do things like:

- Place a fraud alert on your account with the credit reporting agencies. You can do that by calling:
  - Equifax: 1-800-525-6285
  - Experian: 1-888-397-3742.
  - TransUnion: 1-800-680-7289
- Consider placing a credit freeze on your credit reports. A freeze blocks potential creditors from getting access to your credit report, making it less likely an identity thief can open new accounts in your name.
- Create an Identity Theft Report, which requires submitting a complaint about the theft to FTC and filing a police report.

Once you go through all of these steps, you will then need to dispute errors with credit reporting companies. We will explain that process now.

### **How to Dispute Incorrect Information**

We recommend that you dispute information both **online** and **in writing**. You will need to dispute the incorrect information to:

- Every credit reporting agency (TransUnion, Experian and Equifax) that has the incorrect information
- Every creditor or other information provider (like a collection agency) that the information is incorrect. That should be done in writing.

### **Credit Reporting Agencies:**

Here is a sample letter, created by the FTC, that can help you dispute your credit information:

[Your Name]

[Your Address]

[Your City, State, Zip Code]

[Date]

Complaint Department

[Company Name]

[Street Address]

[City, State, Zip Code]

Dear Sir or Madam:

I am writing to dispute the following information in my file. I have circled the items I dispute on the attached copy of the report I received.

This item [identify item(s) disputed by name of source, such as creditors or tax court, and identify type of item, such as credit account, judgment, etc.] is [inaccurate or incomplete] because [describe what is inaccurate or incomplete and why]. I am requesting that the item be removed [or request another specific change] to correct the information.

Enclosed are copies of [use this sentence if applicable and describe any enclosed documentation, such as payment records and court documents] supporting my position. Please reinvestigate this [these]matter[s] and [delete or correct] the disputed item[s] as soon as possible. Sincerely,

Your name

Enclosures: [List what you are enclosing.]

\*\*\*\*

It is very important that you:

- ✔ Provide detailed information regarding your dispute.
- ✔ Provide copies (not originals) of the supporting evidence.

In addition to sending a letter, you can also dispute online. We recommend that you do both. Below we provide the website and physical address of where you can dispute:

### Equifax

Online: [www.ai.equifax.com/CreditInvestigation](http://www.ai.equifax.com/CreditInvestigation)

By mail: Click here to download the dispute form

Mail the dispute form with your letter to:

Equifax Information Services LLC

P.O. Box 740256

Atlanta, GA 30374

By phone: Phone number provided on credit report or (800) 864-2978

### Experian

Online: [www.experian.com/disputes/main.html](http://www.experian.com/disputes/main.html)

By mail: Use the address provided on your credit report or mail your letter to:

Experian

P.O. Box 4000

Allen, TX 75013

By phone: Phone number provided on credit report or (888) 397-3742

### TransUnion

Online: [www.transunion.com/personal-credit/credit-disputes-alerts-freezes.page](http://www.transunion.com/personal-credit/credit-disputes-alerts-freezes.page)

By mail: Click here to download the dispute form

Mail the dispute form with your letter to:

TransUnion Consumer Solutions

P.O. Box 2000,

Chester, PA 19022-2000

By phone: (800) 916-8800

You should also send the dispute, with copies of the supporting information, to the banks, collection agencies or other providers.

Debt collection agencies can sometimes be trickier to deal with and more aggressive in their collection tactics. Below is a sample letter, created by the Consumer Financial Protection Bureau, that you can send to a collection agency. The purpose of this letter is to make it clear that you do not owe this debt.

\*\*\*\*

[Your name]

[Your return address] [Date]

[Debt collector name] [Debt collector address]

Re: [Account number for the debt, if you have it]

Dear [Debt collector name],

I am responding to your contact about collecting a debt. You contacted me by **[phone/mail]**, on **[date]** and identified the debt as **[any information they gave you about the debt]**. I do not have any responsibility for the debt you're trying to collect. If you have good reason to believe that I am responsible for this debt, mail me the documents that make you believe that. Stop all other communication with me and with this address, and record that I dispute having any obligation for this debt. If you stop your collection of this debt, and forward or return it to another company, please indicate to them that it is disputed. If you report it to a credit bureau (or have already done so), also report that the debt is disputed.

Thank you for your cooperation.

Sincerely,

[Your name]

***In Summary:***

- If your identity has been stolen, you will need to file a report with the FTC and your local police. But use [www.identitytheft.gov](http://www.identitytheft.gov) to file your report and get access to a case worker
- For every incorrect item on your report, you should:
  - Dispute the item online with each credit reporting agency
  - Write a letter to each credit reporting agency, and keep copies of your correspondence. (Having a written copy of your correspondence becomes very helpful if you have issues later)
  - Write a letter to each organization (bank, collection agency, credit union, etc.) that submitted incorrect information. And keep copies of those letters.

### 3. FOLLOW UP

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Once you register your dispute with the credit reporting agencies, they must investigate the item in question – usually within 30 days – unless they consider your dispute frivolous. They also must forward all the relevant data you provide about the inaccuracy to the organization that provided the information. After the information provider receives notice of a dispute from the credit reporting company, it must investigate, review the relevant information, and report the results back to the credit reporting company. If the information provider finds the disputed information is inaccurate, it must notify all three nationwide credit reporting companies so they can correct the information in your file.

When the investigation is complete, the credit reporting company must give you the results in writing and a free copy of your report if the dispute results in a change. This free report does not count as your annual free report. If an item is changed or deleted, the credit reporting company cannot put the disputed information back in your file unless the information provider verifies that it is accurate and complete. The credit reporting company also must send you written notice that includes the name, address, and phone number of the information provider.

If you ask, the credit reporting company must send notices of any corrections to anyone who received your report in the past six months. You can have a corrected copy of your report sent to anyone who received a copy during the past two years for employment purposes.

If an investigation doesn't resolve your dispute with the credit reporting company, you can ask that a statement of the dispute be included in your file and in future reports. You also can ask the credit reporting company to provide your statement to anyone who received a copy of your report in the recent past. You can expect to pay a fee for this service. And, unfortunately, a dispute on your credit report is not very helpful for improving your credit score.

#### ***Do I Have Any Other Options?***

If you are unhappy with the way your case was investigated by the credit reporting agencies, you do not have to give up. Instead, you can complain to the Consumer Financial Protection Bureau (also known as the CFPB) on their website ([www.consumerfinance.gov](http://www.consumerfinance.gov)).

All of your written correspondence with the credit reporting agencies, banks, credit unions and collection agencies becomes very important when you create your complaint. When you complain to the CFPB, you should provide copies of all of your correspondence to prove your case. The CFPB will reach out to the credit reporting agencies on your behalf and try to help get your situation resolved. At MagnifyMoney, we have worked with many people who have had good outcomes working with the CFPB.

## 4. MONITORING

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You should come up with a strategy to monitor your credit report on an on-going basis.

You don't have to pay for good credit monitoring services. You can do all of this for free. The best, free way to monitor your credit is with CreditKarma. Visit [www.creditkarma.com](http://www.creditkarma.com) and you will have 2 of the 3 credit reports monitored on a regular basis. You will be able to get alerts whenever a new account is opened in your name.

**There are services out there that charge a monthly fee. Your fee would add the following services:**

- ✔ *Monitor all three credit bureaus daily*
- ✔ *Resolution assistance in case your identity is stolen*

If you have been a previous victim of identity theft, you might want to pay for three-bureau monitoring, to reduce your risk. To see a ranking of the best paid solutions, you can visit MagnifyMoney.

Credit monitoring is a great service. As soon as you detect suspicious activity, you can take action. The sooner you work to deal with issues in your credit report, the less damage that can be done.

## Conclusion

An excellent credit score and credit report can make your life much easier and much cheaper. People with excellent scores get the lowest interest rates on mortgages, the best chance of approval for loans and the cheapest auto insurance policies. Prospective employers often look at credit reports before making a hiring decision.

It has never been easier to take control of your credit report and your information. Just make sure you don't fall victim to the promises of scam artists. There is no quick fix. Hopefully this guide gave you the confidence to take control of your credit report yourself.

**To get the best score possible, you need to fill your credit report with good information. In order to do that, make sure you:**

- 1 Make all of your payments on time. A missed payment can have a big, negative impact on your score.
- 2 Have at least some activity on your credit report every month. The easiest way to do that is with a secured credit card or a credit card. But you don't have to go into debt to get a good score. Use your card every month, but never more than 10% - 20% of the available limit. When you get your statement, make sure you pay the balance in full and on time. That way you never have to pay interest.
- 3 If you visit a doctor or hospital, make sure you chase for the payment information. A big portion of debt on credit reports relates to medical billing issues. Don't wait for the bill. Chase your doctor and make sure you get the bill taken care of.
- 4 If you just keep repeated #1, #2 and #3 your score will improve over time.

If you have debt in collections now, you can read this article for tips on how to negotiate for the best settlement possible.

And just remember that a bad credit score is not a life sentence. Most bad information will be off your report in 7 years, and it will become less important ever year. Anyone can get a good score with a strategy, patience and discipline.