Boost My Credit Now!

The Credit Repair Kit

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Credit – What Is It?

In today's modern society, credit is a major part of the financial landscape. Almost all of us utilize credit in one form or another in order to live a full life. Whether it is a car loan or mortgage, a credit card purchase or utility bill payment, we all use credit. We all need credit.

Using credit responsibly is important as it helps you build your 'credit score.' This in turn allows you access to more credit, which is important when trying to buy a house, car or plasma screen TV with favorable interest rates!

Without good credit, trying to run your life would be hard. That's why building and maintaining good credit is so important. But sometimes life has a knack of getting in the way of good credit. Whether you have lost your job, been a victim of fraud or have just been caught in the credit trap, sometimes we need a little help rebuilding credit, as good credit score can save you thousands of dollars in the long run.

But what is credit? Basically, credit is the confidence a lender has in you and your ability to repay them their money. This means credit is your ability to get a loan from a lender, and then your ability to repay that loan.

Having 'Bad Credit' may stop you from gaining access to reasonable car insurance rates, getting a cell phone or even opening a utilities account.

Some companies even run credit checks on you before they hire you. They like to see what kind of person they are about to hire. If you can't manage your own money, how can you be expected to manage someone else's?

With credit being so easily attainable, it is sometimes easy to abuse it. When it comes time to pay money back

and you can’t afford it, you have now fallen into the ‘credit trap.’

This is known as a ‘fiscal misstep’ and is the most common cause of bad credit. When you can’t make that payment or even forget to pay a bill on time, this will be reported to a credit reporting agency. Then, when you apply for a loan, these credit ‘mishaps’ will show up on your record and affect your loan process.

Whether it means rejection or just higher interest rates, having bad credit is bad news. Effective management of income and spending is the best way to ensure you don’t fall into the credit trap.

Over the course of this credit repair e-book, we will show you how to repair your bad credit once and for all. Once you know all the details of your own credit, you will be able to make all the necessary arrangements to clear up your bad credit and help you find financial freedom.

So read on, and boost your credit now!

What Is My Credit Rating And What Does It Mean?

Your credit rating or FICO score is a method of determining the likelihood that credit users will pay their bills on time. It's a risk assessment tool that is summed up by one number.

Your score is based on information the credit bureau keeps on file about you. As this information changes, your credit score changes. Your score will affect both loan amount and terms (interest rate, application fees etc.) that lenders will offer you.

What's In My Score?

FICO scores are calculated from various credit data in your credit report. This data is generally grouped into five categories. The percentages reflect how important each category is in determining your score.

Payment History: 35%

The credit companies look at account payment information on specific types of accounts (credit cards, retail accounts, installment loans, finance company accounts, mortgage, etc.).

They also look at:

- Adverse public records (bankruptcy, judgments, suits, liens, wage attachments, etc.), collection items, and/or delinquency (past due items)
- Severity of delinquency (How long past due are they?)
- Amount past due
- Time since past due items, plus adverse public records or collection items
- Number of items on file that are past due

Amounts Owed: 30%

- Amount owing on accounts and the number of accounts with balances
- How much of your credit balance is used
- How much of your loan is still owed

Length Of Credit History: 15%

- Time since accounts opened and the length of account activity

New Credit: 10%

- The number of recently opened accounts, the time since they were opened and, the number of recent credit inquiries.
- Re-establishment of positive credit history following past payment problems.

Types Of Credit Used: 10%

Types of Credit Used include: credit cards, retail accounts, installment loans, mortgage, consumer finance accounts, etc.

FICO scores range between 300 and 850. Over 750 is considered an 'excellent' score and shows a good credit history. Obtaining credit should be quick and easy and you should get it on favorable terms. Over 720 is considered 'very good.' Between 660 and 720 is considered 'acceptable.'

Between 620-660 is an 'uncertain' score for a lender. Although it shows good credit, lenders may take a closer look at the borrower to closer assess the risk to them.

A score less than 620 is considered a ‘risk’ for a lender. For the borrower, it means that they may not get the best rates or the best terms or even any credit at all.

Why Might Your Fico Score Be Low?

Here are some of the reasons why:

- Too many accounts open with balances
- Too few accounts
- Delinquency on those accounts
- Too many opened in the last 12 months
- The amount owed on them is too high
- The account payment history is too new
- Length of credit history is too short
- Too many credit enquiries in the last 12 months
- Portion of balance to credit limit is too high
- Lack of information on your accounts and/or mortgage account
- Money owed is past due on your accounts

What is not considered when assessing your Fico score:

- Race
- Color
- Religion
- National origin
- Sex
- Marital status
- Age
- Salary
- Occupation
- Employer

- Employment history
- Location

Your Credit Report:

In order to fix or boost your credit, you really need to understand where YOU STAND in the eyes of lenders. How do they see you? Are you considered a risk to them? What's your credit score?

How do you do that? You need to use the same tools that they use to judge you. You need your **credit report**. Or more to the point, your credit reports!

There are 3 main credit reporting agencies that exist in the US. They hold all your credit information in your credit file and sell that information to lenders on their request.

The agencies gather this information in the blind faith that it is correct, as reported by companies like Visa and your bank. As humans at banks and credit companies enter the data manually, there is room for error. This is why it is important to always check your own credit reports for errors.

When you submit an application for a car loan, credit card, house etc, the lender will access your credit report and make a decision about whether they should give you the loan - all based on your credit report.

Obtaining Your Credit Report

The first step to boosting your credit is to clean up your credit report. To do this, you need to obtain your credit report.

There are a number of ways you can do this. You can do it by mail, phone or the internet. You are entitled to one free copy of your credit report annually from each of the three credit bureaus (Equifax, Experian, and Trans Union).

Call 877-322-8228 or log on to
www.annualcreditreport.com

If you want to see your FICO score, you can purchase it at the site listed above or from one of the three credit bureaus.

Or you can write or call the 3 main agencies. Their contact details are:

1) Experian (formerly TRW)
http://www.experian.com

National Consumer Assistance Center
PO BOX 2002
Allen, TX 75013

To Order a Report: 1.888.397.3742
To Report Fraud: 1.888.397.3742

2) Equifax
http://www.equifax.com

Equifax Credit Information Services
PO Box 704241
Atlanta, GA 30374

To Order a Report: 1.800.685.1111
To Report Fraud: 1.800.525.6285

3) TransUnion
http://www.transunion.com

Consumer Disclosure center
PO Box 1000
Chester, PA 19022

To Order a Report: 1.800.888.4213
To Report Fraud: 1.800.916.8800

Reading Your Credit Report

Once you receive your credit reports, you might feel overwhelmed by the way the information is presented. There is usually no consistency in the way different agencies report your information.

Luckily they also send you a booklet to show you how to read your report. This will allow you to understand all codes and abbreviations used in the report.

As daunting as your report looks, it is crucial to use the guide to go through your report with a fine tooth-comb. This is where you will find out if there is any information that could potentially be crippling to your credit.

Regardless of the layout of each individual report, the data is essentially the same. It is broken into 5 main areas:

1) **Personal Information:**
   - Name
   - Address
   - SSN
   -

2) **Negative information:**

   - Bankruptcy
   - Tax liens
   - Suits
   - Judgments
   - Charge Offs
   - Inquiries
   - Assignments
   - Past due accounts
   - Foreclosures

3) **Account information:** Information on all accounts you have opened, including the date it was opened, the name of the creditor, its credit limit and other terms of the account.

4) **Inquiries:** This shows who has requested your credit report. If you applied for a car loan, the car company will be listed.

5) **Consumer statement:** This is where you get to add some information. Sometimes it's an explanation if you have been a victim of credit card or identity theft.

The credit bureaus have phone numbers you can call if you don't understand any of the information or want additional information.

Your credit report says many things about you to potential creditors. The two main things that they will be looking at are:

1) How much credit you have versus how much you are using. If you are maxed out on all accounts, it will work against you when trying to gain more credit.

2) Whether you make your payments on time.

The creditor will then ask themselves - do we want to lend this person money? If both of the above look good, then the answer may well be yes!

Boosting Your Credit Now!

Now you know the ins and outs of credit and how it works, we are ready to look at the secrets, tips and strategies of how to boost your credit.

There are several techniques that can boost your credit quickly, and we'll go into those later.

But credit repair and boosting generally takes around 60 days. This is generally the time it takes for the credit bureaus to receive and report new information.

The Credit Repair Process:

In order to boost your credit, you first need to repair it. To do this you need to comb through your credit report looking for anything that looks wrong or is likely to affect your credit rating in a bad way. Make a list of what should be removed and why.

When looking at the three credit reports, use their own guides on how to read them. The main area you should be concerned with is the field that gives you the credit status for each entry.

This field tells you whether your payments are current or not, and why not. If an item shows up as negative, this is where you look to find out why.

Also check every other detail of the item, for example if it's an open account, when was it opened, what are the minimum payments, the account credit limit, and so on.

If you find any errors here, and any that are older than 7 years, make a note of them, as these are the items you will need to address.

These are known as ‘clear up’ items. This is just general housekeeping that can be resolved with a letter to the credit bureaus (see later for letter templates).

With each item, generate a legitimate reason as to why the item should be removed. The reasons will generally be one of the following:

- Item is wrong or outdated
- Information is incorrect
- Information is misrepresented

Just remember, not all items can be removed, and even when things are removed, they can take up to 60 days to be removed from your report.

Now what?

You need to write a letter to all 3 credit agencies explaining why the error is on your credit report and ask them to remove it.

4 things to remember when writing to the Credit Bureaus:

1. Be polite in your letter – People read them not machines.
2. Handwrite the letter – It seems to generate a better response.
3. Sign and date it and send it via registered mail with a return receipt requested. Agencies have to deal with inquiries within 30 days. If they don’t, by law, it has to be assumed that the item is unverifiable and they have to remove it themselves. Keep on top of this yourself, and if the item hasn’t been removed, you need to write to them again pointing this fact out and by law, the item will be removed.
4. Only request one item removal at a time.

Now what?

You need to write that first letter to the credit bureaus. The template can be found in the appendix (Letter 1). The first letter should be acted upon within 30 days by the Credit Bureau by law and the item deleted.

But if that does not resolve the issue, you need to send a second letter. See Letter 2 in the appendix. Once they receive this letter, they will re-investigate the matter. And if the item remains on the report after this letter, as far as the credit agency is concerned, the item is legitimate and will remain on there. It's after this point that you will need to contact the creditor directly.

When contacting your creditor directly, you can do one of two things:

a) You can claim the information is incorrect. You will need proof to back this claim up. If you can prove this, the creditor will quickly change their information and update your credit report.
b) If the information is correct, you can request the creditor remove it and offer a negotiation to restore your good credit.

See the letters in the appendix for examples of how to do this.

If you have exhausted these avenues and your credit is still bad, one last strategy is to write a **personal statement** explaining your extreme circumstances that led to you gaining bad credit; then mail this to all three credit agencies. This statement will become part of your credit report. Will it affect your credit score? No, but it may sway a creditor who thinks you are a borderline case.

Every statement will be different, but it should address three critical areas:

1) The reason, probably a one time event that hurt your credit (accident, lay off, etc)
2) How you have bounced back from that event

3) How you are now up to date on all financial obligations.

Your statement should not be more than 100 words long. And when applying for credit, you should point out that you have a personal statement so that it can be taken into account with your application.

There might also be **late payment issues** on your credit report. If it's only happened one time, you should write to your lender with an apology stating that it won't happen again and was an oversight on your part.

If the payment has been reported as being late, you need to work with the company to overturn the situation.

See the appendix for an apology letter template.

If you have had **past due accounts** on your credit card, car, or mortgage, these non-payments will show up on your report.

Let's assume you have caught up on all your payments and are in good financial standing once again. You will still have these items showing up on your credit report. What do you do?

Write a separate letter disputing these late payments to all three reporting agencies. See the Letter 7 template in the appendix.

After 30 days, one of four things will happen. They will probably tell you that their information is correct and the item will remain on the report. But sometimes the following could happen:

- They tell you that the information is indeed inaccurate and they deleted it from your record.
- They couldn't verify the information and therefore deleted it from your record.

- 30 days pass during their investigation and by law they have to remove the item from your credit profile.

If those don’t happen, you need to write another letter for each item that hasn’t been resolved. See Letter 8 in the appendix.

The entry will either be removed due to one of the reasons listed above, or it will stay on. If it remains on, the bureau will write back to you and let you know. They will also list who they contacted at each of the creditors.

Use this information now to contact the creditor directly. See Letter 9 in the appendix.

After the creditor receives this letter, there is a good chance they will work with you and correct the situation.

What happens if they don’t resolve the issue? Simply write a personal statement and add it to your report, explaining the extreme circumstances that the delinquency happened under and that you are now in good financial standing.

Bankruptcy:

Life after bankruptcy is never fun. Getting a loan or even a credit card is very difficult and re-establishing your credit takes a long time.

Here are some things you can do to help you bring your credit back to a level you are happy with.

Your first step is to obtain a copy of your credit report and attempt to dispute all items as you would with your **past due accounts.** Take the same steps and write the same letters. There is a good chance that some negative items will be removed from your report. If not, as before, deal directly with your creditor and

negotiate a settlement with them. Then, as before, write a 100 word personal statement explaining what happened and add it to your credit report.

Although this may help, there is no guarantee. The best way to come back after bankruptcy is to build and boost your credit as per the techniques in the upcoming section.

Before we look at these techniques here are some general credit tips for people who have experienced bankruptcy:

Take a money management course - Learn how to save, budget and manage your money! People who declare bankruptcy often do it again. Make sure you don't make the same mistakes again!

In the early stages of a comeback, don't apply for too much credit, as this will actually put negative marks on your credit file.

Pay all your bills on time!

Don't max out your cards as your credit score lowers when all lines of credit are maxed out.

Get a credit card! This is hard, as no one wants to give you credit right now. So save some cash, say $1000, and apply for a *Secured Credit Card.* Then get a cash advance for 70% of your credit limit.

Then get a second secured credit card. Again, get a cash advance for 70% of your credit limit. Repeat this one more time with a third secured credit card.

Now open a new checking account with the final cash advance. Use this account only for making payments on your three new credit cards.

If you make your payments on time every month, your credit score will increase because you now have three new perfect payment credit cards. Initially, your credit score might drop due to the number of accounts

being opened. But after four months with no new accounts or any delinquencies of any account, you will see your credit score increase.

Even with bad credit, you can still get loans. They are called *sub-prime loans*. Since your credit score is low, the interest rate you are offered is high - a reflection of the risk the lender is taking on you.

Make on-time payments on the loan and watch your credit score climb! Once your credit score is high enough, you can re-finance the loan at a lower rate.

When you come out of bankruptcy, how are you doing to buy expensive items - furniture, computers, TV's, etc? There are 3 ways to do so:

- Pay cash - If you can of course!
- Rent - It's expensive, but if you can rent to own, you will be well on your way to owning a home.
- Accept a sub-prime loan

Boosting Your Credit Now!

Owning a house and having a job are two important things that boost your credit score. But hopefully these things are constants in your life. We are going to look at the smaller things you can do to boost your credit now!

We are going to focus on the following areas to boost your credit quickly and effectively:

- Payment history (35% of your total score)
- The amount of debt you have with your creditors (30% of your total score)
- The length of your credit history (15% of your total score)

When boosting your credit, remember:

Start small: In the eyes of the creditor, you need to show you are a responsible borrower. Act like one. Primarily, don't overextend yourself or fall behind on payments, and stay within your credit bounds!

And…

Pay your bills on time: This is one of the most important things you can do to maintain and boost your credit. Creditors look at patterns and recent credit history (6-12 months). Points will be deducted from your score for any late payments.

Other Techniques For Boosting Your Credit Now!

Co-Signed Loan:
One sure way to boost or just establish your credit is to get a Co-Signed loan or credit card. What this tells the lender is that this person, usually a parent of the borrower, stands behind the applicant and his ability to pay for the loan. If the co-applicant has good credit then the loan is usually granted.

Get an Installment Loan
To boost your credit score most effectively, you need a good blend of credit types including *revolving accounts* (credit cards, lines of credit) and *installment accounts* (auto loans, personal loans, mortgages etc).

The best way to do this is to apply for a small installment loan from your credit union or bank. Keep the re-payment period short -- no more than a year or two. This will help you boost your credit while limiting the amount of interest you have to pay.

Open a Checking and Savings Account
These accounts aren't reported to the credit agencies directly, but they are good tools to show a potential creditor how you manage your finances and how you have funds in your accounts in case of emergencies. These can be the factors that make a creditor say 'Yes' instead of 'No' to that car loan. These accounts also show payments you have made to utility companies - even more evidence that you pay your bills on time.

Apply For A Secured Credit Card:
As discussed above, when you put money down, you can create your own line of credit that you can use the same way as you would an unsecured credit card. The amount you can charge to the card is usually directly related to how much money you put down (usually 50-100% of your deposit).

Insider secret: Make sure of two things before applying for the card:

- The card company reports the information to a credit agency
- The card company does not report the card as secured.

To find the best card for you, you will need to do your homework. Most unsecured cards charge higher interest rates, as well an application and annual fee. So read the small print about your card and ask questions!

If you have difficulty getting an unsecured card, look for cards that have a LOW credit limit - just a few hundred dollars. Lenders are taking less of a risk with a smaller credit limit, and will therefore be more willing to give you the card.

Once you have the card, PAY YOUR MONTHLY BALANCE DOWN ON TIME.

Check out this website. It lists a huge range of unsecured cards available for anyone with below average credit:

http://www.newhorizon.org/Info/unsecured.htm

http://creditcards.com/bad-credit.php

Department Store Credit Cards

As most stores have their own finance departments, they will have their own set of rules about who they approve for a card. As they want you to spend money at their store, they tend to give most people cards.

Applying for a store card is a great way to boost your credit score.

Insider Secret:

- Make sure you use the card and pay the card on time.
- Check that the store reports to a credit agency.

Adding 10 Years of Good Credit to Your Credit History:
One of the best ways to boost your credit is to have someone add you to their credit card.

Ask your parents or partner to add you to their card and watch your credit get boosted through the roof! Tell them that you won't even use it if you don't have to. You just want your name listed so that your credit will be linked to theirs.

To really boost your credit, ask friends or family who have high credit limits and low balances.

Insider Secret:
Make sure that your social security number is added to the card, as you want this reported to the agencies.

The Ten Minute Secret That Will Boost Your Credit Immediately:
One of the best ways to boost your credit is to increase your debt to credit ratio. The fastest way to do this is to call your credit card company and ask them to increase your credit limit (say it's for home improvements or a trip abroad if they ask).

If you get it doubled, your debt to credit ratio jumps significantly, immediately boosting your credit score.

If you own property another way to boost your ratio is to take out a home equity line of credit and pay off your credit cards.

Insider Secret:
The magic number credit agencies and creditors look for is a credit to debt ratio of 4:1. If you have a limit of $1000, you want to keep your balance at around $250 - 1/4 of the card's limit.

If you follow these simple steps you’ll soon be on your way to better credit and a better life!

Appendix

Letter 1: First Letter to Remove Inaccurate Information

To Whom It May Concern:

I recently received a copy of my credit report from (***insert relevant credit bureau here***). On the report, I found an error regarding my account at (***insert company eg Macy's, here***).

The report shows(***insert problem you identified***). (***Then explain why this should not be on your credit report***).

Insert:
Item number / ComDanv / Name / Acct number / comments

Please investigate these inaccurate item(s) as soon as possible. Under law, thirty days from receipt of this letter is the maximum time allowed to verify these entries. It is understood that failure to do so within the 30 day period constitutes reason to delete the information from my file (Fair Credit Reporting Act)

Also, in compliance with the FCRA, please notify me when the items have been deleted. You may send an updated copy of my credit report to the above address. According to the FCRA, there should be no charge for this notification. Also, please send me names and addresses of individuals you contacted so I may follow up.

Sincerely,

Letter 2: Second Letter to Remove Inaccurate Information

To Whom It May Concern:

Thirty days ago you received my letter disputing several items listed in the credit report issued by your firm. The items were both wrong and incomplete. I have attached my original letter.

Under the Fair Credit Reporting Act you had 30 days to respond to my letter. I have not received a reply from you within this time period, therefore it must be that the information on my report was either inaccurate or could not be verified. In either case the item must be deleted immediately.

Please respond immediately so that I do not need to pursue my legal rights under 15 USC Section 1681n or 1681o, which require your compliance with the FCRA.

Please send me notification that the items have been deleted, as well as an updated copy of my credit report. In addition please send an updated copy to any other party that has inquired about my credit rating in the last 6 months. According to the FCRA there should be no charge for notification of changes on my credit report.

Sincerely,

Letter 3: Letter Challenging Incorrect Information

Your Name and Address
Your SSN
Acct Number

Creditor Name and Address

To Whom It May Concern:

My credit rating was adversely affected by your report to the credit bureau that showed (past due status of my account). Since I have resolved this issue, I request that you submit a statement to (credit bureau) that reflects the fact that my account is now in good standing.

Thank you for your timely attention to this request.

Sincerely,

Letter 4: Negotiation Letter to Creditor

To Whom It May Concern:

I am currently experiencing financial difficulties and am unable to pay my account in full.

While my income is limited, I would like to propose a settlement offer of __% of this debt. Based on this settlement amount the debt would be paid in full with the amount of ___.

If you are willing to accept this settlement proposal, I ask that you report my account as paid in full and delete any negative information that has been reported to all 3 credit bureaus.

Please let me know of your decision as soon as possible so I can send you my final payment.

Sincerely,

Letter 5: Addition of Consumer Statement

To Whom It May Concern:

I have disputed the inaccurate information on my credit report and no progress has been made. Therefore, I would like the following statement, without alterations, included in my credit report for others to see. Thank you.

(Attach Personal Statement)

Letter 6: Explanation for Late Payment

To Whom It May Concern:

It has recently come to my attention that a payment has been listed as 'late' on my report.

This missed payment was due to (insert reason here).

I have been prompt in paying in the past, and since the late payment occurred with an excusable reason, please correct the payment history for my account with the 3 credit bureaus.

The corrected report will now reflect my true financial habits. Thank you for your help in this matter.

Letter 7: First Letter for Past Due Accounts:

Your Name, Address, and SSN

Credit Bureau Name and Address

Date

To Whom It May Concern:

Pursuant to my rights under the Fair Credit Reporting Act, I hereby challenge the credit report entry as noted below:

Credit report date: XYZ

Entry dispute issued by: XYZ

Visa Card Acct #: XYZ – states that the account was past due by XYZ days. This statement is not true.

Please return a summary of your investigation stating that you have or have not obtained verification as to the accuracy of the credit report entry in question.

Should verification not be provided from you in 30 days, I fully expect the entry to be permanently deleted from my credit report and no mention made of it in the future.

Sincerely,

Letter 8: Second Letter for Past Due Accounts.

Your Name, Address, and SSN

Credit Bureau Name and Address

Date

To Whom It May Concern:

While an investigation was conducted concerning an item appearing on my credit report, I still believe this entry to be incorrect.

Can you please supply me with the names and business addresses of each individual who you verified the below information with so I can follow up with this person. Please forward me an updated credit report after you have conducted your investigation.

Credit report date: XYZ

Entry dispute issued by: XYZ

Visa Card Acct #: XYZ - states that the account was past due by XYZ days. This statement is not true.

Should verification not be provided within 30 days, I fully expect to see the entry deleted from my credit report and no mention made of it in the future.

Sincerely,

Letter 9: Request to Update Your Credit Report

Your Name, Address, and SSN
Account Number

Creditor Name and Address
Creditor Contact Person

Date

To Whom It May Concern:

My credit rating was adversely affected by your report to credit bureaus that showed my past due account with you.

Since I have paid off all past balances and made regular payments on this account as agreed, I request that you submit a statement to the relevant bureaus that reflects the account in good standing.

Thank you for your immediate attention to this matter.

Sincerely,