

# DIY CREDIT REPAIR

## OUR EBOOK WILL TEACH YOU:

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

# Table of Contents

Introduction .....	3
Checklist for Credit Repair	6
Assess .....	6
Dispute .....	13
Follow up .....	21
Monitor .....	23
Conclusion .....	24

# Introduction

**Credit repair companies often make big promises. You might have received offers that sounded 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.

## Introduction

**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.*

## Introduction

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. Everyone should go through this process to ensure that the information about them in their credit reports is accurate).

## THE STEPS:

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 discuss in detail, each of the four (4) steps.



### 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.

## Assess

### ABOUT YOUR FREE CREDIT REPORT

The three nationwide credit bureaus — Equifax, Experian, and TransUnion — have a centralized website, toll-free telephone number, and mailing address so you can order your free annual reports in one place. **Do not contact the three credit bureaus individually.** These are the only ways to order your free annual credit reports:

- **visit AnnualCreditReport.com**
- **call 1-877-322-8228,**
- **or complete the Annual Credit Report Request Form and mail it to:**

**Annual Credit Report Request Service**

**P.O. Box 105281**

**Atlanta, GA 30348-5281**

Only one website — AnnualCreditReport.com — is authorized to fill orders for the free annual credit reports that you are entitled to by law.

#### **How often can I get a free report?**

*Federal law gives you the right to get a free copy of your credit report every 12 months from each of the three nationwide credit bureaus.*

In addition, the three bureaus have permanently extended a program that lets you check your credit report from each once a week for free at AnnualCreditReport.com.

Also, everyone in the U.S. can get six free credit reports per year from Equifax through 2026 by visiting AnnualCreditReport.com. That's in addition to the one free Equifax report (plus your Experian and TransUnion reports) that you can get annually at AnnualCreditReport.com.

SOURCE: <https://consumer.ftc.gov/>

# Assess


In this chapter, we will complete the following:

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

## 1. Download a Free Copy of all 3 Credit Reports free at [AnnualCreditReport.com](https://AnnualCreditReport.com).

**Annual CreditReport.com**  
The only source for your free credit reports. Authorized by Federal law.

Home All about credit reports **Request yours now!** What to look for Protect your identity Frequently asked questions Contact us

 Free weekly online credit reports are available from Equifax, Experian and TransUnion. Credit reports play an important role in your financial life and we encourage you to regularly check your credit history.

**3 steps to your free online credit reports**


- 1. Fill out a form**  
Fill out one form to request one, two, or three credit reports  
[Request your credit reports](#)
- 2. Pick the reports you want**  
Request your credit reports from Equifax, Experian or TransUnion.
- 3. Request and Review your reports online**  
Before you get your credit reports, you will answer a few more questions. These questions are meant to be hard. You may even need your records to answer them. They are used to ensure that nobody but you can get your credit information.  
If you can, save or print your credit reports so you can review them later.  
For information on how to obtain your credit report in Braille, Large Print, and Audio Formats please visit the [Accessibility Page](#).  
**○ You repeat this step for each credit report**



# Assess

AnnualCreditReport.com  
The [only](#) source for your free credit reports. Authorized by Federal law.

Home All about credit reports **Request your report** What to look for Protect your identity Frequently asked questions Contact us

 Free weekly online credit reports are available from Equifax, Experian and TransUnion. Credit reports play an important role in your financial life and we encourage you to regularly check your credit history.

### Request your free credit reports

1 2 3

#### Fill out a form

Step 1 of 3. \*Required fields

##### Personal Details

\*First

Middle initial

\*Last

Suffix  
-- Suffix --

\*Birthday  
-- Month -- -- Day -- -- Year --

\*Social Security Number

\*Verify Social Security Number

Display Social Security Number

##### Current U.S. Address

This site provides credit information only for U.S. credit files.  
To request your report, you must list U.S. addresses in the address section of the form. If you give your foreign address, the credit reporting companies will not be able to help your information.

Address

Address Line 2  
Apartment, suite, unit, floor, building, etc.

\*City

\*State  
-- State --

\*Zip  
First 5 digits Last 4 digits

\*Have you lived at this address for 2 years or more?  
 Yes  No

##### Previous U.S. Address

If you have lived at the address above for less than 2 years, enter your previous address.

\*Address

Address Line 2  
Apartment, suite, unit, floor, building, etc.

\*City

\*State  
-- State --

\*Zip  
First 5 digits Last 4 digits

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.

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.

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.

# Assess

Most credit reports will have the following sections:

## HOW TO READ YOUR CREDIT REPORT

**YOUR FREE CREDIT REPORT CONTAINS ALL THE INFORMATION REFLECTED IN YOUR CREDIT SCORE.**

Here's how to review each section of your report to understand what shapes your score and the factors that may affect it.

- Account Summary**  
This is a snapshot of your credit profile:
  - current balances
  - payments
  - open and closed accounts
  - delinquent accounts
  - public records
- Personal Information**  
Make sure your name, address and SSN are correct. Another person's personal information could mean someone else's credit history is being linked to your report.
- Credit Inquiries**  
These are requests made by companies who want to view your credit history.
  - Too many hard inquiries can hurt your credit score.
  - If you don't recognize these lenders, you may be an identity theft victim.
- Credit Cards/Revolving Accounts**  
Review the statuses and balances of open and closed credit accounts. Check for any accounts you don't recognize or any missed payments.
- Mortgage / Installment Accounts**  
Verify your loan terms: status, term duration and monthly payments. Student loans sold to other lenders display as transferred in remarks.
- Public Records**  
Records such as a bankruptcy can lower your score. These records stay on credit reports for up to 10 years.

TransUnion<sup>SM</sup>  
Updated 8/16/2018

## 2. Review the Credit Report

Review your credit report and make list of things that you think are incorrect.

### Things To Consider

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.*

# Assess

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 legend			
OK	Current/Terms of agreement met	VS	Voluntarily surrendered
30	Account 30 days past due	R	Repossession
60	Account 60 days past due	PBC	Paid by creditor
90	Account 90 days past due	IC	Insurance claim
120	Account 120 days past due	G	Claim filed with government
150	Account 150 days past due	D	Defaulted on contract
180	Account 180 days past due	C	Collection
CRD	Creditor received deed	CO	Charge off
FS	Foreclosure proceedings started	CLS	Closed
F	Foreclosed	ND	No data for this time period

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

An item is “potentially negative” when a creditor reports that you have not met the terms of: include late payments, accounts that have been charged off, accounts sent to collection, b

	EXPERIAN	EQUIFAX
04/04/2011	✓	
Business Name:	HSBC BANK	
Account Status:	BANK CARD / CREDIT CARD OVER CREDIT LIMIT	
Status Date:		
Balance Amount:		
Balance Date:		

## Assess

***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.

## Dispute

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.

# Dispute

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.

The screenshot shows the homepage of IdentityTheft.gov. At the top, it says "An official website of the United States government" and "Here's how you know". The Federal Trade Commission logo is on the left, and "FEDERAL TRADE COMMISSION IdentityTheft.gov" is in the center. On the right, there are "Log in" and "En Español" buttons, and a "Languages" dropdown menu. The main content area features a large orange banner with the text "Report identity theft and get a recovery plan" and a prominent "Get Started" button with a right-pointing arrow. Below this, there is a link that says "or browse recovery steps". The bottom section is titled "IdentityTheft.gov can help you report and recover from identity theft. HERE'S HOW IT WORKS:" and contains a three-step process:

- Tell us what happened.** We'll ask some questions about your situation. Tell us as much as you can. (Icon: speech bubble with a question mark)
- Get a recovery plan.** We'll use that info to create a personal recovery plan. (Icon: "TO DO:" list)
- Put your plan into action.** If you create an account, we'll walk you through each recovery step, update your plan as needed, track your progress, and pre-fill forms and letters for you. (Icon: envelope and "TO DO:" list)

## Dispute

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

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



# Dispute

**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.]

\*\*\*\*

# Dispute

## **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

## Dispute

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]

## Summary

### **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

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.

## Follow Up

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 can complain to the Consumer Financial Protection Bureau (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 can 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

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

**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.

Services that charge a monthly fee add additional services like:

- ☐ **Monitoring 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.

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, cheaper and happier. People with excellent scores get the lowest interest rates on mortgages, the best loan approval rates and the cheapest auto insurance. It has never been easier to take control of your credit report and your information.

**There is no quick fix.**

Hopefully this guide will empower you 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 or unsecured credit card. Use your card every month, but never more than 10-20% of the available limit. When you get your statement, make sure to 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. 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 every year. Anyone can get a good score with a strategy, patience and discipline.