



CREDIT REPAIR GUIDELINES



Credit Myths and Facts You Should Know

Viewing your credit report and credit score is a great first step to educating yourself about credit. Take this Equifax True/False quiz below to test your credit IQ:

1. Approaching your credit limit will not impact your credit score.

FALSE. Even if you pay off your credit cards every month, if your credit utilization ratio is 30 percent or more, it may impact your credit score. Your credit utilization ratio is the amount you owe on all credit cards divided by the sum of each card's credit limit and expressed as a percentage. Some credit scoring models may also penalize you for exceeding 30 percent utilization on any one card.

2. You can dispute items on your credit report.

TRUE. You can dispute information on your credit reports that you believe may be inaccurate or incomplete.

3. It's always smart to close an account that has been paid in full.

FALSE. If you have an old, rarely used account that demonstrates a strong payment history, it will be reflected in your credit history. But it's more important how you use your accounts and the amount of available credit you're using.

4. There is no one-size-fits-all solution when it comes to credit scores, credit reports and credit behavior.

TRUE. Everyone's financial and credit situation is unique. And the same goes for how each creditor or lender evaluates your information to make their decisions on whether or not to extend you credit.

The one common ground is the importance of education and awareness. The more you know about how credit works in general, and the more familiar you become with your own situation, the more informed you will likely be.

5. You have a universal or overall credit score.

FALSE. There are many different credit scores, and each may be calculated differently. In addition, your lenders and creditors may report data to all three major credit bureaus -- Equifax®, Experian®, and TransUnion® -- just one or two, or none at all. That's why your credit score may also differ across the three bureaus.

6. Checking your credit score will not change the score itself.

TRUE. Checking out your credit scores and credit reports does not impact your credit score, but it may help establish the right kinds of behaviors early on, and may help spot signs of identity theft. Hard

inquiries — when a creditor requests to review your credit report in order to make a decision about extending new credit to you — may impact your credit score.

7. There is a credit “blacklist.”

FALSE. Credit bureaus aren't the ones that decide your creditworthiness – that's up to lenders and creditors. Your credit report only contains information about the credit you have or have had, along with inquiries from companies when you apply for credit. Lenders and creditors use and interpret your credit information their own way. If you get rejected by several lenders, there may be a common factor in your credit history that drives those decisions, but there is no “blacklist.”

8. Parking tickets and library fines are not included on your credit report.

TRUE. Things like parking tickets and library fines don't show up on your credit report. The one exception may be if an account is referred to a collections agency, as collection accounts do show up on your credit report.

9. Your relationship status and whether or not you live alone can impact your Equifax credit score.

FALSE. The information on your credit report relates to you personally – not your relatives, partner, or former tenants. Living with someone or being in a relationship does not impact your credit score – and taking a relationship status into account when making a credit decision is against the law.

If you apply for a joint account with someone, such as a credit card or a mortgage, a lender will use both of your credit data to determine creditworthiness. However, your relationship status doesn't factor into that decision.

Also, accounts you have co-signed on with that person may affect your credit score.

10. A good credit score does not necessarily mean your request for new credit will be approved.

TRUE. A good credit score isn't a golden ticket. A lender may use information within your credit report and other information included on your application to decide whether to grant you new credit. While a good credit score is a strong start, each application is unique, so it's not wise to consider a loan, credit card or mortgage a given based solely on credit score.

HOW DO I IMPROVE MY CREDIT?

Every credit history is unique, so it's impossible to say exactly what you need to do in order to increase your personal credit score by 100 points, exactly how long it will take, or even if it is possible. You may already be within 100 points of the best score possible on the scoring system you are using.

The two most important factors in credit scoring are your payment history and your credit utilization.

1. Paying your bills on time, every time, is essential to having good credit scores.
2. Keeping your credit balances as low as possible is also essential. This is reflected in your utilization rate, or balance-to-limit ratio.

Because every credit report is different and there are many different credit scoring models available, there is no "one size fits all" solution when it comes to improving your credit score.

Steps Everyone Can Take to Help Improve Their Credit Score

- Bring any past due accounts current
- Pay off any collections, charge-offs, or public record items such as tax liens and judgments
- Reduce balances on revolving accounts
- Apply for credit only when necessary

If you are trying to improve your credit score as quickly as possible, request a free copy of your credit report and review it carefully to ensure all information is accurate and up-to-date. You have to know what is in your credit report before you can determine what you need to do to make it better.

If you plan to make a major purchase in the near future, order your credit report at least 3-6 months prior to applying for credit. Doing so will allow time for you to address any issues and for any changes to be reflected in the report prior to the application process.

Review the Factors Impacting Your Credit Score

Get your credit score as well. When you order your credit score with Experian, you will receive a list of the top factors that are currently impacting your score.

Focusing on these factors will help you understand what changes you can make specific to your credit history in order to begin improving your credit score and your overall credit rating, and do so as quickly as possible.

Experian also offers a credit education service called [Credit Educator](#). The service provides your credit report, credit score, risk factors and the opportunity to speak with a trained Experian representative who will go through your credit report with you in detail. They can answer your questions to help you gain a better understanding of your credit situation and understand how to improve it.

The best way to find out what is specifically affecting your credit scores is to get a copy of your credit report and a credit score. Both provide detailed explanations of what is positively and negatively impacting your credit scores and creditworthiness, and enable you to tie those factors back to your credit report.

That information will empower you to create a plan to improve your creditworthiness over time so that you can get the credit you want and at the very best rates.

IF THERE ARE ERRORS ON MY CREDIT REPORT

Learn how to dispute credit report inaccuracies because inaccurate, derogatory information can lower your credit score and may indicate fraudulent activity, it's best to dispute any potential inaccuracies as soon as you spot them.

All 3 of the credit bureaus now accept filing of disputes online, with Experian only accepting online submissions. To learn how to initiate a dispute online, utilize the following links:

Equifax

www.equifax.com/personal/disputes/

*All disputes with Equifax are handled online.

Experian

www.experian.com/ncaonline/creditreport?type=reseller&rid=R0004

*All disputes with Experian are handled online.

TransUnion

1-800-916-8800

TransUnion Disputes

2 Baldwin Place, P.O. BOX 1000

Chester, PA 19022

www.transunion.com/credit-disputes/dispute-your-credit

Tell the credit bureau in *writing* what information you believe is inaccurate. Include copies (NOT originals) of documents that support your position.

You may want to enclose a copy of your credit report with the items in question circled. Send your letter by certified mail, return receipt requested, so you can document that the credit bureau received your correspondence. Keep copies of your dispute letter and enclosures.

SAMPLE LETTER:

Date

Your Name

Your Address

Your City, State, Zip Code

Complaint Department

Name of Credit Bureau

Address

City, State, Zip Code

Dear Sir or Madam:

I am writing to dispute the following information in my file. The items I dispute also are encircled 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 deleted (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, 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)

CONCLUSION AND RESOURCES

Your credit reports and scores have a major impact on your financial opportunities. The [Consumer Financial Protection Bureau](#) has resources that can help you better understand your credit reports and scores, learn how to correct inaccuracies, and improve your credit record over time. The three credit bureaus (Experian, Equifax and Transunion) also offer assistance in credit education and credit repair.