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**PREFACE**

First, I would like to thank you for downloading our e-book. You have taken a huge step in improving your credit just as I did several years ago. It is especially important to understand that this is not a quick process. Your credit will not be repaired in a day, a week or even months. It will take time, patience, and dedication to truly repair your credit and educate yourself on how to manage and maintain good credit.

I speak from experience because I learned the hard way over 10 years ago. Back in 2008, I had just started a real estate advertising business and man was I so excited. My business was going to be the first of its kind. I had the idea to setup digital real estate advertising kiosks in malls and grocery stores to advertise real estate that was for sale within the local community. So, I saved a little money, and I built my first kiosk. I then setup my kiosk inside of Gurnee Mills Mall located in Gurnee, Illinois. I reached out to hundreds of real estate agents to offer my advertising services to them and I was able to gain a dozen customers within my first month. About 5 months later, things began to get exceedingly difficult for me. You see, I did not research or analyze the state of the US economy before starting my business. During that time, the US was about to face one of the worst financial crises in US history; the 2008 housing market crash. You see I was trying to advertise real estate during a time when people were losing their homes to foreclosure, mortgage lenders were going under, new loans were frozen and people had no cash to buy property. This placed my business into a huge frenzy. Real estate agents stopped advertising and my debt kept growing. I had put a lot of my equipment and expenses onto credit cards and when the income stopped coming in, I had to put my rent on credit cards also. Before I knew it, I had reached over $40,000 in debt. With a newly purchased home, a wife and a 2-year-old daughter to support, I made the decision to eliminate my debt by filing for chapter 7 bankruptcy. It was one of the hardest decisions I ever had to make, because I knew my good credit would be ruined and it would be difficult for me to get new credit at reasonable rates.

After I filed for bankruptcy, I immediately started to rebuild my credit. I paid for secured credit cards and established good payment history with them over the course of 2 years. I then applied for an auto loan and was approved. The rate was quite high but I knew if I made my payments on time and paid a little more each month, that I would eventually be able to refinance my auto loan at a lower rate, which I was able to do. Everything was going well, I was getting approved for more credit cards that assisted in me building my credit, but my credit score would not go above 650. The reason why was because my bankruptcy that was reported on my credit report, was weighing my score down.

One day my sister introduced me to a credit repair company that was achieving amazing results for people by disputing inaccurate, erroneous, and obsolete items on their credit report. I was skeptical about the company at first, but I knew I had to do something, otherwise it was going to be another 4 years before the bankruptcy was removed from my credit report. You see a chapter 7 bankruptcy stays on your credit report for 10 years.

So, I signed up for the service and I followed their instructions for disputing the bankruptcy on my credit report. I prepared my letters and mailed them to each of the credit bureaus. Within 35 days, a blessing was delivered to me in the mail! My bankruptcy had been removed from my credit report and my credit score jumped up 70 points! I was now in the 700 club.

I have been truly grateful for the knowledge that this company has given to me and I want to share that knowledge with other individuals who have credit struggles just as I once had. This is why I started my own credit repair business and have recently put together this e-book for those who can’t afford the full package credit repair service that most credit repair companies offer. Those services can be awfully expensive, and I understand that it doesn’t make sense for most individuals to get deeper into debt by paying for those services.

I hope that this e-book helps put you on a path to having excellent credit so you can always pay less for things such as a car loan, a mortgage, a business loan, or a personal loan. Getting educated on how to repair my credit, manage my credit and maintaining my good credit has helped me tremendously and I know the same education will help you to. Thank you again for downloading this e-book and I wish you all the best success with your journey to reaching excellent credit!

**Ken Ivy**

**President**

**Ivy Financial Education Services**

**Icon

Description automatically generatedDispute Letter Instructions**

Thank you for downloading our FREE Do-It-Yourself Credit Dispute Packet! Please follow the step by step process below to begin disputing inaccurate, items on your credit report.

You can also watch a video on the dispute process by clicking on the link below. <https://www.ivyfes.net/video-library>

**Step 1: Obtain a Copy of Your Credit Report**

You will need to obtain a copy of your credit report and identify any inaccurate, obsolete, and erroneous items that are negatively impacting your credit score.

**Smart Credit®**

Getting a good credit monitoring system should be the first step in the journey of improving or maintaining your credit.

With the Smart Credit monitoring system, customers are able to pull their credit report from all 3 credit bureaus, get credit score updates multiple times a month, manage all your online accounts online in one place, and you can receive alerts for suspicious activity to your credit profile all for a LOW monthly price!

[**Click Here**](https://www.smartcredit.com/?PID=89023) **to get started!**

​**Step 2: Make Copies of Identification Documents**

You will need to provide proof of your current address and social security number.

**Social Security Number Verification:**

Your social security number verification document should show your full name and 9-digit social security number. Documents that can be used are your social security card, an employer pay stub or your 1099 tax form. Please make 3 copies and attach 1 to each dispute letter.

**Current Address Verification:**

Your current address verification document should show your full name and current address. Acceptable documents can be a bank statement, driver’s license, or utility bill. Please make 3 copies and attach 1 to each dispute letter.

**Step 3: Create Your Dispute Letters Using Our Template**

Click on the link below to watch a tutorial on completing our Dispute Letter templates. Fill out the templates for Experian, Equifax, and Transunion. Print out the letters and sign all 3 letters.

<https://www.ivyfes.net/video-library>

**Step 4: Mail Letters to All 3 Credit Bureaus**

Place your dispute letter and identification verification document in an envelope for all 3 credit bureaus and mail them via certified mail, “return receipt requested”, so you can document that the credit reporting company received it.

**Step 5: Look in the Mail for The Credit Bureau Responses**

By law, the credit bureaus must respond to your dispute request within 30 days otherwise they will need to remove the items from your credit report. Once you receive the responses in the mail, look them over to see if the inaccurate items were removed or updated. If the items were not removed, then send the next round of letters to the credit bureaus and repeat this process until the items are removed.

**If you have any questions, then please contact us at [info@ivyfes.net](mailto:info@ivyfes.net).**

We wish you the best of luck with disputing items on your credit report and congratulations on taking steps to improve your credit!

Sincerely,

**The Ivy Financial Education Services Team**

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[Date MM/DD/YEAR]

Experian

P.O. Box 9701

Allen, TX 75013

To Whom It May Concern:

In reviewing my credit bureau report issued by your agency, I have discovered the following Choose an item.

|  |  |  |
| --- | --- | --- |
| **Company Name** | **Account Number** | **Reason** |
|  |  | Choose an item. |

Under the provisions of the 1977 Federal Fair Credit Reporting Act, I hereby request that your agency prove to me in writing the accuracy of the reporting of this account. Under the terms of the Act and succeeding court cases, you have thirty days to prove to me the accuracy or you must remove the account from my Credit Report. I am asking that you do so, and I will await your response.

Sincerely,

Your name

Your street Address

City, State, Zip code

[Date MM/DD/YEAR]

Experian

P.O. Box 9701

Allen, TX 75013

To Whom It May Concern:

**This is my SECOND request.** In reviewing my credit bureau report issued by your agency, I have discovered the following **Choose an item.**

|  |  |  |
| --- | --- | --- |
| **Company Name** | **Account Number** | **Reason** |
|  |  | Choose an item. |

Under the provisions of the 1977 Federal Fair Credit Reporting Act, I hereby request that your agency prove to me in writing the accuracy of the reporting of this account. Under the terms of the Act and succeeding court cases, you have thirty days to prove to me the accuracy or you must remove the account from my Credit Report. I am asking that you do so, and I will await your response.

Sincerely,

Your name

Your street Address

City, State, Zip code

[Date MM/DD/YEAR]

Experian

P.O. Box 9701

Allen, TX 75013

To Whom It May Concern:

**This is my THIRD request.** In reviewing my credit bureau report issued by your agency, I have discovered the following Choose an item.

|  |  |  |
| --- | --- | --- |
| **Company Name** | **Account Number** | **Reason** |
|  |  | Choose an item. |

Under the provisions of the 1977 Federal Fair Credit Reporting Act, I hereby request that your agency prove to me in writing the accuracy of the reporting of this account. Under the terms of the Act and succeeding court cases, you have thirty days to prove to me the accuracy or you must remove the account from my Credit Report. I am asking that you do so, and I will await your response.

Sincerely,

Your name

Your street Address

City, State, Zip code

[Date MM/DD/YEAR]

Equifax

P.O. Box 740256

Atlanta, GA 30374

To Whom It May Concern:

In reviewing my credit bureau report issued by your agency, I have discovered the following Choose an item.

|  |  |  |
| --- | --- | --- |
| **Company Name** | **Account Number** | **Reason** |
|  |  | Choose an item. |

Under the provisions of the 1977 Federal Fair Credit Reporting Act, I hereby request that your agency prove to me in writing the accuracy of the reporting of this account. Under the terms of the Act and succeeding court cases, you have thirty days to prove to me the accuracy or you must remove the account from my Credit Report. I am asking that you do so, and I will await your response.

Sincerely,

Your name

Your street Address

City, State, Zip code

[Date MM/DD/YEAR]

Equifax

P.O. Box 740256

Atlanta, GA 30374

To Whom It May Concern:

**This is my SECOND request.** In reviewing my credit bureau report issued by your agency, I have discovered the following Choose an item.

|  |  |  |
| --- | --- | --- |
| **Company Name** | **Account Number** | **Reason** |
|  |  | Choose an item. |

Under the provisions of the 1977 Federal Fair Credit Reporting Act, I hereby request that your agency prove to me in writing the accuracy of the reporting of this account. Under the terms of the Act and succeeding court cases, you have thirty days to prove to me the accuracy or you must remove the account from my Credit Report. I am asking that you do so, and I will await your response.

Sincerely,

Your name

Your street Address

City, State, Zip code

[Date MM/DD/YEAR]

Equifax

P.O. Box 740256

Atlanta, GA 30374

To Whom It May Concern:

**This is my THIRD request.** In reviewing my credit bureau report issued by your agency, I have discovered the following Choose an item.

|  |  |  |
| --- | --- | --- |
| **Company Name** | **Account Number** | **Reason** |
|  |  | Choose an item. |

Under the provisions of the 1977 Federal Fair Credit Reporting Act, I hereby request that your agency prove to me in writing the accuracy of the reporting of this account. Under the terms of the Act and succeeding court cases, you have thirty days to prove to me the accuracy or you must remove the account from my Credit Report. I am asking that you do so, and I will await your response.

Sincerely,

Your name

Your street Address

City, State, Zip code

[Date MM/DD/YEAR]

TransUnion

P.O. Box 2000

Chester, PA 19016

To Whom It May Concern:

In reviewing my credit bureau report issued by your agency, I have discovered the following Choose an item.**.**

|  |  |  |
| --- | --- | --- |
| **Company Name** | **Account Number** | **Reason** |
|  |  | Choose an item. |

Under the provisions of the 1977 Federal Fair Credit Reporting Act, I hereby request that your agency prove to me in writing the accuracy of the reporting of this account. Under the terms of the Act and succeeding court cases, you have thirty days to prove to me the accuracy or you must remove the account from my Credit Report. I am asking that you do so, and I will await your response.

Sincerely,

Your name

Your street Address

City, State, Zip code

[Date MM/DD/YEAR]

TransUnion

P.O. Box 2000

Chester, PA 19016

To Whom It May Concern:

**This is my SECOND request.** In reviewing my credit bureau report issued by your agency, I have discovered the following Choose an item.

|  |  |  |
| --- | --- | --- |
| **Company Name** | **Account Number** | **Reason** |
|  |  | Choose an item. |

Under the provisions of the 1977 Federal Fair Credit Reporting Act, I hereby request that your agency prove to me in writing the accuracy of the reporting of this account. Under the terms of the Act and succeeding court cases, you have thirty days to prove to me the accuracy or you must remove the account from my Credit Report. I am asking that you do so, and I will await your response.

Sincerely,

Your name

Your street Address

City, State, Zip code

[Date MM/DD/YEAR]

TransUnion

P.O. Box 2000

Chester, PA 19016

To Whom It May Concern:

**This is my THIRD request.** In reviewing my credit bureau report issued by your agency, I have discovered the following Choose an item.

|  |  |  |
| --- | --- | --- |
| **Company Name** | **Account Number** | **Reason** |
|  |  | Choose an item. |

Under the provisions of the 1977 Federal Fair Credit Reporting Act, I hereby request that your agency prove to me in writing the accuracy of the reporting of this account. Under the terms of the Act and succeeding court cases, you have thirty days to prove to me the accuracy or you must remove the account from my Credit Report. I am asking that you do so, and I will await your response.

Sincerely,

Your name

Your street Address

City, State, Zip code

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**Settlement Letter – Offer to Pay In Exchange for Delete of Account**

A pay for delete agreement is where you agree to pay off your debt in full or negotiate to settle your debt with the creditor/collection agency in return of their promise to erase all information on this account from your credit report. You'll need to prepare and send a letter such as this to get a response in writing. Here is a sample that can be tailored to your individual needs:

Your Name  
Your Address

City, State, Zip  
Your Phone#

Creditor/Collector's Name  
Creditor/Collector's Address

City, State Zip

Date

Dear Creditor/Collection Manager,

Re: Account Number\_\_\_\_\_\_\_\_\_\_

This letter is in response to your (select one) call/letter/credit report entry on [date] for the collection account listed above. I would like to (pay off) or (settle this debt in full).

As of today, this debt has not been verified. This letter does not imply a promise to pay the debt unless you provide a response as requested below.

I am aware of the fact that your company can report the debt to the credit bureaus as you find necessary. Moreover, you have the ability to change the account status since you are the information provider.

I am willing to offer $\_\_\_\_\_\_\_\_\_\_ as payment or settlement of the debt in full in return of your agreement to remove all information on this account from my credit report within 10 calendar days. If you agree to the terms, I shall send you a certified payment of the amount stated above in exchange to have all information on this debt account deleted from my credit report.

I am also requesting that you provide this information to the original creditor, if applicable. If you find my offer acceptable, please send me a letter agreeing to the terms. The letter should be subject to the laws of my state and treated as a contract.

As per the Fair Debt Collection Practices Act, I have the right to dispute this alleged debt. In case I do not receive your postmarked response within the next 15 days, I shall withdraw the offer and request full verification of this debt.

I look forward to hearing favorably from you.

Sincerely,   
  
Signature  
Your Name

**Counter Offer Settlement Letter to Creditor**

Your Name  
Your Address  
Your Phone #

Creditor's Name  
Department  
Creditor's Address

Date

Dear Creditor,  
Re: Account Number\_\_\_\_\_\_\_\_\_\_

I appreciate that your company is willing to work with me in settling the debt that I owe to you. This letter is to make a counter offer in response to the recent settlement offer made by your company on (date).

The amount that I have to settle the debt in full is $\_\_\_\_\_\_\_\_\_.

Additionally, I would like to request that you remove any late payment or charge-off notation on this account from my credit report.

Unfortunately I have several outstanding debts with other creditors and I have limited funds available, therefore I can pay only those creditors who are able to meet my terms. I have already reached mutually agreeable settlements with a few creditors but doubt whether I'll have enough funds to pay everyone.

If your company is willing to accept my proposal, please sign the attached letter of agreement and return a copy of the same to me. As soon as I receive this signed acknowledged agreement, I shall send you the money order in the amount I've indicated.

Very Truly Yours,   
  
Your Signature

Name

Address

City, State, Zip

**Letter to Negotiate a Complete Removal with a Creditor**

Date

Original creditor (or name of collection agency if account was sold)  
Creditor address

City, state, Zip

RE: (Bank of America - account #) *(if contacting a collection agency include the original account number, i.e., the Visa number in this case, and also include any account number assigned by the collection agency –this number would be on one of your collection letters)*

Dear Customer Relations Manager: *(If you are contacting the original creditor. If you are contacting a collection agency, use - To Whom it May Concern)*

After recently reviewing my credit report, I discovered that the above-mentioned account is currently in (charge off/collection) status. I would like to resolve the payment on this account as soon as possible.

Due to [whatever caused you to be late on your payments, ex: illness], I unfortunately became behind on my payments and was unable to meet my obligations. However, since then my situation has greatly improved and I am in the position to pay this debt.

I am willing to pay [creditor’s name] [x payments a month] equaling the amount of [total they are requesting] provided that the above account is updated on all credit reporting agencies to state “**PAID AS AGREED”**, or removed entirely from all credit reporting agencies upon my final payment.

I am not agreeing to an updated credit report that states this account as: “PAID CHARGE OFF” or the like, as this will not significantly increase my credit score, nor will it reflect my sincere willingness to restore my good name and hopefully, someday, again do business with your company.

I am hoping for your written response agreeing agreement to my proposal and upon receipt I will begin payments. Thank you very much for your valued time.

Best regards,  
[first & last name] [street address] [city, state, zip code]

# Sample Letter for confirming payment agreements with your creditors based on a current financial hardship.

# Today's Date

# Your Name Your Address

# Attention: {Creditor's Name} Credit Department Creditor's Address

# RE: Account #: {your account number here}

# Dear Mr. /Ms. {insert name of person you spoke with}

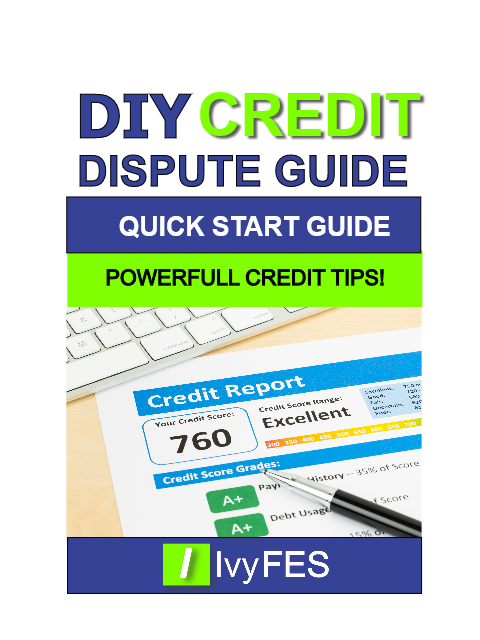
# Thank you for speaking with me today about my temporary problem in making my normal payments, and for also agreeing to the following payment arrangement on my account.

# As agreed upon in our conversation, I will make reduced payments in the amount of $ \_\_\_\_\_ on or before the \_\_\_\_\_\_ of each month for a period of \_\_\_\_ months and after that time will resume making normal payments.

# Thank you for your help and understanding in this matter. If you have any questions regarding this matter I can be reached at (insert daytime phone number with area code).

# Sincerely,

*Signature just above printed name*  
Your Printed Name

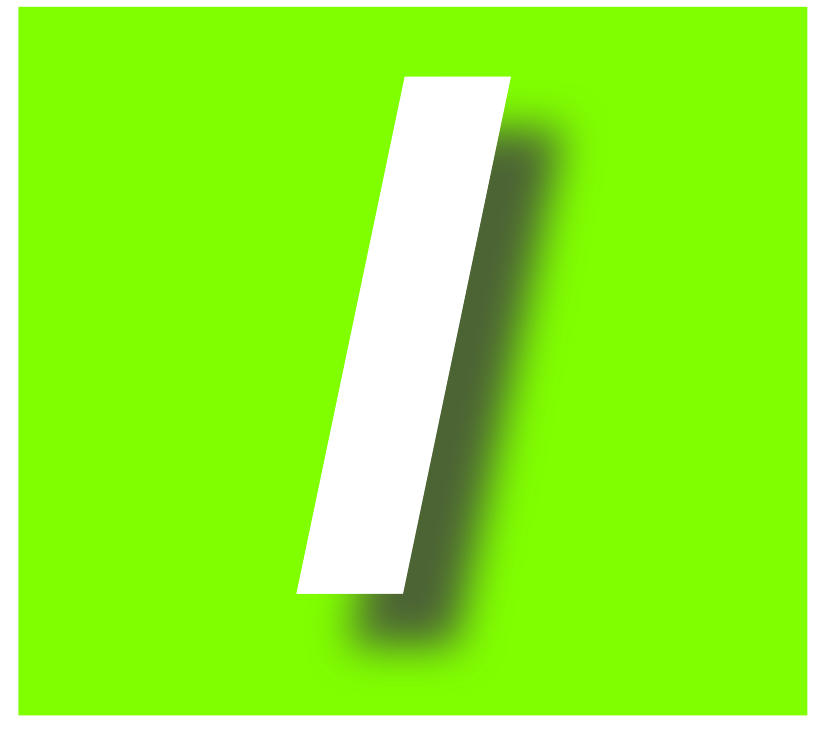


# Credit Building Tips

Establishing a good credit history has never been as important as it is today.

It's not just that you'll need good credit to get decent rates when you're ready to buy a home or a car. Your credit history can determine whether you get a good job, a decent apartment, a deal on your cell phone and reasonable rates on insurance. One minor misstep, a late payment, or spending over your credit limit can haunt you for years. If you're just starting out, you have a once‐in‐a‐lifetime opportunity to build a credit history the right way. Here's what to do and what to avoid.

1. If age or previous credit troubles have prevented you from obtaining or re‐establishing your credit, you may find it easier to obtain credit by applying for a gasoline card or a credit card with a department store.
2. You may also consider applying for a secured credit card. You will be required to deposit a specified amount, usually $300 to $500 dollars into an account in their bank, and you will be issued a major credit card in the amount of the deposit. Shop around to find a bank that reports the card as an unsecured credit card on your credit file.
3. Take out a small loan from your credit union or bank. Deposit the money into your savings account and pay the loan back monthly.
4. If you currently have credit, ask your creditors to increase your credit limit. This will improve your credit utilization ratio thereby improving your credit score. Just remember not to use the additional credit.
5. If you do not have a checking and savings account, apply for both. Having these accounts establishes you as part of the financial community and allows you to manage your money.
6. If a spouse or relative has good credit, ask to be added as an authorized user to one or more of their accounts. This should never be done as a short‐term fix to obtain a loan but should be used as a long‐term strategy to help rebuild your credit. A word of caution: be very careful of whom you choose because if they make a late payment or default on a loan, it will appear on your credit report as well.
7. If you are faced with a financial crises due to a job loss or unexpected medical bills, consider is asking a family member for a short‐term loan to pay down your debt.
8. Your credit file also includes personal data such as your social security number, employment information, date of birth, and names and addresses you have listed when you applied for credit. Although this information is not used to calculate your credit score, it may be reviewed by banks and mortgage officers and used to make lending decisions. Review your credit file for the following:
   1. Request that the credit bureau delete any social security numbers that are reporting in error.
   2. Make sure that your employment history is up to date and includes all positions you have held for the last five years.
   3. Make any necessary corrections, additions or deletions in regard to your current and previous addresses.
   4. Your credit score changes regularly as your creditors provide payment and account data to update your credit file. Your credit scores are always a reflection of your credit file at the moment in time the credit is pulled.

**How Is Your Credit Score Calculated?**

##### Ever wonder what exactly goes into your credit score? The five categories below will outline it all for you.

**Your Payment History**

Your payment history determines approximately 35% of your current credit score. The credit scoring model is looking to see if you have paid your bills on time in the past and if you are currently behind on any of your bills.

Specifically, the score will calculate the total number of accounts paid on time and the number of accounts past due. Past due accounts will be rated by the amount past due, length of time past due, and how recently it was past due.

##### **How Much You Owe**

Your outstanding debt determines approximately 30% of your credit score. The scoring model will evaluate three categories:

•The total amount you owe to all of your creditors.

•How many accounts you have with balances – too many accounts could indicate a higher credit risk of default if the client can’t handle the payments.

•How much of the credit limit you are using on revolving accounts, under 30% -35% of the available credit limit is ideal.

•Balances on installment loans - low balances reflect a positive payment history.

##### **Your Length Of Credit History**

Approximately 15% of your credit score is calculated by the length of your credit history. This category looks at how long your accounts have been opened and the length of time since the last activity on the account. A long credit history will maximize your credit score although a short credit history with responsible use of credit is fine.

##### **Inquiries or New Credit**

Approximately 10% of your credit score, this category will weigh the amount of inquiries for new credit over the period of time that they occurred. In other words, the scoring model will determine if you were rate shopping for a specific loan over a short period of time or if you are opening several new trade lines, and possibly overextending yourself.

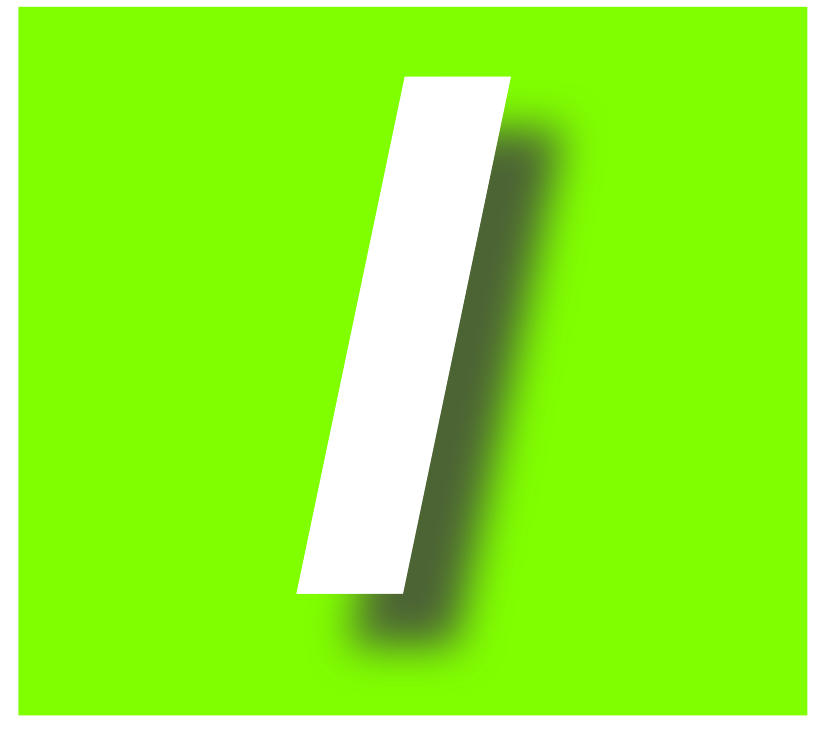
##### **Your Mix of Credit**

10% of your credit score is derived from the type of credit you have managed on your credit report. The ideal model is to have a mortgage, a car loan, credit cards, reflecting positive payment histories. The credit score is looking to see that you have obtained and used credit different types of credit responsibly.

# What's Not In Your Credit Score?

According to MyFico®, the following information is not evaluated or included when determining your credit score:

* Your race, color, religion, national origin, gender or marital status. Additionally, the Equal Credit Opportunity Act prohibits lenders from using this criterion when determining whether to approve a loan.
* Your age.
* Your salary, employer, occupation, job title, how long you have been employed or your employment history; however, lenders may review your income and employment history when making a decision to approve credit.
* Where you reside.
* Any interest rate being charged on a particular credit card or other credit account.
* Any items reported as child or family support obligations.
* Certain types of inquiries. The score does not count “consumer-initiated” inquiries, requests you have made for your credit report. It also does not count “promotional inquiries”, requests made by lenders in order to make you a “pre-approved” credit offer, or “administrative inquiries”, requests made by lenders to review your account with them. Requests that are marked as coming from employers are not counted either.
* Rental agreement Information.
* Any information that is not proven to be predictive of future credit performance.
* Whether or not you are participating in credit counseling of any kind.

*What’s New with Credit Scoring? These 5 Items. . .*

In 2009, changes were made to the way credit scores are calculated. To make the most of your credit, you need to know exactly how your credit score is calculated. There are five components to your score and some carry more weight than others. Below is an outline of the five major components to your credit score, and the changes **that** have been made.

#### Payment History – In The Past This Has Been The Largest Factor In Your Credit Score

Prior to 2009, 35% of your credit score was based on your payment history. Paying on time can still mean the difference between average and exceptional credit, but now one slip up won't hurt as much. If you have a history of paying on time across most of your accounts, but have an occasional slip up and pay late, this won’t affect your credit score as much as it used to.

Since this category has such a big impact on your overall credit score, when you go through a foreclosure (or short sale) it is not just the foreclosure that impacts your credit, but also the months of late payments that precede the foreclosure

#### Amount Borrowed Compared To Available Credit – Now A Bigger Factor In Your Credit Score

The next major component, which historically has accounted for 30% of your credit score, is the amount of revolving debt you owe in relation to your available balances. It is calculated on an individual account basis and an overall basis.

Although we don’t know the exact weighting of this factor, in 2009, your overall debt will play a bigger role in your credit score than it has in the past. It may now have a bigger effect on your credit score than your payment history.

What can you do? Make sure you don’t borrow more than 50% of your available balance from any single lender, and ideally you want to borrow less than 33% of your available balances. This means contrary to popular belief; it is better to owe a smaller amount on several cards than to max one card to its limit.

#### Length of Credit History ­ Raise Your Credit Score By Keeping Accounts Open Over 7 Years

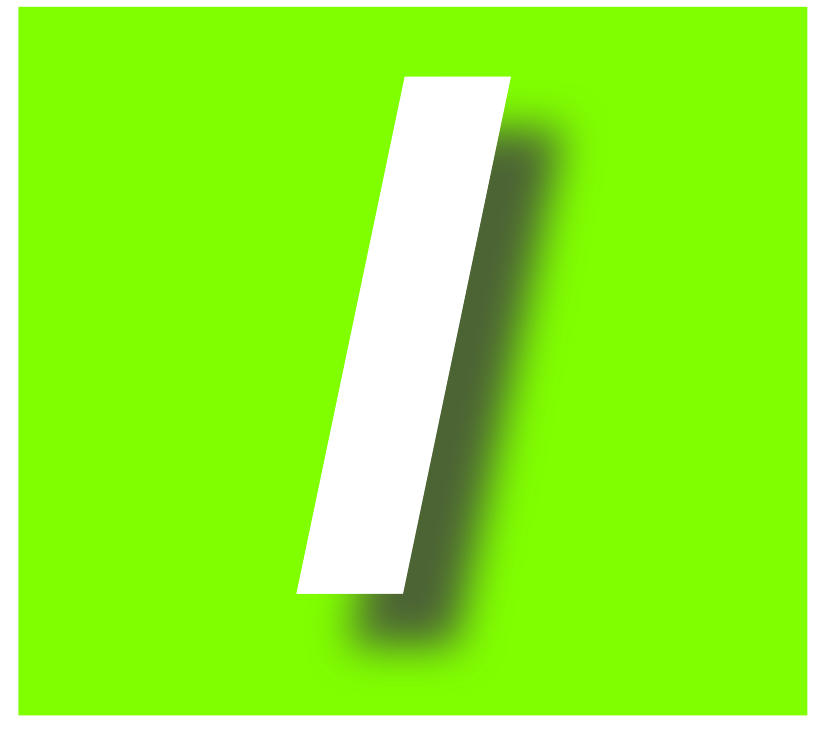
Your length of credit history comprises about 15% of your score. People with credit scores over 800 typically hold at least three credit cards (with low balances) which they have had open for over seven years each. Rather than closing accounts it is best to work toward paying them off, and then let the accounts remain open with a a small amount of activity that is paid off each month.

#### Inquiries and New Debt ­ These Lower Your Credit Score

Inquiries and new debt account for about 10% of your score. The good news; if you are shopping for a house, all mortgage inquiries within thirty days of each other will be grouped as one inquiry. For autos, it is a fourteen day limit. In 2009, inquiries for new debt will have less of an effect than they used to.

#### Type of Debt ­ Installment Debt More Favorable To Your Credit Score Than Credit Card Debt

The last 10% of your score is based on the type of credit, installment vs. revolving debt. Installment debt, such as an auto loan, is looked upon more favorably than revolving (credit card) debt. In addition, with the 2009 changes, you now get points for your ability to successfully manage multiple types of debt: a mortgage, auto loan and credit cards, for example.

**Maintaining Good Credit**

**If you are new to using credit, or are re-establishing a damaged credit, utilize these tips to keep you good credit on track.**

•Setting up on-line payments for your bills is any easy, secure and convenient way to simplify your finances. Automatic payments will make sure your bills are paid on time and will prevent you from incurring any future late fees.

•Charge small amounts regularly on each card -- but not more than you can pay off each month.

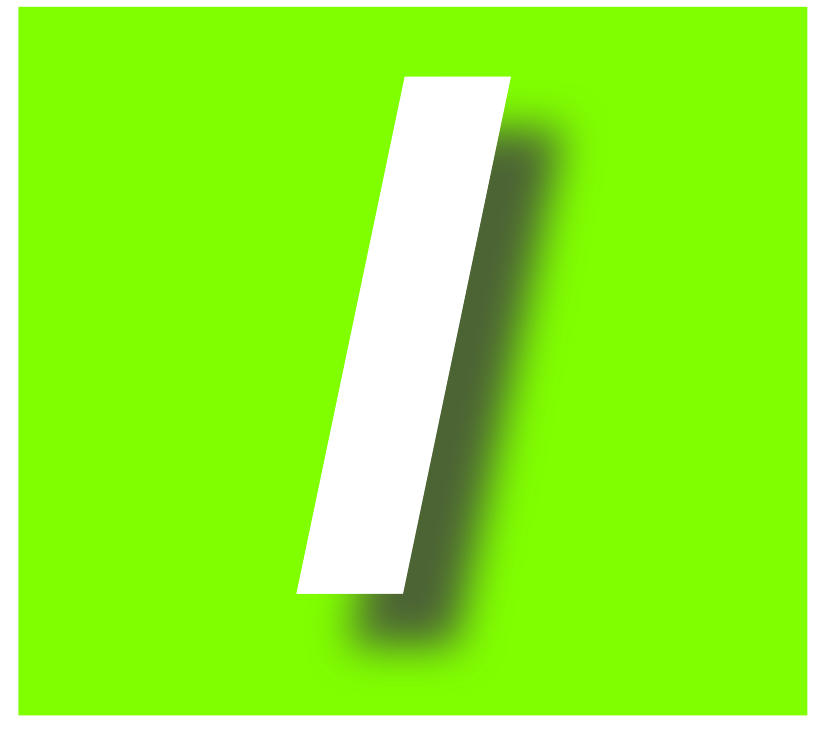
•Use your credit wisely. Do not open unnecessary credit accounts. The extra 10% off you save to open a department store credit account may be quickly offset by the possible decrease in your credit score because (1) you may spend more, and (2) you are adding an additional trade account and additional inquiry to your credit file. Also, before you apply for additional credit, make sure your rent, mortgage and car payments can be easily met. If not, do not apply for additional credit until your income and debt are under control.

•Be cautious with credit card solicitations. Just because you receive one of these offers does not mean that you can afford the additional credit. Many companies are soliciting consumers who based on their past spending histories will charge big balances at high interest rates.

•Do not close credit accounts unless it is absolutely necessary in order to close a loan. When you delete a trade line you also delete the corresponding credit history and may inadvertently lower your credit score.

•It is always better to pay off credit cards before an auto or mortgage loan to get the biggest score increases.

•Review your credit file at least twice a year, correct any errors and omissions.

***The Six Worst***

***Items to Appear***

***On Your***

## ***Charge-offs***

***Credit Report***

*It's easy to make mistakes or experience hardship when it comes to paying your bills. Some mistakes are so detrimental; want to avoid them at all cost. Since future creditors and lenders use your credit report to make decisions about you, it’s important to understand how each of these impacts your credit file.*

*Missing your payments for 6 months or more could cause your creditors to deem your account as uncollectible. When this happens, the creditors write that debt off as a loss against their income taxes. Charged-off accounts are allowed to be reported on your credit report for seven years. Just because a debt is charged off (or written off does not mean the debt is forgiven. The money is still owed. The creditor will usually sell or assign the debt to a collection agency or a lawyer to effect collection.*

*Some companies continue to charge interest, but most don't. If they do decide to keep charging interest, they have to continue to report it as income. Most companies would rather just write it off and be done with it.*

*Having charge offs on your credit report usually results in the consumer being denied credit by other lenders. Even worse, it can also affect the interest rate that other lenders charge on current debts even if those lenders were not impacted by the charge off themselves.*

*If you find yourself late on your payments, you should always try to contact the lender and let them know you are having problems meeting your financial obligations. Ignoring the situation and letting it get to charge off status always makes it worse. You can usually avoid your account being charged off by at least letting them know you intend to pay and by at least making small payments as often as you can.*

*It’s much easier to get a paid charge off removed from your credit report than it is an unpaid charge off. When you dispute the charge off with the credit bureaus, they have 30 days to verify the account with the creditor. If the account is paid, many times the creditor will just ignore the verification request. They really only report charge off so that they can damage your credit hoping that it will turn make you want to pay them off.*

* 1. ***Collections***

*Not only will creditors charge-off your account after a period of non-payment, they may also hire a third-party debt collector to attempt to collect payment from you. Your credit report may or may not be updated to reflect a collection status. Sometimes the debt*

*collector places an entry on your credit report or the original your report indicating the account is in collection status.*

* 1. ***Bankruptcy***

*Creditor places a note on*

*Filing bankruptcy allows you to legally remove liability for some or all of your debts, depending on the type of bankruptcy you file. Your credit report will reflect each of the accounts you included in your bankruptcy. Even though the bankruptcy information can legally remain on your credit report for seven to 10 years, you can begin rebuilding your credit soon after your debts have been discharged.*

* 1. ***Foreclosure***

*If you default on your mortgage loan, your lender will repossess your home and auction it off to recover the amount of the mortgage. This process is known as foreclosure. When your home is foreclosed it can severely damage your credit, limiting your ability to obtain*

*new credit in the future. A foreclosure can remain*

* 1. ***Tax liens***

*in your credit report for seven years.*

*When you don't pay property taxes on your home or another piece of property, the government can seize the property and auction it off for the unpaid taxes. Even if your home is foreclosed because of a tax lien, you are still responsible for the mortgage loan. Non-payment of the mortgage will also hurt your credit. Unpaid tax liens can remain on your credit report for 15 years, while paid tax liens remain for 10.*

* 1. ***Lawsuits or judgments***

*Some creditors may take you to court and sue you for a debt, if other collections fail. If the lawsuit is accurate and a judgment is entered against you, it can remain on your credit report for 7 years from the date of filing, even after you satisfy the judgment.*

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