

How to Legally Improve your Credit



Legally Improve Your Credit And Enrich Your Life

The material you are about to read in this report can help you LEGALLY IMPROVE YOUR CREDIT AND ENRICH YOUR LIFE. It can also prevent you from being a victim of potentially unethical or dishonest creditors that are trying to prey upon your unfortunate circumstances.

"LEGALLY IMPROVE YOUR CREDIT AND ENRICH YOUR LIFE!" IS POWERFUL. On the following pages, I will put a lifetime of research to work for you. I will also share with you the "Confidential Information" that the nation's leading creditors have attempted to keep to themselves.

By reading this report, it will put you in a much better position to take control of your credit future because you will be better prepared. You will know the right questions to ask and who to ask them to.

I encourage and look forward to your feedback regarding this report. Please feel free to call me, write me or email me with your comments or questions at the address or number listed at the end of this publication. So if you are ready to regain control of your credit life... read on!

Get Informed

I talk to a lot of people with credit issues they never knew they had. Maybe you didn't get that bill the hospital sent or maybe you just forgot. So the first thing you need to do is find out what is on your credit report. And the government has finally made something easy for you: they REQUIRE all three credit reporting agencies to provide a free copy once per year.

The three credit reporting agencies are Equifax, Experian and TransUnion. If you have access to the internet, go to AnnualCreditReport.com and get your free copy. If you don't have access to the internet, you can call and get a copy at 877-322-8228.

Once you get your report, look it over carefully. Are there records of past due payments you can show you made on time? Are there accounts still listed that have been closed? Worse, is someone else's account or address listed under your name? One reason to check your report is to see if identity thieves have been opening accounts in your name. If you find any mistakes, write to the reporting agency and ask to have the information corrected. You should get a response within a few weeks; if not, give them a call.

OK, so now you know what your report says about you. Unfortunately, while the law gives you free access to your credit reports, you'll have to pay to get your FICO score. Some lenders will



provide your score when you apply for a loan. But if you want to know beforehand, you have to go to MyFico.com and pay \$15.95 (You can sign up for a free 30-day trial).

HOT TIP!

You'll see a number of other pitches out there for "free" reports, but BEWARE! When you get to the fine print, you have to supply a credit card, sign up for a "credit monitoring" service and then cancel after they've charged your account.

Dispute Incorrect Information

When you find something incorrect in your credit report, you should alert in writing both the credit bureau that provided the report and the information provider. This is the process to dispute credit report information.

If you have statements or cancelled checks that support your claim, include copies of them with your statement (keep the originals for records). In your statement, include your name, complete address, the information you are disputing, and the reason the information is not accurate. It will be helpful to include a copy of your credit report with the disputed information highlighted.

Send your credit report dispute by certified mail with return receipt requested. This way you not only have proof that you sent the dispute, but also that the credit bureau received your dispute. Keep a copy of the letter along with any enclosures you sent.

The credit bureau has 30 days to investigate your dispute and respond to you in writing with the results of the investigation. Any data you provided about the inaccuracy of the information will be forwarded to the original information provider. The information provider is then required to investigate and respond back to the credit bureau.

Once the investigation is complete, the credit bureau will provide you with the results, along with a free copy of your credit report if the dispute resulted in a change. You can request that the credit bureau send a correction notice to any company that accessed your credit report within the past six months.

If there is inaccurate information in one credit bureau's version of your credit report, it's likely that the information will be inaccurate on the other two bureaus' reports as well. You should check all three credit reports to be sure that the information in each is complete and accurate.

Pay It Down

Often people become confused as how to pay off their debts. Some pay one payment when the bill comes in and then another payment in a couple of weeks. By doing this, the company (or creditor) can become confused as to which month this payment should be applied to.



To stop this problem use online bill pay, which eliminates physical checks and stamps. When the bill arrives you can make the monthly minimum payment due. You can make additional debt payments \$5 or \$100 or whatever you feel comfortable with until you receive your next bill. Start with the bill that has the highest interest rate.

After this first bill has been paid off, take the minimum payment you would pay on that bill and pay it on the next bill which has the second highest interest rate in addition to what you were already paying to that card. Once again, throughout the month apply whatever you can on this online bill (like you did with the first bill) until it has been paid off.

If you continue to do this by attacking each bill one by one and not charging anything NEW, you will be able to conquer your bills and be without debt, other than perhaps your mortgage.

Also, by paying your bills online you will have an accurate record of all of your payments, dates and the exact transactions that were made if needed later on for your credit report.

DID YOU KNOW?

Consolidating student loans is one of the most effective ways to improve your FICO score dramatically. Just a few additional points on a FICO score can literally save tens of thousands of dollars over a lifetime by locking in low interest rates on houses, cars, and other items purchased later with credit.

Credit Cards: To Use Or Not To Use?

Look through your wallet. How many credit cards do you count? While most Americans carry between five and 10 credit cards, some people carry up to 50 -- which could wreak havoc on your credit score. So, how many credit cards should you have?

Most experts say there's no single magic number. Rather, the question can be answered by asking yourself how much you spend and how much you can pay off. But there is an upper limit: Credit agencies warn that the more cards you have, the bigger risk you carry for racking up debt and damaging your credit.

"Some people go hog-wild at Christmas and open lots of store credit cards to get that 10% to 15% off their purchase," says Cate Williams, vice president of financial literacy at Money Management International. "Relatively speaking, that is a good idea if you pay off the balance and close the card right away. If you don't, then you will be costing yourself more money in the long run when your credit score isn't up to par." Consumer education experts agree saying that each time you open a store credit card, 20 points are taken off of your credit score. This is because historically store credit cards are issued to anyone with a pulse. They issue credit cards to people who otherwise can't get credit.

Other credit counselors say that you should open a store credit card if it is a store that you shop frequently. Many store credit cards provide their customers with coupons, bonus points and



information on upcoming sales that can only be obtained if you carry the store's card. However, it is highly recommended that you open no more than one favorite store card. A good rule of thumb is to keep two to six credit cards and make sure the credit cards you have are Visa, MasterCard, American Express or Discover, because merchants will take almost any of them. Also try your best to pay them off regularly, or if you can't pay them off, find a credit card that has a low interest rate to use for emergencies when you need new tires or when your water heater breaks. It's also a good idea that your other credit card has reward points or air miles, something that gives you something back. That card doesn't have to have a low interest rate if you pay it off every month.

Do Credit Checks Lower Your Score?

Credit inquiries will not significantly impact your credit rating if you do all your shopping in a short period. Since the market can change from day to day, this is the only effective way to shop anyway.

Credit scorers generally ignore auto and mortgage inquiries that occur within 30 days of a score date. For example, suppose you shop a lender on March 13 and the lender has your credit scored that day. Even if had shopped 50 other lenders in March and they had all checked your credit, none of those inquiries would have affected your credit score on March 30.

Circumstances can cause a consumer to shop, drop out of the market, and return later when conditions are more favorable. You minimize the adverse effect on your credit score by concentrating each shopping episode to 14 days or less.

Consumers should not be concerned about inquiries they make, such as ordering a credit report. Self inquiries don't affect the credit score. Neither do inquiries from your existing creditors, potential employers, or businesses considering whether or not to solicit you. The only inquiries that affect credit score are those by new credit grantors who you have explicitly authorized to check your credit.

DID YOU KNOW?

You need to read the fine print when it comes to 0% balance transfers. A few years ago, 0% balance transfers were extremely popular. You may not see as many offers for this as you did in years past, but card issuers are still trying to get customers to move their debt from one card to another with low rate offers. Unfortunately, many of these seemingly tempting offers are full of traps for the unknowing. To make matters worse, bouncing a balance from card to card can hurt your credit score.

8 Keys To A Better Credit Score

1. Never Miss a Payment, Starting Today: So you might not have had the best track record, but if you can keep your credit clean from now until forever your credit score will raise over time by



itself! You can pay your bills online or use a direct deposit payment so that you never miss!
(+100 pts)

2. Never use more than 20% of your Available Credit: This is one of the lesser known tricks to credit score building. If you have a \$1000 credit limit on one card, only use a maximum of \$200 on it. This rule applies to every card you have. (+15 pts)

3. Keep Credit Cards that Have No Annual Fees Open For as Long as Possible: The length of your credit history is a good indicator for your short term performance on paying a bill or loan. So, even if you're trying to resist the temptation of using your cards, do not close them. Cutting them up is ok. (+25 pts)

4. Extend Your Credit Limit on Cards You Already Have before You Get New Ones: This has to do with tip #3; it's better to have more available credit on one card than to have it spread around multiple cards. Besides, it's just easier to keep track of, and it will help you not miss your bill cycle. (+10 pts)

5. Get Credit Cards that Have Cash Back Rewards to Contribute to your Balance: Get paid to use your credit card? Sort of...With only 2 or 3% returns the trick here is that you have to use your credit card for most of your purchases. You'll get a couple of hundred dollars back at the end of the year, and you can use it to pay off your debt, or to put away in a Money Market Account. (+5 pts)

6. If You Think You Are Going to be FORCED to Pay a Bill Late Ask for an Extension or Payment Plan: Avoid getting a negative mark on your credit report, however possible. Beg, plead, make a deal. Save yourself a major hit, negotiate new payment terms, refinance, they really just want their money, but some credit places out there are dirty and tricky. If you are successful, you will save yourself 15 points. (+15 pts)

7. Take out a Small Personal Loan and Repay it Over a Year: Tricky, but it works. Take out a loan for say \$1000 and pay the balance off over the course of the year. If you pay every month on time you will start to build a credit history. (+10 points)

8. Finance a Vehicle: Although you should limit excessive new credit when you can, financing a big ticket item like a car can be one of the fastest ways to improve your credit score. BE WARNED: There are a couple of important elements in making this work for you and not against you.

I. AMOUNTS OWED: Since the amounts you owe makes up 30% of your credit score, it is important to find a vehicle that you can finance without drastically increasing your debt to income ratio. The good news is that most lenders will not allow this to happen because they WANT you to repay your auto loan. To put this into English, successfully paying down installment loans is a good sign that you are able and willing to manage and repay debt. Therefore it is a great way to raise your score!



II. LENGTH OF CREDIT HISTORY (15% of score): In general, a longer credit history will also increase your score. That is why most automotive finance experts will recommend financing your new vehicle for as long as reasonably possible. Yes, you will pay more interest over the course of the loan BUT you will have a lower monthly payment AND you will continue to raise your credit score!



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