

# **Free Credit Repair Tips**

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## **Credit Bureaus Don't Want You to Read This!**

In this digital era we are in today, your credit score is often the deciding factor when a lender considers granting you credit. It is important now more than ever to understand what this three digit number means and what you can do to protect your most valuable asset, your credit score.

Credit bureaus are private institutions that gather your personal data and assign a number to you based on your past financial dealings. They do not take into account your current situation although the more recent a negative incident the more weight it has in the scoring process. I put this report together to help you fight back and beat the bureaus at their own game.

There are several things you can do to make sure your score is as high as possible which we will discuss in this ebook. It is important to understand how your score is calculated. You will also need to know what your current credit report says about you. If there are errors on your report, you will need to know how to fix them. Identity theft is a growing problem and we will outline what you can do to make sure that you are protected when it happens to you. There are many companies out there that will help you fix your credit, but how do you know if they are legitimate or not. All this and more you will learn in this report.

### **Obtaining your credit score**

There are three credit bureaus that you need to be aware of because your credit score or FICO score can vary from each bureau. Do not rely on just one for all of your information. Some lenders only report to one while others may report to all three.

Equifax  
P.O. Box 740256  
Atlanta, GA 30374  
1-800-685-1111  
<http://www.equifax.com>

Experian  
P.O. Box 2002  
Allen, TX 75013  
1-888-397-3742  
<http://www.experian.com>

TransUnion LLC  
P.O. Box 2000  
Chester, PA 19022  
1-800-888-4213  
<http://www.transunion.com>

You can contact them individually or there are services that will pull all three credit reports for you if you sign up for their service.

[CreditReports.com](http://CreditReports.com) offers a free 7 day trial which will give you all three credit reports. It is the same information that you get individually at the separate credit bureaus. They have other services such as credit monitoring where they notify you of any changes to any of your credit reports.

Credit monitoring is a valuable service especially with identity theft running rampant today.

### **Understanding your credit score**

Each bureau uses a modified version of the Fair Isaacs scoring method. Equifax has the BEACON system, Experian has the Experian/Fair Isaac Risk System, and TransUnion has the classic FICO Risk Score system. It is important to know that each bureau uses a slightly different scoring method because scores will be different. They all weigh the report about the same as far as what is important and what is less important.

Credit scores typically range from 300 to 850. Anything below 600 is considered high risk and a score of about 720 is great with the best rates available.

Understanding how much weight is put on late payments versus inquiries is helpful when trying to maximize your credit score.

- **35%** of your score is based on your payment history. It makes sense that the most emphasis is placed on if your payments have been on time since lenders think if you are late with other payments you may be late with theirs.
- **30%** is based on outstanding debt. If you have a couple car loans, a mortgage, and several maxed out credit cards a lender will worry that you are on the verge of bankruptcy. On the other hand if your balances are all less than 50% of the available credit, lenders will see you are responsible and will be more willing to extend you credit.
- **15%** of the score is based on the length of time you've had credit. The longer a line of credit has been open the better it is for you. This is why it can hurt your credit if you cancel that credit card you have had for years.
- **10%** of your score is based on new credit. Opening new credit accounts will hurt your overall score. Inquires are also included in this category. Hard inquires from lenders will hurt your score while soft inquires from you will not.

As you can see 65% of your score is based on making your payments and your percentage of available credit so it is very important to keep an eye on these.

With [MyFico.com](https://www.myfico.com) you can track your credit scores from all three bureaus. They have many other services that can help you monitor and manage your credit.

## **Protecting Your Credit**

Obviously the most important thing you can do is make your payments on time. Do everything you can to meet your financial

obligations. If you are going to be late and you know before hand, call the lender and ask if you can change the due date. They will often work with you to help you keep your credit in pristine condition.

If they are not willing to work with you, reallocate the funds going to other lenders that will work with you or that offer a grace period. This alone can often not only save your credit but also save you money in late fees.

Other items like a bankruptcy, accounts in collections, liens, judgments, and any other financial-related data can be devastating to a credit score and it can take up to 10 years for them to come off. Most criminals aren't even on probation that long.

At least once a year check your credit report from all three bureaus to make sure all the information is correct.

It is also a good idea to subscribe to an identity theft prevention service. These services will protect your credit and if identity theft does occur they will repair the damage done with out costing you anything. Trying to repair the damage yourself can take months if not years to resolve everything so a service is a good idea.

## **Prevent Identity Theft**

To prevent identity theft, always check your account statements carefully each month. Report any suspicious activity or any charges you don't recognize at once. Also check your credit report regularly and immediately investigate any new credit accounts you do not recognize - this is the best way of detecting and acting on identity theft.

If you have been the victim of identity theft, report to the police at once and get a police statement. Send copies of this to your bank and credit bureaus. Better yet, get the credit bureaus to attach the report to your credit report, if you can. Close all your accounts and reopen new ones. You should not have to pay for someone else's illegal activity.

To stay safe from identity theft, always follow safe banking and financial practices:

- 1) Keep account numbers and PIN numbers safe. Cover your account and PIN numbers when using debit machines at the store and refuse to give your PIN number to anyone. Avoid writing down your PIN and account numbers - you never know when this information could fall into the wrong hands.
- 2) Only do business with businesses you trust.
- 3) If you get applications for credit cards in the mail that are "pre-approved" rip up the applications and enclosed letters before discarding them. No, this is not paranoid. Identity thieves sometimes go through garbage in order to find these forms so that they can fill them out and steal your identity.
- 4) If you use a computer, install a good firewall and antivirus protection system and update it religiously. Better yet, take a course in safe computing at your local college or community center. You will learn many good tips for keeping all your information safe while you are online.
- 5) Never buy anything online from a company you do not trust of from a company that does not have encryption technology, there will be a picture of a lock in the bottom corner of the browser, and a good privacy policy.
- 6) Even with all of the computer precautions, avoid providing private information through email or your computer. Be especially cautious if you get an email from your bank asking you to verify your information by clicking on a link - this is a popular scam that comes not from your bank but from criminals posing as your bank. Ignore the email and phone your bank about the message.
- 7) Be wary of unsolicited emails, phone calls, or mail advertisements. Most are from legitimate companies but there are companies who

promise you a credit card over the telephone only to charge your existing credit card without sending you anything.

Similarly, letters will sometimes promise you specific items or services. Once you send in your credit card information (usually to a post office box) you hear no more from the company. If you need or want to buy something from a company, be sure to check the company's standing with the Better Business Bureau first.

Send a money order instead of a check (which had your account number) or your credit card information. If you do use a credit card, report any unusual charges or any payments you made for a product that did not arrive, to the credit card company.

In some cases, they can stop payment or refund your money as well as take steps to keep your credit card number safe.

8) Be wary of offers that seem too good to be true. If you get an offer for a ten million dollar check - for which you need to put down \$5000 as a "sign of good faith"...if you get an offer for a free state-of-the art computer - if only you provide your account information... take a deep breath and consider before sending in your money and your information.

Offers that are too good to be true always are. Scam artists often rely on your belief in others and your trust to make money. They depend on the fact that you will be so excited about a product or service that you will throw good judgment out the window. Prove them wrong.

When faced with an offer that seems too good to be true, do some research on the web, through the Better Business Bureau, or ask the person making the offer some questions. Never take someone up on an offer that you have been given unsolicited unless the company and the offer both check out.

9) Read the fine print. Some services or companies will have tiny print in their contract or agreement that allows them to charge you

extra hidden fees or that allows them to retract certain offers. If you get an offer through email or the mail, make it a habit to read the fine print.

10) Be alert for a sudden disruption in your mail service. If you do not get mail for some time, contact your post office and ask whether your address was recently submitted for a "change of address" service. It sounds strange, but it's true.

One way that criminals steal identities is to change your address at the local post office. They redirect your mail to a post office box number and steal your mail looking for personal information such as bank statements, pre-approved credit card applications, and other pieces of mail they can use to steal your identity.

They use this information to pose as you with lenders and run up huge charges in your name. Simply keeping an eye out on your mail can help you keep your credit score safe.

You are more likely to notice problems and inconsistencies if you check your credit score on a regular basis - at least once a year and preferably three times a year. Be sure to check your credit rating with each credit bureau, too. If you notice anything odd or anything you don't recognize (such as a charge account you did not open) report it immediately.

Sometimes, these errors are caused by mistakes made at the credit bureau, but they could be an indication that someone is using your identity. In either case, such mistakes could hurt your credit score. Fixing such errors improves your credit score.

A preventative measure that can end up saving you hundreds of dollars and months of time is to invest in an identity theft prevention services like [LifeLock.com](http://LifeLock.com), which is backed by a one million dollar guarantee.

## **Improving Your Credit**

If your credit score isn't as high as you would like it to be there are a few things you can do to raise your score.

1. Pay all bills early. Paying your bills early serves two purposes. First, because interest is accrued daily you save on interest if you pay when you receive the bill rather than on the due date. Second, if you make it a habit of paying bills when they arrive there will be less of a chance that you will forget the bill.
2. Use online banking. Most banks will offer online banking for free. This is a great tool to help pay your bills on time. It gives you the option of paying a set amount every month or, with some creditors, will actually pull the bill and pay the amount owed every month. If you pay a set amount, be sure it is higher than it needs to be since the amount due can vary.
3. Pay off credit cards. The goal here is to have the smallest percentage of debit to credit limit as possible. You should never have more than 50% of a credit card used up, but 25% or less should be your goal. If you are having trouble paying down the balances, ask for an increase on your credit limit, but don't put any new charges on the card, this will lower your ratio and improve your credit score.
4. Do not close seasoned accounts. Lenders are looking for accounts that have been open for several years. If you have a credit card that you got five years ago, closing that account will actually hurt your credit rather than improve it. The older the account the better.
5. Stay away from new accounts if it can be avoided. Getting a department store credit card may save 10% on your purchase, but it will hurt your credit. If you know you are going to apply for a home or car loan, do not open any accounts at least six months prior to the anticipated date you will apply. If you do not have any seasoned accounts then apply for some now. Most lenders like to see at least three of them.
6. Be careful when comparing rates online. Once you are ready to get your loan it is a good idea to find the lowest rate possible,

however inquiries hurt your credit so be careful. Because the bureaus understand the borrowers may want to shop rates, they bundle inquiries by type. If you are applying for a home mortgage and four different lenders pull your credit, it will only count as one inquiry as long as you do it all within two weeks. The same is true for an auto loan. It is not the same when applying for a credit card though.

## **Repairing Your Credit**

If your credit score is below 600, you are in serious need of repairing some damage. If there are any errors in your credit report, the first thing you need to do is dispute the errors. Credit bureaus have 30 days to prove the validity of the item you dispute. If they do not respond within the allotted time period, they must remove the item by law. If you are not sure if the negative ding is correct, challenge it anyway. Many people challenge everything to see what can be verified.

Once you have removed all the errors, check for the number of inquiries. The bureaus will often remove them if you ask them so just ask that they remove them and they most likely will.

The saying time heals all wounds is true with credit. The more time that passes between the bad mark and the current day, the less of an effect it will have on your credit.

Once you have removed the errors and inquiries it is time to work on the late payments. Many lenders will remove a late payment if you ask them too. You may have to call several times to speak to the person that is having a generous day, but it can be worth it.

If you have an account that has gone to collections you may have an advantage. I am not saying to stop paying your bills if you miss one payment because collections hurts your credit worse than a late payment will. The creditor wants to get their money. You want to have good credit. If you ask them to remove the negative marks from your credit in exchange for catching up or payment in full, they

often will be willing to do so. Not all lenders will do this so don't ever go to collections on purpose.

## **When to Use Credit Repair Companies**

What if you have done all that and still cannot remove some of the negative marks on your credit? That is when it is time for a credit repair company.

I had an error on my credit report where a company had listed two accounts for me. I only had one account and the other account was hurting my credit. I disputed the false account and told them I only had one. They somehow verified the account anyway. I tried calling the company to tell them it was false, but nobody would return my calls.

That is when I went looking for a credit repair company to fight for me. Within 30 days they removed the false account and my score increased quite a bit.

When looking for a credit repair company, there are a few things to find out.

- Do they have attorneys on staff to deal with the bureaus? For some reason an attorney can get the bureaus to listen more than a regular private citizen.
- They must have a refund policy. This is important. If the company performs as they say they do, they will offer a money back guarantee. If they don't do what they say they will do, you shouldn't have to pay. A satisfaction guarantee where they will continue to work for you until you are satisfied doesn't mean much if they can't get the job done in the first place.
- Check for testimonials. The company should advertise their satisfied clients. If you can't find any on their site there may not be any at all.
- The company should have years of experience. Startup companies may not have the relations and "know how" that come with experience. Be sure the company has been around.

[Lexington Law](#) is one credit repair company that meets the requirements above. They have been in business for over 15 years and have a proven track record with more than 500,000 clients.

### **Maintain Good Spending Habits**

Developing your own plan for credit repair is the most cost-effective and often the most effective way of dealing with bad credit. It also gives you the tools, knowledge and self-confidence to take control of your finances and ensure that you get the best credit score you can.

By being persistent in following the tips in this ebook, you can turn your credit situation around. With your new, good credit score, you can become qualified for that great new job, that apartment, or the fabulous interest rate on that loan you need. With a great credit rating, your financial life will be much easier.

You have all the tools and resources in this ebook to start repairing your credit right now. You can use the tools presented here to follow your financial dreams and achieve the success you deserve. So start reestablishing your credit so that you can live the life you want right now!