



The Credit Repair Guide

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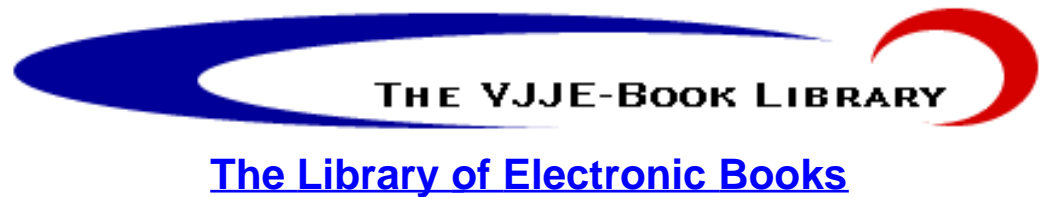
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- Click "**View**" at the top of the toolbar. There should only be two items checked.
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CHAPTER I – Credit Overview

WHAT IS CREDIT?

The average American has a better understanding of General Motors than he or she does about their credit rating. Credit is used every day by millions of Americans, yet most do not have the faintest idea how our credit system really works. Most people only know that they can pull out a plastic credit card and buy something that they don't have the cash to pay for.

The dictionary defines credit as financial trustworthiness. Time given for payment for goods SOLD ON TRUST!

Actually, the credit system we now use is as old as the business world itself. The trend of today that we see advertised everywhere is: "BUY NOW AND PAY LATER." It is this philosophy that has caused millions of Americans to live from payday to payday, or from payment to payment!

What do you think would happen to the grocery store customer if when payday came around he DID NOT pay his bill as promised? Well, the grocer might give him more time, but chances are the grocer would no longer extend credit to such a customer. He would no longer be allowed to purchase his groceries "ON CREDIT!"

The same situation is true for the executive if he fails to pay his obligation for the \$5,000 cash advance. His credit rating would be damaged, and that would make it very difficult for him to obtain a new credit card from American Express™ if he did not first clear up the debt that he owed.

With these examples in mind, if the grocer were stuck with a large unpaid bill, he would go around the neighborhood and tell all the other merchants that Mr. X "burned" him, and is NOT good credit risk. From that point on, none of the other merchants in town will give Mr. X any credit!

American Express™ would be faced with the very same problem. How would they inform other corporations that Mr. Executive is a poor credit risk? And how would American Express™ be able to obtain information on other clients who are applying for them for the credit for the first time?

The following pages will explain in more detail how credit is established and how you can investigate and improve your PERSONAL CREDIT REPORT. Be sure to read each sentence CAREFULLY, as your credit is your FUTURE BUYING POWER. More important, your credit is your name!

Before you go on reading this report ask yourself one good question. How much is it worth to you to have GOOD CREDIT? The answer is simple. Good credit in our society is virtually "PRICELESS!" If your credit is not good, you will be severely handicapped in almost any financial endeavor you wish to accomplish.

Throughout this handbook we will show you a simple and legal way to develop a AAA credit reputation no matter what your past credit shows this very moment. Regardless of your present credit rating, whether it reflects no credit, slow credit, or simply bad credit, or EVEN if you filed

bankruptcy... **YOU CAN START AGAIN!** You can be one of the more fortunate individuals in the United States who holds **GOOD CREDIT!** You need it! You deserve it! And **NOW** you can have it!

HOW CREDIT REPORTING AGENCIES WORK

As credit increased throughout the country, there arose a great need to issue reports concerning those who are **NOT** a good credit risk as well as those who are **CREDIT WORTHY!** Because of this great need, credit-reporting agencies were formed several years ago. These agencies, known as credit bureaus, receive information about consumers from banks, loan companies, credit card companies, department stores, as well as from other credit and lending sources. Credit bureaus earn their profits by giving a computer printout showing a financial and credit profile of any individual (such as you or I). These reports are requested by a lender or a credit-issuing firm from which you have requested credit.

Lenders will base their acceptance or rejection of your application for credit based on the information about you in your personal credit report. If your credit report shows that you have been reliable in the past, then in most cases credit will be granted. What if your report shows that you have **NOT** been reliable in the past? Perhaps you have been like others in this country who have encountered circumstances beyond your control which made it **IMPOSSIBLE** for you to meet your credit obligations. What if your credit report shows that you defaulted on a particular account or were constantly **LATE** making payments? This of course can be most embarrassing, and usually leads to **CREDIT DENIAL!**

There are over 2,500 credit reporting agencies in the United States. These agencies sell information about you to **BANKS, DEPARTMENT STORES, CREDIT CARD COMPANIES, LOAN COMPANIES, etc.**

These credit bureaus keep on file information concerning you and your credit, but they do not make any final judgments as to your credit worthiness. The decision is up to the lender that you have dealt with to decide and report to the credit bureau.

When you receive a copy of your credit profile, you may find some of the following information in your report. Your occupation, place of employment, income status, residence record, marital history, court and arrest records, and most important, details on payments of your past and present bills and loans.

You have the **ABSOLUTE RIGHT** to know what is in your consumer credit report! Because it is **YOUR** personal credit file, you should want to know what information the credit bureau is giving out concerning your good name and your credit!

Most people have thought, and still think, that if they have an unfavorable credit report or history that there is **NO WAY** to change it, and if they want to obtain **NEW CREDIT** that it's impossible! **DON'T BELIEVE IT!** You can change your credit report for the better. You can change and correct any and all **OUTDATED** or **INCORRECT INFORMATION** that **YOU** choose! Remember that it's up to you! No one will do it for you! The first step in correcting information on your report is to obtain a copy of your personal

HOW TO OBTAIN A COPY OF YOUR PERSONAL CREDIT REPORT

You have already learned how this credit information has been gathered, rated and placed on file for credit reporting. You can obtain a copy of this report just like a regular consumer would – after all, it's your report.

There are many different credit reporting agencies in business today, and there is one in every community. First, this discussion will be limited for simplification, to three of the largest NATIONAL companies, [Experian](#) (formerly known as TRW), [Equifax](#), and [Trans Union](#). Second, the discussion will include limited information concerning contacting the LOCAL credit reporting agency in YOUR area.

To evaluate your personal credit profile, you must obtain a copy of it. You may obtain a copy of your personal credit report by writing to: [Experian](#), [Trans Union](#), and [Equifax](#). Include the following information with your request:

1. Full Name
2. If married, include spouse's name
3. Your Social Security Number
4. Your present address/previous addresses within the past
5. Your date of birth
6. A check for \$8 plus your SIGNATURE on the letter

You may wish to call your LOCAL credit bureau as well. Look in your local yellow pages under Credit Reporting Agencies. Call up to find out mailing addresses and fees to obtain your report.

By the way, if you have been refused credit within the past 30 days and one of the reasons for the rejection was an "unfavorable" credit report, you have certain rights under the law.

You first have the right to know which credit reporting agency was used to obtain the report. You also have the right to CONTACT the agency and find out exactly what criteria on your report has caused the rejection. You also have the right to obtain this information FREE OF CHARGE if you have been denied credit WITHIN THE PAST 30 DAYS!

Because with almost every important financial move that you make a credit report is involved, it is very important that you be concerned with what your credit report says regarding YOU AND YOUR CREDIT!

HOW TO CORRECT ERRORS IN YOUR PERSONAL REPORT

After you have received your personal reports, determine the status of your credit file. You should attempt to remove ALL unfavorable information using the methods outlined herein.

Not all of your credit history is contained in either of the three firm's files. Some information may be duplicated, or not included in the other file. Your name and Social Security number are used for identification. Current and previous addresses, spouse's name, and date of birth are used for further identification. The credit information includes the merchants names, the subscriber number, credit account number, date opened, date closed, highest credit limit, highest amount of credit used, and repayment history. The last item is encoded into numbers, with a series of ones indicating perfect repayment.

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The following descriptions are used to indicate payment history:

- Current Account – account open or closed in GOOD STANDING
- Inquiry – your credit information was requested by this firm or store
- Closed Account – credit account closed
- Paid Account – closed account or zero balance
- Credit Account Reinstated – previously closed account NOW Available for use
- Foreclosure – collateral sold to collect defaulted mortgage
- Collection Account – credit account assigned to collection agency

When you receive your report examine it VERY CAREFULLY. Make certain that all information is current and accurate. If you find any error (for example, a loan that you have PAID OFF is still listed as outstanding), you can take immediate action to correct the error. You must write out EXACTLY what the mistake is, and explain the way that the information SHOULD be listed. For example, "Loan XYZ is NOT outstanding. It was paid in full on 10/31/81." Send photocopies along with all pertinent information to substantiate your claim.

If you receive a computer printout of your credit file, there should be a space (Usually on the right-hand side of the report) in which you may PROTEST any item in your report that you feel is INCORRECT. After you have done this, make a photocopy, sending one copy back to the bureau by "CERTIFIED MAIL." When the credit bureau receives your report and the information in question, they are required to investigate and ADVISE YOU of the results of their investigation. There is NO CHARGE for this investigation! YOU HAVE CREDIT RIGHTS! Due to the Fair Credit Reporting Act passed in 1971!

Anytime that you are denied credit, you now have the right to know why you were turned down! If, for instance, you are turned down for a charge account at a store, you will receive a statement from the store stating that you were denied credit and their reason for the denial. If their reason has anything to do with the fact that the store used a credit-reporting agency, they must provide you with the name and address of the agency that supplied them with the report. If this should happen to you, you should make an appointment within 30 days to visit the credit agency, so that you can review your report and find out what information in it is causing you to be DENIED CREDIT. I suggest that you always VISIT the credit bureau. Men should always wear a tie and jacket, and women should dress conservatively as well. It is very important to look professional and businesslike. It is also good to bring a friend along so that they can be witness whatever is said. Do not let the representative of the credit bureau confuse, or upset you in any way. If there is ANYTHING that you do not understand, ask to have it explained again.

If there is any information in that report that is not true, or if you want to dispute any information on it, don't be afraid to do so. If the agency is wrong on any item on your credit report or file, DEMAND a correction. By law, the company MUST investigate... many bureaus will even try to make the correction "on the spot!"

If for some reason you cannot PROVE that the item is in error or if you are having a disagreement with a certain creditor, you have the RIGHT to tell your side of the story in 100 words or less! This will be ADDED to your report. Often, creditors who see that you have taken the time and effort to dispute an item in your credit file will NOT include it in credit worthiness. This can be VERY HELPFUL to you. With our new methods, this type of struggle to add validity to your credit report is almost obsolete.

Many bureau representatives will even help you word your statement. Be sure to use this rule to your ADVANTAGE!

After making any corrections on your report, you have the RIGHT to DEMAND that the credit bureau send corrected copies of your report to ALL CREDITORS who have received the incorrect reports for the LAST 6 MONTHS!

PLEASE NOTE: The credit bureaus WILL NOT do this automatically! – ONLY WHEN ASKED!
– So make sure it gets done PRONTO!

If, when looking over your report, you notice that it is missing a few POSITIVE items that you recall, you may want to invest some money to upgrade your report. Some credit bureaus will call creditors you name as FAVORABLE to you. If the information that you give turns out to be TRUE, the item will be ADDED to your report. There are small fees of \$2 to \$5 per item, but this small fee could be well worth it to you.

CHAPTER II – Understanding And Improving Your Credit Rating

"No man's credit is as good as his money."

E.W. Howe, American Journalist, novelist 1853–1937

The American economy is based on credit.

If you don't have at least an average credit rating, you will find that getting approved for any type of loan, or credit card, will be very difficult – if not impossible. As the nation's economy worsens, the money supply becomes tighter. A major factor looming on the horizon is the growth in the national debt. At this moment, the country's deficit is approaching a staggering four trillion dollars! That means something like twenty cents out of every dollar spent by the Federal Government goes toward paying off interest on money borrowed!

This is a short, but important report.

It contains valuable information. Read it carefully, and you will have a better understanding of how applicants are rated, and what you can do to improve your credit rating. The "Credit Scoring System" is a nothing more than a numbers game. Most creditors use something like it to rate applicants. Like most games, the more "points" you score, the better you do. So get out a pencil and paper and we will take a closer look at a typical system:

The first factor you can't do anything about: Your Age.

Yes, you could lie, but don't. With all the interlocking computer systems in use today, somebody, somewhere, probably has the true story. While it's only one element, if a creditor catches you in a lie, even if it's just about your age, they aren't going to trust the rest of the information you provide either, and you will probably not get the loan.

Under 21? Score zero points.

24 to 64 years of age give yourself one point.

Over 65? Zero points.

The next question is your marital status. Unmarried, sorry pal most creditors think you're a higher risk, no points for you. What's that? You are married? Give yourself one point. Most creditors don't care if you divorced. If you are, and not remarried give yourself zero points.

Next question: How many dependents: Unlike Uncle Sam who gives you bigger deductions as your family grow in size, creditors think differently. No dependents? Score zero. One to three dependents? Score one point. More than three dependents? Score zero.

The thinking is, if you don't have any dependents you have no attachments, you could skip town, not pay off that loan. You have up to three mouths to feed, chances are good you can't pull up stakes and run away. More than three, you could get in debt over your head so you become a poorer risk

again, but for a different reason.

Where do you live? In a trailer park, motor home, with parents, relatives, friends? Wrong answer. Same reasons as previous question. You could run, and not pay off the loan. You got to put down some roots. Score yourself zero points. Rent an apartment? Give yourself one point. Own a home with a big fat mortgage? Good for you. Score three big ones! Why? Somebody already checked you out pretty good for you to get that mortgage, so you're probably a pretty good risk. Own your home, free and clear? Even better. Give yourself four points. You already established you can take on a sizable debt and pay it off, so you get a bonus point.

Previous Residence? Zero to five years, some creditors only go to three years. Then score zero points. You move around too much! Over five years? Good. Score one point.

What kind of Job? Unskilled? You still get one point. At least you have a job! Skilled? Two points. Professional? Three points. The creditor decides the classification. Use common sense, when scoring yourself.

Monthly Income? Should be obvious, the more the better! Under \$800 a month earns you one point. Up to \$1,000 gives you two points. Pull down \$1,500 gives you three points. Over \$1,800 gets four points. This score can vary quite a bit with different creditors. Depends on part of the country you live in, type of job, many other factors.

How deep are you presently in debt? Nothing to \$300 per month earns you two points. \$301 to \$500 gives you one point. Anything over \$500 in most cases earns you no points.

Previous Credit History: Very important to all creditors. It's your track record and is a good indicator of how you should pay off debt in the future. All creditors belong to at least one credit-reporting agency. Information is shared. If you have a good credit history with the company you're seeking the loan from, all the better. Of course they believe their own information more than somebody else's. So if you paid off a loan with them with no problems, most give you four to five points. Good record with other creditors should earn you two to three points.

Other Information: Having a saving and or checking account with a balance over \$500 helps, if it's not something you just opened a few weeks ago. Should have been at least a couple years to do you any good. Most creditors give you a couple points. Phone in your name? Gets you another two points.

OK, now add up your score. Remember the more points you score the better credit risk you are. Most creditors have a cut-off around eighteen points. Some will go as low as fifteen points, others higher than twenty. Again, it depends on availability of funds and built-in bias of the creditor that you applied to. If turned down try somebody else!

A few points away from the cut off? Well, you may be able to cheat a little.

Not recommended, but if you're only a couple points away you may get your employer to say you worked longer than you have, or that you earn a little more than you do. If you don't rent or have a mortgage try an improve this situation to earn more points. Also consider building up your credit record by getting a secured loan. You will be usually issued a credit card as well. Not every bank provides this service, but a surprising number do. The only catch is of course you can't touch the money in the account, and if you don't pay off your credit card balance in full each month you will rack up quite a bit of interest charges on top of whatever you charge with the credit card. Secured loans are not based on credit history because you put up funds equal to the loan. It's a safe deal for the bank and can help improve your credit rating. The catch is it takes time to build up your credit rating.

Another method is to open a regular savings account and deposit \$200–\$500. Leave it there for 30 to 60 days, then get a loan on the account. Pay the loan off before the due date. Withdraw part or all of the money. Open another account at some other bank. Repeat the process over and over. Your local credit bureau will get good reports on you, and before you know it, your mail box will be stuffed with offers for free credit cards – no more secured accounts, and you should have an easier time of obtaining credit. If all else fails, try to get a smaller loan, or see if someone is willing to co-sign.

Fair Debt Collection

If you use credit cards, owe money on a personal loan, or are paying on a home mortgage, you are a "debtor." If you fall behind in repaying your creditors, or an error is made on your accounts, you may be contacted by a "debt collector."

You should know that in either situation the Fair Debt Collection Practices Act requires that debt collectors treat you fairly by prohibiting certain methods of debt collection. Of course, the law does not forgive any legitimate debt you owe.

This chapter provides answers to commonly asked questions to help you understand your rights under the Fair Debt Collection Practices Act.

What debts are covered?

Personal, family, and household debts are covered under the Act. This includes money owed for the purchase of an automobile, for medical care, or for charge accounts.

Who is a debt collector?

A debt collector is any person, other than the creditor, who regularly collects debts owed to others. Under a 1986 amendment to the Fair Debt Collection Practices Act, this includes attorneys who collect debts on a regular basis.

How may a debt collector contact you?

A collector may contact you in person, by mail, telephone, telegram, or FAX. However, a debt collector may not contact you at unreasonable times or places, such as before 8 a.m. or after 9 p.m., unless you agree. A debt collector also may not contact you at work if the collector knows that your employer disapproves.

Can you stop a debt collector from contacting you?

You may stop a collector from contacting you by writing a letter to the collection agency telling them to stop. Once the agency receives your letter, they may not contact you again except to say there will be no further contact. Another exception is that the agency may notify you if the debt collector or the creditor intends to take some specific action.

May a debt collector contact any person other than you concerning your debt?

If you have an attorney, the debt collector may not contact anyone other than your attorney. If you do not have an attorney, a collector may contact other people, but only to find out where you live and work. Collectors usually are prohibited from contacting such permissible third parties more than once. In most cases, the collector is not permitted to tell anyone other than you and your attorney that you owe money.

What is the debt collector required to tell you about the debt?

Within five days after you are first contacted, the collector must send you a written notice telling you the amount of money you owe; the name of the creditor to whom you owe the money; and what action to take if you believe you do not owe the money.

May a debt collector continue to contact you, if you believe you do not owe money?

A collector may not contact you if, within 30 days after you are first contacted, you send the collection agency a letter stating you do not owe money. However, a collector can renew collection activities if you are sent proof of the debt, such as a copy of a bill for the amount owed.

What types of debt collection practices are prohibited?

Debt collectors may not harass, oppress, or abuse any person. For example, debt collectors may not:

- Use threats of violence or harm against the person, property, or reputation.
- Publish a list of consumers who refuse to pay their debts, except to a credit bureau.
- Use obscene or profane language.
- Repeatedly use the telephone to annoy someone.
- Telephone people without identifying themselves.
- Advertise your debt.

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Debt collectors may not use any false statements when collecting a debt. For example, debt collectors may not:

- falsely imply that they are attorneys or government agents.
- falsely imply that you have committed a crime.
- falsely represent that they operate or work for a credit bureau.
- misrepresent the amount of your debt.
- misrepresent the involvement of an attorney in collecting a debt.
- indicate that papers being sent to you are legal forms when they are not.

Debt collectors also may not state that:

- you will be arrested if you do not pay your debt.
- they will seize, garnish, attach, or sell your property or wages, unless the collection agency or creditor intends to do so, and it is legal to do so.
- actions, such as a lawsuit, will be taken against you, which legally may not be taken, or which they do not intend to take.

Debt collectors may not:

- give false credit information about you to anyone.
- send you anything that looks like an official document from a court or government agency when it is not.
- use a false name.

Unfair practices.

Debt collectors may not engage in unfair practices in attempting to collect a debt. For example, collectors may not:

- collect any amount greater than your debt, unless allowed by law.
- deposit a post-dated check prematurely.
- contact you by postcard.

What control do you have over payment of debts?

If you owe more than one debt, any payment you make must be applied to the debt you indicate. A debt collector may not apply a payment to any debt you believe you do not owe.

What can you do if you believe a debt collector violated the law?

You have the right to sue a collector in a state or federal court within one year from the date you believe the law was violated. If you win, you may recover money for the damages you suffered. Court costs and attorney's fees also can be recovered. A group of people also may sue a debt collector and recover money for damages up to \$500,000, or one percent of the collector's net worth, whichever is less.

Where can you report a debt collector for an alleged violation of the law?

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Report any problems you have with a debt collector to your state Attorney General's office and the Federal Trade Commission. Many states also have their own debt collection laws and your Attorney General's office can help you determine your rights.

If you have questions about the Fair Debt Collection Practices Act, or your rights under the Act, write:

Correspondence Branch
Federal Trade Commission
Washington, D.C. 20580.

Although the FTC generally cannot intervene in individual disputes, the information you provide may indicate a pattern of possible law violations requiring action by the Commission.

Chapter III – How To Stop Your Creditors Cold!

Wipe Out Your Debts!

If you're afraid to answer the phone because your creditors have been calling every night; and you're worried that one of them is going to call your boss and tell him you're a deadbeat; and just trying to pay off your bills leaves you almost nothing for food – its time you thought about bankruptcy!

With a small amount of money, a lawyer (and even he's not necessary a lot of the time), and a careful evaluation of your assets (what you own) and your liabilities (what you owe), you too can make a new start with the help of the Federal and State bankruptcy laws. But don't rush into this without carefully determining which is the right way for you, for there are several different ways to stop your creditors cold, and choosing the wrong way can result in your losing much more than you might otherwise have to.

Straight Bankruptcy Usually Costs Less, and It's Quick!

If you have very few assets, and lots of debt, and not enough income to pay the debts off, even on an extended plan (more about that later), then you will probably have to file straight bankruptcy. You must file the proper forms (or "schedules") which you can purchase from any really good office supply stationery store in your nearest city, especially one in a district where there are lawyers' offices.

Bankruptcy is not a very complicated court action, so don't be too afraid of it. You will need to know which district you live in for Federal Court purposes; look in the telephone (white pages) under U.S. Government – Courts, and locate the U.S. District Court in your nearest city. Probably that court has jurisdiction; but check this out by phoning the Clerk of the Court and asking him, giving him your home address. You will have to fill out several "schedules" or lists of your creditors: creditors having priority, creditors having security, and creditors having unsecured claims without priority. You must list every creditor, for any one that is not listed can still

What Will You Have Left?

Will you be put out in the cold without food, clothing and a house to live in after your creditors get paid? Not at all – because most State bankruptcy laws allow some of your assets to be "exempt" from being used to pay your creditors! You must check the specific laws of your State, but usually, the house you live in, the tools of your trade, your personal clothes (within reasonable limits) and certain specific basic home furnishings are all not taken away from you. In fact, in this totally absurd world we live in, many States now permit you to also keep your TV, because, apparently, they regard it as a necessity for life!

Where to File

Once you have all the forms filled out and notarized, bring them to the Clerk of the U.S. District Court in your district, along with the appropriate amount to file. You don't have to notify your creditors – the Clerk does that, while also reminding them that now that you have filed bankruptcy papers, they may not press you for any more money, but may come to your hearing.

Usually your creditors don't show up, since by that time you have filed bankruptcy, you have very few nonexempt assets left that they are interested in. Whatever assets you do have that are not exempt (if any) must be sold under the Court's supervision. Any money thus realized is added to whatever cash you may have had at the time you filed (if any) and the total amount (which might be, and often is, as low as \$50 or \$750) is divided up by the trustee appointed at your hearing and your creditors get paid on a pro rata (proportional) basis to the amount you owe them. If your assets add up to an amount that, for example, only allows each creditor 3 1/2 cents for every dollar of debt you owed them, then that 3 1/2 cents is all he gets!

About three months after you have filed, you are adjudged "bankrupt". And you can start over again to incur, pay bills and establish a new credit record. Be careful, however, about talking to your old creditors at this time. They may offer to help you out by extending new credit, and maneuver you into signing "reaffirmation" of your old debt! Read anything you sign very closely, and don't agree to repay any debt that you have already discharged through your bankruptcy!

Lawyers for Complications

There are some people who should definitely hire a lawyer to help them through their bankruptcies, especially people who have assets like real estate that they want, somehow, to keep. Aside from real estate, if you have been accused by any creditor of fraud, you should also have a lawyer handle your case. If you decide you don't need a lawyer to handle your bankruptcy, you are still responsible for filling out all of the forms accurately and completely, and every bit as carefully as if a lawyer had done them. Leaving out a creditor's address from a schedule, or forgetting a loan you co-signed can bring lawsuits against you even after your bankruptcy. So be careful, and if you find the bankruptcy process is too complicated, do see a lawyer!

Keeping Your Assets Instead

The major advantage of the Wage Earner Plan, besides not being recorded permanently on your credit record, is that you get to keep all your assets, exempt and non-exempt alike (assuming you still have any left!). This is quite important, if, for example, you have a good paid-up car, or expensive household furnishings or a boat or other valuable assets that you want to keep. Under Chapter 13, you can get your current debts "stretched out" to three years, which may well result in lower total monthly payments than you are currently paying, and as long as you pay off your debts in accordance with the agreement filed with the Court, month by month, no creditor will be able to sue you to try to seize any other of your assets, and force their public sale at disadvantageous prices.

Even if they have begun to sue you, once you file for relief under the Bankruptcy Act, either under Chapter 13 or under Chapter 11, straight voluntary bankruptcy, they can't touch you! They are immediately restricted to getting from you only what the referee or trustee will give them and that only after the court proceedings have been completed. Often, if the creditor threatens to sue you, the most effective thing you can do to stop him (besides paying the debt!) is to tell him frankly that, if he sues you, you have no other recourse than to declare bankruptcy. This will often make your creditor willing to negotiate the debt, and you may be able to satisfy him by paying the debt back, but over a longer period of time (with smaller monthly payments) than you originally contracted for. Creditors know well that if you file bankruptcy, the chance of their getting payment in full on their overdue account is very low, so it is in their interest to try to ease your credit burden at least for a while.

Make Yourself "Judgment-Proof"

If a creditor goes ahead and sues you, and gets a judgment against you, he can then get a court order directing the sheriff to seize your personal property, sell it and pay the creditor the amount of your debt. However, if you have no valuable assets, there is nothing for the sheriff to seize, and you are what is generally called "judgment proof", or in other words, can't be made to pay the debt. Because they know this is likely to happen, street-smart debtors often hide their possessions, or move them out-of-state, before the sheriff (or marshal) arrives. This is, of course, illegal. The creditor's next move is to try to "garnishee your wages, which he does by getting a court order directing your employer to set aside part of your wages or salary every pay period and turn the amount over to him. However, he can only do this if he knows, or can find out, where you work. But even if your wages are garnisheed, there are limits on what a creditor can take! Laws vary from State to State. In some states wages cannot be garnisheed at all while in others only small amounts are exempt from garnishment.

If you have no job, and no visible assets, or you live in a State where your wages cannot be garnisheed, your creditors actually have very few ways of ever collecting on that judgment!

Harassment and Other Creditor Tools

Before your situation gets bad enough to need bankruptcy relief, and before your creditors actually sue you, they will try to make you pay up using informal techniques, rather than formal court orders, as this is far less expensive and time-consuming. First among these informal attempts may be turning their bills over to a collection agency which may then begin harassment, by calling you often and at odd hours by telephone, by trying to talk to your employer about your debts, and/or by threatening you with legal actions, etc. Many of these techniques that they use are illegal! Yes, a creditor or agency can write you letters, call once a day seeking payment, try to bring legal action against you, but he is forbidden by law to harass you or invade your privacy, or use deceptive means to get you to pay your bills. He may not use foul and abusive language over the telephone, tell anyone beside you the reason for his phone call, insist on payment for a product or service that you claim to have a legitimate grievance about, nor issue false threats (such as saying that he is going to drag you into court to collect \$35, when in fact his agency's policy is not to file suit on accounts of less than \$100, because of the high legal costs involved). He may not inconvenience you (by calling you at work when you are not easily able to receive calls), or invade your privacy (telling your employer or your neighbor that he is trying to collect a debt from you). There are books that provide detailed additional information on personal bankruptcy, and include sample letters with which you can try to arrange "stretch-outs" on your own with your creditors before bankruptcy is necessary. Some include sample bankruptcy forms filled out that you can use as a model. Since the accurate filing of all your debts and assets is so important, it's a good idea to follow their detailed instructions closely, with or without a lawyer, so that once you get your creditors off your back, they stay off!

Chapter IV – Wipe Out Debts Without Bankruptcy

In 1938 a federal law was passed known as the Wage Earner Plan. It is administered by the same branch of our courts that handles bankruptcy. You must be a wage earner to use the law – that is the primary requirement. The Wage Earner Plan does not in itself 'wipe out' debts, but a little-known proviso of your filing requires that your creditors must appear to verify your indebtedness to them. Statistics indicate that 40% fail to appear, in which case, those debts are indeed 'wiped out'. In some cases 100% of the creditors fail to appear, which enables you to wipe out ALL your debts without bankruptcy. If some of the creditors do appear, then the court allows you to spread your payments out over a three-year period in smaller amounts so that you can afford to pay. Once you file under the Wage Earner Plan, you stop bill collectors, lawsuits, judgments, assignments, seized bank accounts, and other actions against you. And to top it off, your credit rating is, in many cases, improved because you made an honest effort to work with the lending firms. Additionally, if the seller used deceptive trade practices to induce your purchase, your debt may be wiped out under the provisions of the Uniform Commercial Code. Under the Homestead Act, your residence can be exempted from levy to the extent determined by local law. Check at your local courthouse.

The Lure Of Easy Bankruptcy

Traditionally, personal bankruptcy has been a desperate last resort for those so deeply in debt and harried by creditors, that there really seemed to be no other solution. The typical profile included low-income, under-educated clerical workers or laborers, or perhaps transient non-homeowners. Common age groups were those who were in their twenties, or those over sixty five years of age. This is no longer the case. Today's profile includes people with good jobs, even families with two incomes. It is not surprising to find those with six-figure incomes declaring bankruptcy. The process comes no longer out of a dire necessity, but it is now a means by which people can rid themselves of debts that cramp their lifestyle. The most common applicants for bankruptcy include recent college graduates who file in order to avoid paying back government-guaranteed student loans. Their rationale? They feel society owed them an education. *(This is no longer allowed!)*

You will also find older, "keep up with the Jones's" types, filing for bankruptcy. From suburban executives to Wall Street professionals, they are unwilling to live within their means.

The passage of the Federal Bankruptcy Act of 1978 made the whole process much easier. This change significantly liberalized personal filing procedures in the name of consumer rights.

Chapter 7 makes no reference at all to the debtor's income. It permits debtors to clear the slate by turning over all their assets except those specifically exempted to creditors. Among the exemptions: Up to \$7,500.00 equity in the debtor's house (15,000 if both file); \$4,000.00 in accrued dividends; \$1,200.00 in automobile equity; \$500.00 in jewelry; \$200 per category of household items (including clothing, books, etc.) and more!

Chapter 13 requires that debtors show only a regular income to handle a reasonable three-year payback plan. The court's definition of reasonable happens to be as little as 1% to 10%, even when a payment of 50% could easily be managed.

Chapter V – The Secret Of Getting Credit And Credit Cards

What Is Your Credit Rating Now?

If you have any charge accounts now, or have ever borrowed from the bank to buy a car, or if you are paying on a mortgage, there is credit information on you. Up until a few years ago, you could only guess at what your credit rating was, because the credit bureaus that keep track of borrowers wouldn't tell the borrowers anything! But that's been changed through several laws, and now the bureaus have to send you your credit file when you request it. If you've been denied credit on the basis of their record, they will send you a copy of that record without charge, if you request it within 30 days of the credit denial. If you haven't been denied credit but just want to know what your file says, you must pay a small fee to find out.

Why You Really Must Get Your Credit Report

It is well worth your trouble to obtain your report. You may well find (because thousands do) that there is a piece of misinformation that is injuring you without your knowing it, which you can straighten out by submitting copies of documentary proof (never mail originals of anything important – it may get lost in the mail) of bills paid, payments made, etc.

What To Do If You Are "Unlisted"

If, for one reason or another, you're not listed, or they have insufficient information on you to "rate" your suitability for credit, you must take steps to correct this.

What To Do If You're New in Town

If you have no record because you hold no cards and have no charge accounts, or because you have just come in from out-of-town, then you'd better start assembling one. It may sound a little ridiculous, but nobody will lend money to someone's who's always paid cash! You have to have borrowed money or run up charges and paid them back to be able to borrow larger sums as time goes along. Start with the local merchants in your immediate area, the ones that already know you. Even if you don't need it right now, ask them if you can set up a charge account with them. In most cases they'll be glad to oblige you, they already know you're local, and that you patronize them regularly. When you get the credit, charge a few items each week, and pay your account promptly when presented. In this way, you'll build up a good credit record with these merchants in a short time.

Get Your Bank In on the Act

Go to the bank where you keep your checking account, and ask to borrow a nominal sum (say \$500), which they are unlikely to refuse you. Do this even if you don't need the money, because you do need the repayment record on their books. Repay the loan on a regular basis when due. Do not accelerate, and pay it all back the next month. Strangely enough the banks do not like that, because to them that indicates a "feast or famine" situation, rather than a steady payer. The interest cost on this loan, even if you have no need for the money, will be well worth paying to build up your credit record. Besides, you can minimize this interest cost by depositing the money you have borrowed (assuming you do not immediately need it), in a savings account, and collecting the interest, which will defray a good part of the cost of the interest you are

paying. Once these charge accounts and the loan have been operating for a while, proceed to stage two, and ask a large local department store for a charge account. Most likely they will be happy to give you their charge card. Build up your rating with them by occasional purchases and prompt payment, and then you proceed to stage three, and apply for the less selective national credit cards, Master Charge and Visa, which you should at this point be able to get without too much difficulty.

On the Road

Once you have national bank credit, it's easy to get credit from all the oil companies, which makes traveling around a cash-free pleasure. Some gas stations take national cards like Master Charge, but most only take their own credit cards, so you should not overlook these, just because you already have others.

First Class With No Cash

Once you have all the other cards, a paid-up loan or two, and a fine record of promptly paying your bills, you may be able to get the most selective cards of all, the "travel and entertainment" cards. These are American Express, Diners' Club and Carte Blanche. These cards operate on a different system than ordinary retail store cards, or the national bank cards, both of which are revolving credit plans on which you pay a small amount each month, until your balance is all paid up. The store or bank hopes you take a long time to pay, because they make their money on the 1 1/2% monthly (which is 18% yearly!) finance and, or interest charges. The T&E cards, however, expect you to pay your bills at the end of the month! Let your account get 60 days or more delinquent, and they'll cancel you out as fast as a flash of lightning. Although these cards do not charge interest, they do charge you a fee for membership.

Let Me Entertain You

So how do you get these marvelous bits of plastic that open up the doors of exotic nightspots in Tangiers as easily as your nearby Howard Johnson's? Your good credit record, that you have already established, will be the most help. Since the T&E people want you to pay your bills promptly each month, they want to know that you have a steady record of paying bills promptly to other people. So first American Express, or Carte Blanche, or Diners' Club looks at your credit record. Then at your salary or other income. Most of them have cut-off points below which they will not grant their cards. But even if you earn more than their minimum requirements, they don't automatically okay you for their credit. They look at your stability! How do they measure stability? How long have you worked on your present job? If you don't have a minimum of two years of steady work in one place, they may not consider you at all. How long have you lived at your present address? At your previous address? And do you rent an apartment which means you could move tomorrow, or do you own your own house, which means you will probably still be in the same place next year. How stable is your livelihood? Do people in your field of work get laid off frequently?

Now You Can Really Start to Live!

Once you have all the major national credit cards in your wallet, you can live like the millionaires do, even though you haven't yet become one. You can go into a fancy store, or even call them on the telephone, and order those wonderful luxuries which make life so much more exciting, like furs and diamonds, for your loved one, or new furniture or appliances for your living room, bedroom or kitchen. All of this can come true in the wonderful world of credit. Now in today's

world you can charge almost anything on a credit card, from admission to a nudist camp in Yugoslavia, to medical care at a hospital in Atlanta, university courses in New York City, funerals in Los Angeles, and even the services of legal prostitutes in Las Vegas.

Erasing the Bad Marks

But what do you do if you haven't been able to pay your bills promptly, or you've run up more than you can handle, or you don't have a very stable work history? Do you have to give up the dreams of credit-card living? Not entirely! Once you find out which credit conditions in your background are the most troublesome (from the credit report you have already sent for), you then start to create new conditions that you can then base your records on. If you were out of work, perhaps you can get a reference from someone you know who owns a business and is willing to say that you worked for him, if the credit card company checks your references. If your bills are too high, and you've missed a few payments, perhaps you should see our [Credit Repair](#) section. Remember that credit card companies don't care very much about the amount you owe, but they care a lot about whether you pay steadily, every single month, even if the amount each month is small, and the entire debt will take years to pay off! Don't overlook ways to establish good credit without buying anything! For example, you have telephone service in your own name, you have a record of paying bills to them which is then part of your credit record. The same for your gas and electric supplies from your local public utilities. These services, when they are in your name, will show prospective merchants that you do have a record of paying bills, even if you haven't yet established retail store or bank credit.

Using Your Credit to Save Cash!

The world of credit has one more trick you should know about, this one that actually saves you money right on the spot. All you have to do is carry your credit cards with you when you go out shopping, even if you intend to pay by cash. Then you have to keep an eye open for the smaller, personal service-type shops, where the boss himself, or one of the partners, is always present (you'll see why in a minute). As you walk in, check out the decals on the door to see which credit cards they accept. Then select your purchase in the way you normally would – taking your usual care to be sure you're getting the right item at the right price. When the deal's all set, produce your credit card (one of those you know he takes), and say, "I'd like to charge it, please!" At this, the merchant's face will probably drop about six feet, but he'll take your card and walk over to the imprinting machine (or maybe to the telephone to check your credit status). He hasn't got much choice; he has to take your card if he uses their decal in the window. But the point is, he hates to, because he has to pay the credit card company a percentage of the sale, usually somewhere between 6% and 10%. Now, while he's vulnerable, is the time to hit him with a casually dropped remark like "say, how about knocking 5% off the price, and I'll pay cash instead?" The chances are he'll accept your offer, because it saves him the other part of the credit card company percentage, and because it saves him bookkeeping chores, and waiting from 3 to 7 days for his money to be credited to him by the credit card company. The reason why this gimmick doesn't work in big stores is that the clerk doesn't give a damn what it costs the boss, and has no authority to take an additional percentage off the price, so he'll just go ahead and write up your credit card invoice.

Chapter VI – How To Get A Visa/MasterCard With No Credit Check

SHAPING YOUR APPLICATION TO FIT THE RIGHT PEOPLE

Creditors approve credit to those people who most closely match the right profile. They arrive at those conclusions by assigning point values to various items of information that are included either on your credit application or in a credit report. Credit card companies like credit scoring systems because as a large volume creditor, they can replace trained credit personnel with a relatively few employees who can quickly total number columns and determine if an applicant's point values add up to the right score.

Scoring, of course, is done for one reason. A creditor just wants to know that the odds are high he will get his money back. Scoring systems are fine for those people who fit right into the right profile, but what about those who don't but could pay off their monthly obligations just as easily and reliably as the next person? If you are one of those people who just doesn't "fit the mold," you'll simply have to make a few adjustments in your application so that you fit the scoring profile of what a creditor is looking for in a final total.

HOW CREDITORS RATE AN APPLICATION

The first thing you should know is that every system is different. That in itself can work to your advantage. You could be rejected by one company's scoring system and approved by another. One creditor's system will give you many points for a good answer, and totally ignore a question that gives a negative answer. Another creditor can simply reverse the process. Keeping in mind that creditors use different scoring systems, we will list only the most important questions and briefly review how a response can affect your total score. The following categories are listed from the highest to lowest awarded each response.

RESIDENCE– The longer you have lived in one place, the better. Stability is given high points.

HOME OWNERSHIP– The best possible housing situation is to own your own house, even if it is mortgaged. The worst is renting an unfurnished apartment, living with your parents, living in a trailer or motel.

GEOGRAPHIC LOCATION– Scoring systems are adjusted for differences in geographic locations. For examples, home ownership may not score high in an area where there is a high incidence of credit problems, reoccurring employee/employer differences, low income, etc.

EMPLOYMENT–The longer you have been on the job the better.

OCCUPATION–Occupations can be divided into many categories with a high to low score within each category for different occupations. Sometimes an employer is scored, instead of the occupation of the applicant.

AGE–Older is not considered better until you pass age 40. Under 25 to the end of the 30's receive the lowest scores. The rationale is that people under 25 haven't proven they are a good

credit risk. People in their 30's are still raising a family, buying a home, and tied down with enormous expenses. This is also the time most people declare bankruptcy.

INCOME– The higher your income the more points you will receive.

TELEPHONE– Having a telephone is an indication of stability. Give yourself more points.

AGE OF AUTOMOBILE– No auto is a low score, but the newer the vehicle the higher the score.

DEPENDENTS– One to three indicates responsibility and stability. After three, points drop rapidly.

CITIZENSHIP STATUS– Non–citizens receive negative points.

BANK ACCOUNTS– You receive high points if you have a checking and savings account.

CREDIT REFERENCES

IN–HOUSE RECORDS– A good payment record will earn you more points.

CREDIT CARDS– The more major credit cards you have the better.

BANK LOAN– A current bank loan will increase your score.

FINANCE COMPANY LOANS– You will receive negative points for each finance company loan.

TWO POWERFUL STRATEGIES THAT CAN GET YOUR APPLICATION APPROVED

Credit checks are requested by banks, lenders, and other creditors to see if there are negative items in your file. The more negative items you have, the less your chances of credit will be. As we have seen, creditors look for stability and reliability in an applicant. A steady source of income will receive a high score, but even more important than an income amount is a creditor's belief and perception that you are both willing and able to pay back a debt. In other words, even if you fail to pass certain criteria or formulas, your application can still be approved on another level that will get you the credit you want no matter what a scoring system profile says.

Extending credit to customers is the way the creditors make money. If you convince them you are a good risk they will give you what you want. Basically, there are two ways you can achieve that goal.

You can bypass the normal scoring methods that are used by impressing the person reviewing your application, and showing that you are sincere, reliable, stable, and have the ability to make monthly payments on the loan or credit card account. You can tailor your answers to the applications questions and in that manner fit into the right scoring mold of what a good credit risk is, according to the formula they are using. That doesn't mean you should lie on your application. It simply means you should be aware that being compatible with certain stereotypes will work in your favor. Remember that a creditor can still verify the information you list in an application. Still, many people bend the truth to put themselves in a favorable position. For

example:

Some applicants will list their parent's, a friend's or a relative's address as their own residence and indicate they have lived there for years, knowing it probably won't be checked. Provided an applicant has a friend or employer who will go along with the, he can list a position and salary they don't really receive. Then when the creditor calls to verify employment the friend will support what the application has claimed to be true.

Another way applicants instantly increase their salary is to set up their own corporation. After issuing themselves private stock with an inflated value, they list the stock as part of their salary.

MORE HOT TIPS ON HOW YOU CAN STACK THE ODDS IN YOUR FAVOR

If you don't have a telephone get one installed. The alternative is to make arrangement with the telephone company and a friend or relative, to have your name listed with their phone. If you have more than one job, list the one that provides you with the greatest income.

Add your income from all sources and place the total in your gross income listing. Be prepared to submit a supplement to your application if they want to verify your income with your employer.

Many banks will have a list of "good" and "bad" reasons for borrowing money. Unless you are applying for a secured loan, you don't have to spend the money for the reason specified. Good reasons include home improvement, education, loans to establish credit, medical treatment for you or your family, and secured loans for a home, car, boat, and other properties.

Bad" reasons include loans that create another obligation such as that created when you borrow money for a down payment and then have two payments to make; money to pay fine or penalty; money to consolidate debts, unless you are doing it to get a lower interest rates; an unnecessary luxury item; money to finance politics; and money that you loan to someone else. Use a little common sense in determining what type of loan a creditor may consider bad.

Banks use dependent figures to determine what your living costs are. If you have more than two dependents you should indicate how they earn their own way or supporting. If you don't own your own home, counteract this by showing how stable you are. For example, even though you have only rented in a new location for a relatively short time, you lived at your last residence for many years. You moved to improve yourself in some way.

Even job changes can be counteracted if each change increased your salary and improved your position.

Don't ever let a creditor guess as to whether or not you can afford the extra obligation you are asking for. Make it obvious by the amount of your income. If you have more income sources than just your salary, include those amounts.

ALWAYS BE PERSISTENT AND NEVER GIVE UP!

If you complete an application and are still rejected the very first thing you should do is be persistent and never give up. There are many reasons why a person may be turned down for credit, but whatever the reason, you have a legal right to ask the creditor what their reason was. By knowing what some of the main reasons are for denying credit you can put yourself in a position whereby you can make necessary adjustments and avoid negative effects in advance. If you are turned down, you can then of course concentrate on those points when you reapply. When you are dealing with creditors you will know who is the cooperative sort, and who is not. If an unsecured loan does not appear imminent, turn the conversation to a secured loan. Then all you do is deposit an amount into savings account to serve as collateral for the amount of credit you want to secure. In some cases the creditor may take personal property as security. If you go to the creditor and it's clear he has no imagination to deal, go to another who is willing.

CONSIDER ASKING SOMEONE YOU KNOW TO CO-SIGN

If you are trying to establish or rebuild credit, co-signers can help you achieve that goal. Naturally you wouldn't need a co-signer every time you apply for credit. After paying off one obligation with a co-signer, it should be much easier to acquire more credit on your own. Co-signers are usually friends or relatives. When you find someone willing to help they should be offered some compensation agreeable to both of you. Your application for credit will be approved primarily on the strength of your co-signer's credit.

HOW TO GET A VISA OR MASTERCARD

You should make every attempt to clean up your credit report by removing negative items and replacing them with positive items. If you have no credit at all, open an account at a local department store. After a few months apply for your bankcard. If you are rejected, find out why and correct the problem. If that doesn't work, cultivate a relationship with your banker. Open other accounts that are easier to obtain. Increase your income. Buy a home. Make yourself a better credit risk on your credit report. Ask a friend or relative to co-sign. After paying off that debt, reapply on your own. Or, the fastest and easiest way to open a Visa or MasterCard account in your own name, is through a secured account.

SECURED CREDIT CARDS

Requirements are often lowered by lending institutions that have this program. So if you couldn't obtain a card through your regular bank, chances are you will receive one through a secured credit card program without a credit check.

Chapter VII – Don't Fall For The Free MasterCard And Visa Rip–Off!

I'm sure you've seen them! You know the kind. They arrive in your mail from some "official looking" bank claiming that you have been Pre–Approved, or even worse Pre–Selected, for a MasterCard or VISA credit card. Of course, you don't have to have any credit. You can even have bad credit or have just filed bankruptcy or even be rated as a "slow payer." It doesn't matter because these companies want to give you a second chance! Bull! This is a typical example of what I personally call "A Legitimate Scam" – something that can be done but has a hidden meaning that is non–appealing to the average consumer. Why would companies want to make it easy for you to obtain a credit card? Do they like you? Do they want to help you because they know you have been through hard times and need a break? NO! They only want your money! You mean nothing to them!

How the thing works is that you must send \$35 to receive an application that provides you with a name and address listing of banks willing to give you a VISA and/or MasterCard without any credit approval. That's a stiff price to pay for a sheet of paper, don't you think? The instructions that come with the application will let you know how the scheme works. You must open up a bank account with the bank once that bank approves you. Big deal! They make it appear that you have won some contest or something and people will feel "good inside" that someone has approved them.

But that's not all. The minimum amount you must deposit is \$200 but you can deposit as much as you want. In return, you get a MasterCard or VISA credit card with a credit limit up to the amount you deposit. Wow! What a great honor! This is no break! Think about it. If a stranger gave you \$200 to hold for him until Friday wouldn't you feel safe in granting them a \$200 loan? I mean – it's their money you've got. If they default, you've got the full amount to pay off the loan. It takes a twisted mind to take \$200 from you, grant you \$200 credit with your own money plus charge you astronomical interest rates just to take the money from your hand and give it back to you.

That's insane!

Of course – to combat this insanity, the great and wonderful banks claim to help fix your credit report. They say that if you maintain payments in a correct fashion, this information will be reported to the credit bureau. Yea, right! When Shell calls the credit bureau to check your credit for a gas credit card, your report shows 47 defaulted loans and a bankruptcy. However, there is one company that you make payments to on–time. Big deal. Don't you think the rest of your bad credit will still be the deciding factor in Shell's final decision? You bet your bottom dollar!

Look at this: the bank makes money from the interest of your deposit. The bank also makes money by charging you 18% to 22% interest for the right to use their MasterCard or Visa. Plus the bank is guaranteed their money because if you don't pay on time, they take the money out of the bank account you opened with them along with any interest you have accumulated.

Why would anyone with \$200 to deposit want a credit card with a \$200 limit? If you have \$200 and want to buy an item for \$200 – go out and purchase it. That way, you'll own it lock, stock and barrel. No interest, no payments, no hassle! Plus, you won't owe your soul to the company store, so to speak.

The Credit Repair Guide

Credit is a wonderful thing if you use it intelligently. I know people who charge \$100 at the beginning of the month and use that \$100 to make \$300. It's free money for 30 days. Then, when the bill comes, they immediately pay the entire balance and come out smelling like a rose with \$200 to the good. Credit is also needed in certain circumstances for establishing clout. You can't call in a telephone order unless you can charge the purchase to your credit card. This delays you getting items you want now.

If you've ever had a credit card and charged \$200, you know you end up paying back \$400 or more (unless you pay the balance within 30 days.) Stop allowing these "so called" banks to rip you off.

Credit Bureau Information

[Experian](http://www.experian.com)

<http://www.experian.com>
National Consumer Assistance Center
PO Box 2106
Allen, TX 75013-2106
(800) 682-7654

[Equifax Credit Information Services, Inc.](http://www.equifax.com)

<http://www.equifax.com>
PO Box 740241
Atlanta, GA 30374-0241
(800) 685-1111

[Trans Union Corporation](http://www.tuc.com)

<http://www.tuc.com>
Trans Union Consumer Relations
760 West Sproul Road, PO Box 390
Springfield, PA 19064-0390

Credit Repair Letters

Letter #1: [Request For Credit Report](#)

Letter #2: [Letter to Delete Inaccurate Credit Information](#)

Letter #3: [Confirmation letter](#)

Letter #4: [Request for Account Update](#)

Letter #5: [Consumer Statement Addendum](#)

Letter #6: [Request For Addition of Credit Information](#)

Letter #1

Date:

Address:

Re: Request For Credit Report

To whom it may concern:

Please send me a copy of my credit report.

Enclosed is \$8.00 as payment for the credit report.

Sincerely,

Name

Address

Social Security Number

Letter #2

Date:

Address:

Re: Letter to Delete Inaccurate Credit Information

To whom it may concern:

I received a copy of my credit report and found the following item(s) to be errors. See attached copy of credit report, errors have been high-lighted. Here I have explained which items are in error:

By the provisions of the Fair Credit Reporting Act of 1996, I demand that these items be reinvestigated and deleted from my report.

Please promptly delete inaccurate information from my file. Also, in compliance with the Fair Credit Reporting Act of 1996, please notify me when the items have been deleted.

Please send an updated copy of my credit report to the below address. According to the act, there should be no charge for this updated report.

Sincerely,

Name

Address

Social Security Number

Letter #3

Date

Name of Reporter

Address of Reporter

Account Number

RE: Confirmation letter.

Dear Name of Reporter:

The Credit Repair Guide

I would like to confirm our telephone conversation on (date) at (time) with (name of person spoken to at company) as to the settlement of above stated account.

As discussed, I will pay your company the amount of \$ as payment in full for the settlement of this account. Upon receipt of the above payment, your company has agreed to change the entry on my credit file to "never late, always on time" In addition, any negative credit information concerning my account, such as "past due" or "charge off" should be deleted from my report.

If you agree to these stated terms and conditions, please acknowledge with your signature and return a copy to me.

Upon receipt of this signed acknowledgment, I will immediately mail you funds in the amount stated above.

Name of company

Signature of company officer

date

Printed name of company officer

Sincerely,

Name

Address

social security number

Letter #4

Date:

Address:

Re: Request for Account Update

To whom it may concern:

Please note that in accordance with the Fair Credit Reporting Act of 1996 you are required to delete obsolete information from my credit report.

Please refer to the information high-lighted on the attached copy of my report. It is obsolete and

The Credit Repair Guide

should be deleted immediately from my credit files.

Also, I am entitled to notification that the items have been deleted. Please send an updated copy of my credit report to the below address. I anticipate your immediate attention to this matter.

Sincerely,

Name

Address

Social Security Number

Letter #5

Date:

Address:

Re: Consumer Statement Addendum

To whom it may concern:

According to the Fair Credit Reporting Act of 1996, I have the right to enter a "consumer statement" to my credit report.

I have disputed the accuracy of the items high-lighted on the attached credit report. Since reinvestigation has not resolved my dispute, I want the following statement included in my credit report.

This will explain fairly and clearly the nature of the dispute. I will assume that 30 days represents a reasonable time for performing this update.

According to the Fair Credit Reporting Act of 1996, please send me a free updated copy of my credit report with the above statement included.

Sincerely,

Name

Address

Social Security Number

Letter #6

Date:

Address:

Re: Request For Addition of Credit Information

To whom it may concern:

Please include in my credit report the additional information attached.

According to the Fair Credit Reporting Act of 1996, I am permitted to add relevant credit history to my credit report. This will more fairly reflect my consumer and payment history. Therefore, I request that you add the enclosed payment history to my credit files.

Thank you for your attention.

Please inform me within 30 days that the additional credit information has been included by sending my updated credit report to my address below.

According to the Fair Credit Reporting Act of 1996, "A consumer's credit report should reflect completeness and accuracy within a reasonable time after notification by the consumer."

Sincerely,

Name

Address

Social Security Number

Frequently Asked Questions

I have been refused credit.Can I do something about it?_

Are "credit bureaus" a part of government?

Is it illegal or immoral to have your credit profile cleared?

How does the credit reporting system work?

How does information about me get into my credit report?

How do the credit companies work?

Why should I care what is in my credit file?

Why do the credit bureaus have separate reports for husband and wife?

Who can request information about my credit file?

How often are mistakes entered into my credit file?

Who will remove items from my credit report?

How can I add positive data to my credit report?

How long does the restoration process take?

Are credit reports all the same?

Do the credit reporting companies own the information on your credit report?

Does paying a past due debt remove the debt from your credit report?

Q. I have been refused credit. Can I do something about it?

A.Absolutely!Nearly 90% of Americans, just like you, have some "blemish" on their credit reports.Due to the nature of the credit reporting industry, those blemishes can be mistakenly included on your record.Frequently, credit reports contain outdated information, unverifiable negative items, or totally inaccurate entries.Under the law the credit reporting companies must remove such information.You should check your credit report and see why you were, or may be, denied credit.Then, as a National Credit Repair Customer, you can do something to correct the mistakes and have your report corrected.

Q. Are "credit bureaus" a part of government?

A.No. Credit reporting companies are just that – companies.They are in business to make a buck, just like the mega–billion–dollar banks that run the credit card businesses, VISA, and MasterCard.The credit reporting business is a multi–billion dollar industry.They generate their income by selling credit reports to creditors.

Q. Is it illegal or immoral to have your credit profile cleared?

A.No. It is not illegal or immoral to eliminate mistakes on your credit report.In fact the federal government, under the 1970 Fair Credit Reporting Act, Section 168 le, protects your right to do so.

Q. How does the credit reporting system work?

A.Today, the credit reporting system is literally millions of computer files about individual consumers which are maintained by the three credit reporting companies.The files contain personal information about you – how much you owe, how you have paid your debts, your employer, your social security number, public records, etc.

Q. How does information about me get into my credit report?

A.When you agree to accept credit from a bank, most retail stores, etc., or fill out an employment application – if a credit report is used as a background check – you give the creditor the right to provide information to any credit reporting company.Additional information about you comes from public records, such as court records, debt collection companies, and even the utility companies.

Q. How do the credit companies work?

A.The banks, retail stores, utility companies, etc. report your payment record to the credit reporting companies each month.The credit reporting companies then give that information to a second tier of regional reporting companies who sell it to retailers, banks – anyone who legitimately requests information about you.

Q. Why should I care what is in my credit file?

A.You'd better care.It is your credit report that creditors use to determine if they will extend credit to you.If you have inaccurate information on your report, you may be turned down for the loan you need or pay unnecessary high interest rates.

Q. Why do the credit bureaus have separate reports for husband and wife?

A.The credit bureaus collect information based on individual social security numbers.Only by checking both the wife's and husband's credit reports can we ensure accuracy.

Q. Who can request information about my credit file?

A.Under the Fair Credit Reporting Act, a credit reporting company may only disclose your credit report if someone is:

Granting credit, reviewing your account, or collecting on your account.Reviewing you for employment purposes.Reviewing your application for insurance.Reviewing your eligibility for a license or government–related benefits.

Providing information for a business transaction, such as renting an apartment.

A court order.

An IRS subpoena.

Someone to whom you have given written permission.

Q. How often are mistakes entered into my credit file?

A.Frequently!Some experts say that as many as 90% of credit reports contain errors!That is inaccurate, incomplete, or misleading information that can cost you the credit you deserve.

Q. Who will remove items from my credit report?

A.Only the credit bureaus have the power to remove items from your credit report.But, as required by law, the credit bureaus must delete inaccurate, unverifiable, or outdated information.

Q. How can I add positive data to my credit report?

A.Since the Fair Credit Reporting Act does not require creditors to report information about you, many do not.That means positive information may not be reported.As long as the positive information is verified, it can be added to your credit report.

Q. How long does the restoration process take?

A.It may take 3 to 12 months due to the credit reporting companies' continuing mistakes and delaying tactics.

Q. Are credit reports all the same?

A.No. Each of the three reporting companies' reports look different and may not contain the same information.The companies maintain their own databases and do not often share information.

Q. Do the credit reporting companies own the information on your credit report?

A.No. But, you do not own the information either.It is owned by the individual merchant or creditor who put it there.

Q. Does paying a past due debt remove the debt from your credit report?

A.Paying an old debt does not erase the fact that at one time you were not paying it as you agreed, but it is possible to update your payment history.