

Thinking about Credit Repair? You can do it yourself. Here's how.

A free report from American Consumer Credit Counseling, Inc.

A search for credit repair on the Internet will reveal literally hundreds of sites offering to fix your credit. Most of them charge an arm and a leg to do what you can do for free.

That which you cannot do yourself is frequently illegal, and will leave you in much worse financial shape than you can imagine.

Only your personal efforts to pay off debts, and correct errors on your credit report will help you, and this report shows you how to do it yourself and save yourself some money and headaches.

Many credit repair companies will just take your money, and do nothing but vanish with your cash. Even worse, some companies will try and get you to do something illegal!

Credit Repair Scams

Here are a few warning signs to watch for when being "pitched" for credit repair:

- Does the company want you to pay them upfront, before they render any service? They should not.
- Do they tell you that you can do this yourself for free? They should.
- Do they recommend that you do not contact credit bureaus in your own behalf? They should not.
- Do they recommend creating a new credit identity, by applying for an EIN (Employee Identification Number) to use instead of your Social Security number? They should not. To do so is illegal.
- Do they advise you to dispute all information on your credit report? They should not.

For example, one of the schemes is called “file segregation”, which creates a new credit identity for you. This is done by applying for an Employee Identification Number (EIN), from the Internal Revenue service. This number, which resembles a Social Security Number is then used in place of your Social Security Number when applying for credit. It is a federal crime to do this in order to file false information to obtain credit. Use a telephone or the mail in the process, and you may also face charges for wire and mail fraud.

To top it all off, a disreputable credit repair company charges you a fee to set you up for this illegal scheme- and of course, they assume no responsibility for your actions. Some companies even charge a monthly fee to keep you apprised of your credit activity. You can check your own credit, in some cases for free. Details follow.

The Whole Truth

No one, including a credit repair company can remove accurate information from your credit report. If you dispute a charge or information that is on your report, you may request a reinvestigation. Errors can be made. There is no charge for this, and you are just as capable of inquiring as a credit repair company.

Do It Yourself

You are entitled to a free copy of your credit report if within the last 60 days you have been denied employment, insurance or credit based on information supplied by a credit bureau. The company denying you the credit, insurance or employment must supply you with the name, address and telephone number of the bureau supplying the information used.

You can dispute outdated or inaccurate items on your credit report free of charge by requesting a dispute form, or merely writing a letter detailing the time and the issue. Send along photocopies of any supporting documentation – never send the originals.

Identify each item that you are disputing, explain why, and ask for a reinvestigation of the item.

If the bureau finds an error, ask them to send a corrected version of the report to anyone who requested your credit report within the past six months. If you were a job applicant, you can have a corrected report sent to anyone who received a pre-employment report during the past two years.

The credit reporting agency must give you the written results after the reinvestigation is complete, along with a free copy of your credit report. If any items are removed or changed, they cannot put them back on your report unless you are notified that the information provider has verified the investigated item, and the credit bureau provides you with the name address and telephone number of the information provider.

If you are disputing an item on your report, you should also tell the creditor or other information provider that you are in the process of disputing the item. If the creditor or information provider reports the item to any credit bureau, they must include a notice of your dispute of that item. If the information is found to be inaccurate, they may not use that item again.

Limits for Negative Information

Negative information regarding your credit can generally be reported on your credit report for seven years, however...

- Bankruptcy information can be reported for 10 years
- Information reported when applying for a job for more than \$75,000 has no time limitation.
- Information reported when applying for more than \$150,000 of credit or life insurance has no limitation.
- Information about a lawsuit or legal judgement against you can be reported until the statute of limitations runs out, or seven years. Whichever is longer.
- Defaults on Government guaranteed student loans can be reported for seven years after certain actions.

If you decide to work with a Credit Repair Organization

- They must give you a copy of the “Consumer Credit File Rights Under State and Federal Law” before you sign a contract with them.
- They must also put your rights and obligations into writing.

They cannot:

- Make false claims about their services
- Charge you for any services before they have been completed
- Perform any services before you have signed a written contract, and have completed a three-day waiting period – during which you can cancel the contract with out charge.

Your Contract must include:

- A detailed description of services
- The payment terms, and total cost of the services
- How long it will take to complete the services
- Any guarantees they offer
- The company’s name and business address

Bad Credit Report?

A poor credit report does not always mean that you can’t get credit. Lenders use their own standards when lending money. Individual lenders look at the reports differently, some only consider recent activity. If you cannot get credit, you may want to enlist the services of a non-profit credit counseling agency such as American Consumer Credit Counseling.

Through financial education, budgeting assistance, and a debt management plan, we help improve your creditworthiness.

It will take time, and some effort on your part, but good credit is a valuable lifelong asset.



Checkup on Your Credit

It's a good idea to keep tabs on your credit report. You are entitled to one free credit report per year if you are on welfare, are unemployed and plan to look for work within 60 days, or your report is inaccurate because of fraud.

Even if you do not satisfy any of these requirements, a credit bureau can charge you up to \$9 for a copy of your report - well below the fees most credit repair companies charge.

Credit Bureaus are listed in the yellow pages under "credit reporting agencies."

The three largest credit bureaus, and the ones responsible for the majority of reporting are:

EquiFax
1-800-685-1111
<http://www.equifax.com>

Experian
1-888-397-3742
<http://www.experian.com>

Trans-Union
1-800-916-8800
<http://www.transunion.com>

If you are experiencing credit and debt problems, and you would like professional, confidential assistance, please call American Consumer Credit Counseling, Inc., a non-profit credit counseling service since 1991.

Call and speak to a certified Credit Counselor at
1-800-769-3571 Ext. 506

Links to more information on this and other financial topics can be found in the Learning Center in our Education Source Section.

www.consumercredit.com