

## Credit Rebuilding Guide

Upon discharge of a Bankruptcy: Mail to each bureau a copy of Schedules D, E, & F. Include with the schedules your name, address, social security number, date of birth and a copy of a valid ID. The bureau should investigate and update your report to show the included debts have been discharged. Send the Schedules to:

Transunion  
P.O. Box 2000  
Chester, PA 19022  
800-888-4213  
Transunion.com

Equifax  
P.O. Box 740241  
Atlanta, GA 30374  
800-685-1111  
Equifax.com

Experian  
P.O. Box 9701  
Allen, TX 75013  
888-397-3742  
Experian.com

The following is a brief and simple outline of the steps required to build or rebuild your credit rating and challenge information that is flawed or not accurate.

### **STEP 1: Getting Started:** Where do you stand right now?

Where do you stand right now? Determining that is accomplished by obtaining a copy of your credit report from each of the three major credit reporting agencies. **You are entitled by law to receive a free credit report once a year from each agency listed below.**

You can obtain a copy of your credit report from [AnnualCreditReport.com](http://AnnualCreditReport.com) or by calling (877) 332-8228.

### **STEP 2: Disputing Derogatory Information**

Once you receive your credit report, look it over and identify any derogatory information. Your report will list such things as the date of last activity, the amount of credit, date of credit, current balance, account number and payment history. If any of these things are not accurate, you have the right to challenge or dispute everything about that account. If you're not sure, challenge it. After successfully completing a bankruptcy, the creditors included in the Chapter 13 will rarely update your report without your prodding them.

Provided with your credit report will be a dispute form. You can use this form or write your own dispute letter. On this form or in your dispute letter, always include your name, address and social security number. Then list the name and account number of the account you are disputing, your reason for disputing the information and your signature. You can also dispute an inaccuracy online. Remember to keep it short. For example, when giving the reason disputing the information, you might make a general statement like "this information is not accurate". We also suggest that you dispute only 2 or 3 accounts at a time. Disputing too many accounts at once can give the wrong impression and they may not take you seriously.

When you receive a response to your inquiry, (approximately 4 weeks), if anything has changed, they will include a new copy of your credit report. You are likely to see that some information has been removed and some information has been confirmed. If anything has been removed, your efforts were a success. **DO NOT STOP HERE!** Immediately prepare the next letter and dispute 2 or 3 other accounts.

If at any time you do not receive a response, send a letter stating the following:

1. The date you sent the first letter
2. That they have not lived up to their responsibility to investigate this account
3. That they are in violation of the Fair Credit Reporting Act
4. That the disputed account must now be removed from your credit report
5. That you may file a complaint with the Office of the Attorney General and the Federal Trade Commission if they do not comply
6. That you may pursue with an attorney your right to recover damages under the Federal Credit Reporting Act

Continue this until these accounts are removed from or corrected on your credit report. **BE BOLD...BE PERSISTENT!!**

## CREDIT SCORE

### What is it and what does it have to do with your?!

The following explanation is taken directly from MyFico.com you can find the complete booklet "Understanding Your Credit Score" at <http://www.myfico.com>

Your credit score is used by most all lenders these days. They decide several things important to you based on this score. They decide first if you qualify for their loan program, and if you qualify, it influences what kind of loan you qualify for. All three credit bureaus give credit scores. Most real estate lenders pull all three scores and use the middle one as your score.

What makes up your Credit Score? (these percentages are approximates)

35% - current payment history: credit cards, mortgages, auto loans. (30 + day lates hurt your score)

Of that 35% - 40% = last 12 months history, 30% = payment history 12 to 24 months ago

20% = payment history 24 to 26 month ago, 10% = payment history 36 to 48 months ago

30% - how much you owe compared to available credit, types of credit, how much credit

15% - has to do with the length of your credit history. The older your accounts the better

10% - has to do with new credit. How many new accounts do you have?

10% - types of credit you have, look for an assortment of mortgage, retail, finance company and installment loans.

GAQ – Do too many inquires hurt you? Not likely. Scoring considers rate shopping, if you are looking for a car, the scoring knows what type of lender is pulling your credit, they understand people shop around so they discount similar requests.

Sources: [www.ftc.gov](http://www.ftc.gov) and [www.myfico.com](http://www.myfico.com)

Date

Your Name

Your Address

Your City, State, Zip Code

Complaint Department

Name of Company

Address

City, State, Zip Code

Dear Sir or Madam:

I am writing to dispute the following information in my file. The items I dispute also are circled on the attached copy of the report I received.

This item (identify item(s) disputed by name of source, such as creditors or tax court, and identify type of item, such as credit account, judgment, etc.). I am requesting the item be deleted to correct the information.

Enclosed are copies of (use this sentence if applicable and describe any enclosed documentation, such as payment records, court documents) supporting my position. Please investigate this (these) matter(s) and (delete or correct) the disputed item(s) as soon as possible.

Sincerely,

Your Name

Enclosures: (if applicable, list what you are enclosing)

## FINANCIAL PLAN

### How many of these have you done?

1. Spend less than you earn... this may sound obvious but it is not easy, especially in a credit driven economy.
2. Know your expenses. Expenses sneak up on us like a thief in the night. Most of us don't really know what it costs us to live each month. Figure out how much your lifestyle costs including insurance, clothing, food gas, etc. It will likely surprise you how much this adds up to.
3. Don't get caught in the credit card trap. Yes, credit cards are a necessary risk in today's FICO driven world, the key is to have your credit cards without your credit cards having you. They are a tool. Don't charge what you can't payoff in full within a month or two.
4. Retirement plan. Will you be 75 years old and living in poverty? Well, unless you do something to make sure that is not the case, then that's where you may find yourself. Being financially well off is not the answer to everything, but it sure makes things easier.
5. Take advantage of employee benefits. 401(k), health insurance, dental insurance, where you in the military, do you qualify for military benefits?
6. Revisit your expenses regularly, life insurance, auto insurance, carpool when you can, take a bag lunch, instead of eating out with a fried, have a picnic with food you prepare at home.
7. Create a savings plan. Pay yourself first. Have an automatic withdrawal from your paycheck, even if it is a small amount.
8. Make a hobby into a small business. Make a little spending money and add to your write offs so you pay less taxes.
9. Create and maintain a paid as agreed credit report and credit score. You will be throwing away thousands or tens of thousands of dollars by having sporadic 30, 60, 90 day lates on your credit card and mortgage payment histories. A single 30 day late on a \$20 payment could actually cost you thousands.
10. Take advantage of impound accounts. This will avoid scrambling twice per year to pay your property taxes, which can be considerable. If you cannot afford to contribute monthly towards the impounds that is an indication you are not living within a realistic budget.
11. Avoid 30 day lates – after completion of a bankruptcy the best real estate lenders will be very sensitive to your post discharge payment history, for many lenders a single 30 day late will cause a denial from the best rate/term.
12. If you are self employed, document your income, when you are refinancing, lenders will give you a better rate if you can document a sufficient amount of income.