

Fix Your Financials

The Credit Repair Guide



Understanding Your Credit Reports

What Exactly is a Credit Score?

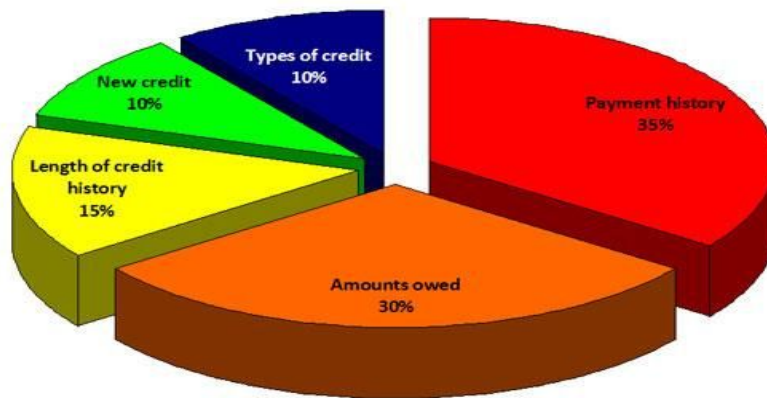
A credit score is a composite number assigned by the major credit bureaus. It is 3 digits that essentially sum up your credit-worthiness to potential lenders and other interested parties.

A low credit score indicates that your financial past has been bumpy. Late payments, defaults, and accounts in collections all lower your score. With a low score getting a loan is very difficult. You also get stuck with higher interest rates since the chance of defaulting is assumed to be higher.

On the flip side a high credit score makes you desirable to prospective lenders. Your score tells a story of responsible decisions, and most importantly to lenders, the ability to pay on time.

What Makes Up Your Credit Score

Below I've got the breakdown of what your credit score is made up of. This bit of info will help you see what makes the biggest impact on your credit score.



How You Pay Your Bills 35%

The most important factor is how you've paid your bills in the past. The most recent activity is weighed most heavily. Paying on time and keeping your accounts in good standing is very important to a good credit score.

How Much You Owe and Your Available Credit 30%

The total amount you owe on your mortgage, car loans, and credit card balances. The amount of credit available is also taken into consideration. If you have a large number of cards all pushing the credit limits you could be considered a risk. Maxing out your cards can hurt you. Keeping a low balance and paying on time will help your credit score.

The Length of Credit History 15%

The longer you've had a credit history, especially a good one, the better. Additional points are given if you've been with the same creditors for a long time, it shows stability.

Mix of Credit 10%

A variety of credit is a good thing. Showing you can pay on installments, such as a car loan, and paying on credit cards, which is a revolving loan shows flexibility. The more varied the sources the better, as long as you are paying on time.

New credit applications 10%

This shows that you have interest in acquiring new credit. Don't go overboard but new credit in addition to your established credit shows growth.

These are the five key factors in determining your credit score. There's no need to

obsess over each individual factor but they are important to be aware of. Keep your payments on time and under the limit and you will do wonders for increasing your score.

Here's a Breakdown of Credit Score Ranges:

A credit score 750 or above is excellent. People in this range have few or no negative items on their credit reports. At the top you should have no problem getting a loan easily and at a very low interest rate. If your credit score is in this range, congratulations! Keep in mind it is possible to have a high score without established credit. It won't do you any good to have an 800 if you have no credit history.

Above 720, while not in the excellent range, is still considered good. You will receive good interest rates and overall you shouldn't have to worry.

If you fall into the 620 to 720 credit score range you are considered to be fair. Loans will be tougher to get and the interest rates won't be great. At this point you may need to take steps to increase your credit scores.

A score in the range of 350 to 619 is a poor credit rating. Of course the lower you go the worse it gets. If you are still around 600 you may be able to get a loan. It will have additional restrictions, will likely require a co-signer, and the interest rates will be very high.

The good news is that your scores are always changing. If you find that you are in the lower credit score ranges you can work to make improvements.

What Bad Credit Could be Costing You

Here are two examples of the cost of having bad credit and high interest rates.

Credit Status	Rate	Payment	Over 5 years	Monthly Cost of Bad Credit
Good	5%	\$471.78	\$0.00	\$0.00
Mildly damaged	8%	\$506.91	\$2,107.74	\$35.13
Damaged	12%	\$556.11	\$5,059.82	\$84.33

This example is based on financing \$25,000 for 60 months.

Credit Status	Rate	Payment	Over 30 years	Monthly Cost of Bad Credit
Good	5%	\$1,073.64	\$0.00	\$0.00
Mildly damaged	7%	\$1,330.6	\$92,506.23	\$256.96
Damaged	9%	\$1,755.14	\$245,339.76	\$681.50

This example is based on financing \$200,000 for 30 years.

Who Keeps Track of My Credit?

TransUnion, Experian, and Equifax are the three main credit bureaus. When a credit check is run on you one, two, or all three bureaus are used.

Note: It is important to realize that these are for-profit companies. They are not government controlled agencies and their goal is to make money.

The big three track your credit history and assign you a score based on their

calculations. Not every creditor reports to every bureau. Your score won't be the same for each so you will have three separate credit scores. Even still they shouldn't be too far apart.

How Do I Get My Credit Reports and Scores?

Chances are if you're reading this you found your credit score isn't what you want it to be.

Note: Your credit scores and reports are always changing. Unless you've ordered them in the last month you should order them again before starting the credit repair process.

Where to Get Them:

- www.AnnualCreditReport.com - Once per year you may access your credit reports for free from the three credit bureaus. Be sure to print and save them as you're only allowed to view them for a limited period of time. Depending on the bureau it could be a couple days to a month. Take advantage of this as it is the only completely free way to see your reports.

Unfortunately you do not get to see your credit scores. You'll still need to purchase the score from the bureaus. This site was set up because the three main credit bureaus are required by law to allow you to view your reports

once per year free of charge.

- www.MyFico.com - You can get your reports and scores from for \$19.95 each. Just for the two this method is more expensive than the one above.
- Directly from each bureau - This method costs about the same as the one above. They run around \$20 each. Be sure to just get the one time option unless you want to sign up for their monthly services.

Go to:

www.Transunion.com

www.Equifax.com

www.Experian.com

- CreditKarma.com is a reliable source. They offer your score from TransUnion and Equifax and so far I haven't ran into any charges for this basic service.

Be careful with the free credit report offers. Most of them have addition services that they charge your credit card for after you sign up. Read the Terms of Service Agreement carefully and be sure to cancel quickly if you don't want their services.

Once you have your reports and scores it is time to get down to the core of credit

repair, finding and disputing negative items.

Credit Repair Startup Resource List

Below is a list of links that I think everyone should be familiar with before starting the credit repair process. I don't expect anyone to read all 108 pages of the FCRA but it's good to know where to find it.

Know Your Rights:

[Your Rights: Credit Reporting](#)

[Fair Credit Reporting Act \(FCRA\)](#)

[AnnualCreditReport.com FAQs](#)

Credit Repair 101

What is Credit Repair?

Credit repair is all about finding errors in your reports. The credit bureaus process millions of items every day. Mistakes are made frequently either by the bureaus or the creditors reporting the item.

Accounts can be mistakenly reported late, in default, or at times you may not even have the account.

The Fair Credit Reporting Act or (FCRA) is in place to protect consumers. You have every right to dispute inaccurate items. Creditors must prove the item is valid or it must be removed.

Reading Your Reports

If you haven't ordered your credit reports yet, you need to. Once you have them it's time to review them carefully.

Each of the credit bureau reports are set up in a similar way. All three sites have extensive tutorials and FAQ's on how to view, read, and make sense of your reports. I'll spare you from rewriting all that here as they are no doubt more useful as you look at your reports.

What am I Looking For?

You are looking for inaccurate negative credit items. This can be a wide variety of things. Bills that you know you paid on time but are reported as late. Closed accounts reported as open and vice versa. Anything you find that is reported incorrectly. Once you identify these items it's time to start the dispute process.

Note: Not everyone has inaccurate items on the reports. You will do nothing but waste your time disputing truthful items. Don't do it. But you're not out of luck, disputing items is only part of the process, more on that in a later lesson.

The process is this:

Contact the creditor who filed the item in writing with notification of the dispute(s). Be as specific as possible. Include dates, copies of payments, and any other evidence supporting your position. Include all account information pertaining to the item.

Be firm in your position but don't get nasty or threatening, that certainly won't help the situation.

Cite applicable sections of the FCRA and remind them that they have 30 days to address the initial inquiry. This shows that you know the law and you mean business. They will be less likely to “lose” your dispute.

Important!

Disputing credit items is done in one of two ways, on your own or by a credit repair service.

Handling the dispute yourself is 100% possible, especially if you are only dealing with a few items. Even a whole slew of disputes are manageable for the disciplined.

A Word of Warning: This is a long, involved, and possibly complicated process. Far too many people become frustrated or bored with the process and quit. If you choose to do it yourself be sure that you stick with it.

Credit repair services will simplify the process. They handle the dispute process for you, for a fee of course.

It all comes down to spending time or spending money.

Avoiding Credit Repair Scams

The credit repair industry does have a bad reputation. Too many fly-by-night schemes have brought the industry's reputation way down. The truth is that there are reputable companies out there. But how do you go about telling them apart?

When we check a company for FixYourFinancials.com the first thing we do is check with the Better Business Bureau at www.BBB.com. The BBB is an unbiased source for consumer reviews and complaints. We then look into other sources of customer reviews to see what the general consensus is.

Any company that I would trust with all of my credit information needs to be in good standing with the Better Business Bureau. On top of that they need to have a good rating. The BBB uses a grading system just like in school, A+ through F. A favorable rating goes a long way.

After checking out the site with the BBB I analyze the site itself. If it sounds too good to be true it probably is.

What to stay away from:

- Stay away from businesses that make statements like, “We promise to do anything to improve your credit score,” or “We can erase your bad credit –

100 percent guaranteed!”

- Don't believe credit repair agencies that claim that they can permanently remove liens and bankruptcies from your credit history. (Bankruptcies cannot legally be removed from credit reports and are typically listed for 7-10 years. Credit repair businesses claiming to be able to do so are making false and misleading statements.
- Do not pay any up-front fees. Many companies ask for several hundred dollars (or more) up-front. Some of these businesses will gladly take your money and then disappear. The general first work fee is charged 6 days after enrollment.
- Be wary of any credit repair agency that won't fully disclose their company information and/or verifiable identity, or provide a complete address (beyond a Post Office Box).
- Stay away from companies that recommend that you not contact a credit bureau directly.
- Beware of companies that are unwilling to explain your legal rights as well as what you can do yourself – at no cost. Legitimate services will clearly outline their procedures for improving your credit.

- Don't deal with companies that are eager for you to invent a 'new' credit report by applying for an Employer Identification Number to use instead of your Social Security Number. It is a Federal offense to obtain an Employer Identification Number from the Internal Revenue Service under false pretenses.

Above all use your best judgment and do your research. If you don't feel comfortable with a company it's best to walk away.

Learn more about the one company that outperformed all the others in our reviews:

[Sky Blue Credit Repair](#)

Or visit the site to check out our in depth company reviews:

<https://fixyourfinancials.com/credit-repair-reviews/>

Focusing on the Future

What You should Do Starting Today

Building good credit habits will ensure a credit score increase and it will keep your scores up.

- Work on getting your credit card balances down to 60 or 70 percent of your credit limit. This is a good range that will show that you use credit but can also pay on your debt.
- Contact creditors if you are going to have trouble paying your bill. Many will work with you and set up arrangements. Ignoring a bill will only get you late fees and bad reports to the credit bureaus.
- Be sure you understand the “fine print”. The terms of any lending agreement must be disclosed before you sign anything. Your signature indicates that you understand these terms. Be sure of what you agree to.
- Do not abuse you credit cards. Use them but make sure you can pay for what you purchase.
- Pay your bills on time. This is vital to building a solid credit score. It will save you on late fees and you won’t be reported as late which does hurt your credit scores.

You won't accomplish much if you continue to add negative items. As your negative items are disputed and removed you will need to keep your current accounts in good standing. Keep your payments on time, clear up any past due accounts, and rebuild your credit with a secured credit card.

Assessing Your Situation

Taking a good look at your finances can be stressful, but understanding where your money is being spent is crucial. Make a list of all your expenses and all of your money coming in. If you discover you are spending more than you're making you'll need to make adjustments.

Don't be discouraged if you are in the red. You may be relieved to find out how much you can change just by cutting minor expenses. A trip to a coffee house in the morning can easily cost 5-10 dollars a day for a drink and breakfast. This quickly adds up. Eating lunch at a restaurant everyday also will cut into your money quickly.

Creating a budget, handling your current debts, and removing negative items will all help to raise your credit score. These changes won't happen overnight but keep working on it and you will see results.

Still Undecided on Which Path to Choose?

Think about it like this, a professional credit repair service provides a streamlined solution to your credit problems. They handle the disputes, contacting the creditors, and resolving inaccurate information. You could fix your car, your plumbing, or your computer, but unless you have experience with these matters you may be better off letting a professional handle it.

#1 Credit Repair Service

[Sky Blue Credit Repairs](#)

Thanks for reading!

You may distribute this guide to whomever you please. However, the contents must remain unaltered and in its original state. This guide is intended to provide information on consumer credit. It in no way constitutes legal advice. While all attempts have been made to ensure that the information is true, errors can occur. Credit law changes constantly so if you need legal advice please consult an attorney.