FINANCIAL LEGACY CLASS
DO IT YOURSELF CREDIT REPAIR INSTRUCTIONS

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FINANCIAL LEGACY CLASS

DO IT YOURSELF CREDIT REPAIR GUIDE

INTRODUCTION TO CREDIT

Before we get into the complexities of credit repair, I think it wise that we understand the basics of credit. Credit is the ability to obtain goods or services before making the full payment, based on the trust that payment will be made in the future. In this document we will be going through the step-by-step process to understanding and improving your credit.

Credit scores are used to determine your risk factor for future loans. The three-digit score is a numerical representation that indicates how risky a borrower you are from a lender's perspective. A higher credit score can help improve the terms and conditions you qualify for. For example, your credit scores impact the deals and interest you will receive when you buy a home, finance a car, rent an apartment, apply for a job, buy insurance, purchase a cell phone, or open a new credit card. The first step to credit repair is understanding how credit reporting works.

HOW CREDIT REPORTING WORKS

The credit reporting system is made up of three main players:

1. Consumers
2. Credit bureaus
3. Financial companies

1. Consumers: A Human Being or Corporation who purchases goods and services for personal or business purposes.
2. Credit Bureaus: Information about your credit cards, loan accounts and credit inquiries is reported electronically through TransUnion, Equifax, and Experian by lenders and creditors about every 30 days. These bureaus collect and store your credit information in your profile for future reference. Meaning, your behaviors can be reviewed in the future by others to determine your risk level. A personal credit score can range between 300-850. A credit score of 700 or above is generally considered as good. A score of 800 or above on the same range is considered to be excellent. Most credit scores fall between 600 and 750. Higher scores represent better credit decisions and can make creditors more confident that you will repay your future debts as agreed.

    Businesses such as auto loan lenders, banks, credit card companies and insurance agencies use your credit data from the credit bureaus to determine your risk level. Once they have an idea of how risky it is to lend you money, they can determine the rates you'll have to pay or other terms and conditions. They may also use this information to send you pre-approved offers in the mail.

3. Financial Companies: A company concerned primarily with providing money, as for short-term loans. Finance companies are commonly referred to as "lenders of last resort." Their rates and terms are not as favorable as those offered by banks and credit unions so higher risk consumers tend to depend on them for their credit needs. As such, having a finance company account on your credit report could cost you points.

    In summation Credit Reporting works like this. Credit scores are used by lenders to make decisions about whether or not to offer you credit. When creditors and lenders check your credit, they'll very likely do so with one of the major Credit Reporting Agencies, TransUnion, Equifax, and Experian. These three agencies retain information on more than 200 million Americans. The data the bureaus have in your credit files is used to calculate your credit scores. Your credit scores are determined by five major factors:

1. Payment History
2. Debt Usage
3. Age of Credit Accounts
4. Types of Accounts

1. Payment History

Your payment history is a record of on-time, late and missed payments on past and current credit accounts. These accounts can include credit cards, lines of credit, personal loans and mortgages. Your payment history indicates to a potential lender the likelihood of you successfully repaying your debt — or going into default. It also factors into a significant percentage of your credit score. Though exactly how much it contributes isn't clear — scoring models like to keep their algorithms close to the vest. FICO, however, claims that 35% of your FICO Score comes from the behaviors revealed by your payment history.

Payments made far after their due dates ultimately weight more heavily on your score. This is because negative scores tend to increase the longer it takes you to repay your obligations. However, a payment history that's free of late payments doesn't guarantee a high score. Neither will a handful of late payments dramatically decrease your score if the rest of your financial history is stellar.

Credit bureaus consider several factors in computing your credit score, often using a proprietary algorithm.

2. Debt Usage

Credit cards provide the ability to build a credit record and receive a credit score. When you use credit cards responsibly, you have access to additional funds in an emergency, you can finance large purchases that might take a few months to pay off, you can earn points or cash-back rewards on your monthly spending, and in some cases, you have access to services such as roadside assistance, travel plan assistance, upscale airport lounges, and concierge help while traveling.

If you have a high credit utilization on your cards, you might find yourself with a lower FICO score on your credit report, a more difficult time making larger monthly payments, and a potentially higher interest rate on your cards if you make any payments late. Credit utilization has a big influence on your credit score, so you should know what it is and how you can manage it to get the best credit rating and the benefits that come with it. Credit utilization is the ratio of your outstanding credit card balances to your credit card limits. It measures the amount of credit limit you are using. For example, if your balance is $300 and your credit limit is $1,000, then your credit utilization for that credit card is 30 percent.

3. Age of Credit Accounts

"**Length of credit history**" category of FICO makes up about 15 percent of your credit score: Average age of accounts equals the total months of all of the accounts on your credit report from the open dates to the present, divided by the number of accounts. While 15 percent of your score doesn't sound like much, especially when compared to the "payment history" and "amounts owed". A longer credit history could help your credit score.

4. **Types of Accounts**
Revolving Accounts: Revolving accounts are those that have a different payment each month depending on your current balance. These are accounts that you are not required to pay in full each month. You have the option to "revolve" some or all of the balance to the following month. Lenders charge you interest on the amount you revolve and this is how they make money. Some examples of revolving accounts are:

Credit Cards Issued by a Bank or a Credit Union: These are accounts backed by a major payment network, like Visa, Mastercard, American Express or Discover. These accounts are extremely common because almost all banks and credit unions are able to issue them to their customers.

Credit Cards Issued by a Retail Store: These are accounts that are issued by the stores where you like to shop. Some examples are Macy's Credit Card, Target RedCard, Pep Boys Credit Card and a Dillard's Card. There are hundreds of other examples. Most of us have several of these types of cards, too.

Credit Cards Issued by an Oil Company: These are accounts that are issued by a petroleum company. Some examples are Techron (Texaco and Chevron) Advantage Card, Exxon-Mobil Smart Card, Shell Card and BP Credit Card.

Home Equity Lines of Credit: Also known as a HELOC, these are loans that allow you to tap into the equity of your home. These loans are generally easy to obtain from most reputable banks and credit unions. These accounts are very common in part because the interest is tax-deductible in most cases. Check with your tax adviser to see if your account qualifies for a tax deduction.

Installment Accounts: Installment accounts are those that have a fixed payment for a fixed period of time. As with revolving accounts, you are not required to pay them in full each month. You are allowed to make a payment that is going to be the same every month until the loan is paid in full. Lenders charge you an annual percentage rate (also known as an APR) and this is how they make money. Some examples of installment accounts include:

Auto Loans: Auto loans are issued by either a bank, a credit union or by a company that specializes in automobile lending.

Mortgage Loans: Mortgage loans are issued by either a bank, a credit union or a company that specializes in mortgage lending.

Student Loans: These loans, obviously, are used to pay for college related expenses such as tuition, room and board.

Home Equity Loans: A home equity loan is a fixed amount of money that you borrow. Once you take that loan out, your payment is fixed for the duration of the payback period. A home equity line of credit, conversely, gives you the flexibility of taking out some of or the entire approved amount.

Signature Loans: Signature loans are just what they sound like. You walk into a bank or credit union and tell them you want to borrow some money and sign a guarantee to pay it back.

Credit Builder Loans: Credit builder loans are offered by some financial institutions. You put some money down in a savings account, and pay yourself back. Once it's paid back, you gain access to the savings that you put in.

Open Accounts (10+): Open accounts are probably the least common of the three account types we'll profile. Also referred to as "open credit," it is a hybrid of installment and revolving credit. The payment is not the same each month and it's usually due in full at the end of each billing cycle. The consumer satisfies financial responsibility for the account when the bill is paid in full each month. This cycle can go on as long as the consumer has an account with the service provider.

An account with a utility company is one example of open credit. A customer with an account for gas or electric service. Doesn't know what their payment will be each month. As you can imagine, electric bills can vary a lot from month to month depending upon the seasons and air conditioner/heater usage, and the customer is responsible for making this varying payment each month.

Most utilities, cellular service, and some gas station cards are other examples of open credit. But perhaps the most widely known example of an open account is a charge card. Charge cards look and act like credit cards, but with one key difference: You're expected to pay that balance off in full by the end of the month.

5. **Number of Inquiries (2-3)**
Credit inquiries are requests by a "legitimate business" to check your credit. As far as your FICO® score is concerned, credit inquiries are classified as either "hard inquiries" or "soft inquiries" - only hard inquiries have an effect on your FICO score. Soft inquiries are all credit inquiries where your credit is NOT being reviewed by a prospective lender. These include inquiries where you're checking your own credit (such as checking your score in myFICO), credit checks made by businesses to offer you goods or services (such as promotional offers by credit card companies), or inquiries made by businesses with whom you already have a credit account.

Hard inquiries are credit inquiries where a potential lender is reviewing your credit because you've applied for credit with them. These include credit checks when you've applied for an auto loan, mortgage or credit card. Each of these types of credit checks count as a single credit inquiry. One exception occurs when you are "rate shopping". That's a smart thing to do, and your FICO score considers all inquiries within a 45-day period for a mortgage, an auto loan or a student loan as a single credit inquiry. This same guideline also applies to a search for a rental property such as an apartment. These inquiries are usually recorded by the credit bureau as a type of real estate-related inquiry, so the FICO Score will treat them the same way. You can avoid lowering your FICO Score by doing your apartment hunting within a short period.

Inquiries may or may not affect your FICO score. A FICO score takes into account only voluntary inquiries that result from your application for credit. The information about inquiries that can be factored into your FICO score includes: Number of recently opened accounts, and proportion of accounts that are recently opened, by type of account.

Time Since Credit Inquiries: A FICO score does not take into account any involuntary inquiries made by businesses with whom you did not apply for credit, inquiries from employers, or your own requests to see your credit report. For many people, one additional credit inquiry (voluntary and initiated by an application for credit) may not affect their FICO score at all. For others, one additional credit inquiry would take less than 5 points off their FICO score. Inquiries can have a greater impact, however, if you have few accounts or a short credit history. Large numbers of inquiries also mean greater risk: people with six inquiries or more on their credit reports are eight times more likely to declare bankruptcy than people with no inquiries on their reports. The best way to have healthy credit is to remain responsible about the credit cards or loans you have. Making your loan payments on time each month and maintaining a good credit utilization ratio (the amount of debt you have in relation to your overall credit limit) can help you get those good sought-after scores. Using credit irresponsibly by making late payments and maxing out credit limits can have damaging effects on your credit.

CREDIT REPAIR PROCESS

1. **Know Your Credit Score**
   Finding out how credit works is important — and now that you've done that, you likely want to know where your credit stands. You can see a free snapshot of your credit report on CreditKarma.com. They can give you a free break down of your credit scores. You'll see how your payment history, debt and other factors affect your scores. You can also receive recommendations for steps you may want to consider to address any problems or how to continue down the right path. Something else that's important to remember about how credit works is that viewing your own credit reports and scores will not affect your credit in any way.

   If you find information that is incorrect, you can file a dispute. Items on your credit report that you don't recognize could be signs of fraudulent activity — someone working to secure credit in your name for their own use. Make sure you're clear on items that could potentially be fraudulent, versus those that may simply be inaccurate. We will be explaining the process latter in the document.

   Your payment history is one of the most important components of many FICO scoring models. Late and missed payments will reduce your scores, and public records and collections can cause significant damage. This negative information will remain on your credit report and impact your credit scores for 7-10 years. Your scores often take into account the size and recency of your debt. The bigger your debt is and the more recent your missed payments are, the worse your score will be. Bringing accounts current and continuing to pay on time will almost always have a positive impact on your credit scores.

2. **Know Your Credit Utilization Rate (9% or below)**
   Credit scoring models usually take into account how much you owe compared to how much credit you have available, called your credit utilization rate or your balance-to-limit ratio. Basically it's the sum of all of your revolving debt (such as your credit card balances) divided by the total credit that is available to you (or the total of all your credit limits).

   High credit utilization rate can negatively impact your credit scores. Generally, it's a good idea to keep your credit utilization rate below 30%. For example, if you have a $10,000 credit limit across all of your credit cards, you should try to keep your total credit card balances below $3,000 to keep your credit utilization rate low.

   There are two ways to reduce your credit utilization rate: **Reduce your debt by paying off your account balances. Increase your total available credit by raising your credit limit on an existing account or opening a new credit account**. While increasing your credit limit may seem like an appealing option, it can be a risky move. If increasing your credit limit tempts you to use more credit, you could fall deeper into debt. Additionally, if you try to open a new credit card, an inquiry will appear on your credit report and temporarily reduce your credit score.

Reducing your balances on credit cards and other revolving credit accounts is likely the better option to improve your credit utilization rate, and, subsequently, your credit scores. Consistently making on-time payments against your debt will also help you build a positive credit history, which can have additional benefits for your credit history and, by extension, your credit scores, too.

3. Know How Many Credit Accounts Credit Scoring Models consider; how much you owe and across how many different accounts. If you have debt across a large number of accounts, it may be beneficial to pay off some of the accounts, if you can. Paying down your debt is the goal of many who've accrued debt in the past, but even after you pay the balance down to zero, consider keeping that account open. Keeping paid-off accounts open can be a plus in your overall credit mix since they're aged accounts in good (paid-off) standing. You may also consider debt consolidation.

4. Know Your Credit History (Avrg. 4-5 years) Credit scoring models, like those created by FICO, often factor in the age of your oldest account and the average age of all of your accounts, rewarding individuals with longer credit histories. Before you close an account, think about your credit history. It may be beneficial to leave the account open once you've paid it off.

   Of course, if keeping accounts open and having credit available could trigger additional spending and debt, it might be more beneficial to close the accounts. Only you know all the ins and outs of your financial situation, and like thumbprints, they're different for each person. Make sure you carefully evaluate your situation; only you know what can work best for your financial outlook.

MIX OF ACCOUNTS

When these accounts report on your credit records they are coded very specifically so that not only consumers and lenders but also credit scoring models can easily identify them. Statistical analysis has determined that the type of accounts you have is predictive of your future credit risk.

So what does all of this mean to you the consumer? Consumers with the strongest credit scores, including FICO credit scores, tend to have a mix of different types of accounts. Of course, the key is to manage these accounts responsibly. Credit scoring models are looking to see if you can handle all different types of financing as they assess your creditworthiness.

Keep in mind, all of the accounts on your credit reports count, even if they are closed. Most of us have had several credit cards, mortgages, auto loans and student loans in our life so this example is probably very realistic. There really isn’t one target “sweet spot” that we should all aim for in our account mix. That’s because your mix of accounts might be great for your score but terrible for someone else’s and vice versa.

If you don’t have an installment loan reported on your credit reports, consider whether it makes sense to get one. If you are going to borrow anyway – or if you want to consolidate higher-rate credit card debt – a personal installment loan may be helpful here. Another strategy is to get a low-rate car loan then pay it off as quickly as you can. It will still count even if you pay it off a few months after you get it. If you don't have any credit cards that are currently open and active, consider getting one. A credit card that's paid on time and has a low (or no) balance can be a very valuable credit reference.

THE TRUTH

1 in 5 People Find Errors in Their Credit Report Credit report mistakes can lead to disqualification for mortgages and car loans, as well as increased insurance premiums and interest rates. In some cases, those mistakes can even prevent you from getting a job. Consumers have started enlisting a law firm to dispute negative items on their credit reports...and they've been wildly successful! Click here to learn about the strategies they use to fix their credit. 79% of consumers who disputed credit report errors were successful in removing them. Now let's dive into the process of how to improve your credit score.

REMOVING DEROGATORY ITEMS

Level 1. Disputes

Step 1: Basic Dispute You always start with extra names, addresses, and employment info on your credit report. Then you include inquiries, collection accounts, closed accounts. You'll receive letters back notifying you if the items were removed or verified. Then you proceed to step 2

STEP 2: The 609 Letter (The Prove It Letter**)** The Fair Credit Reporting Act contains 25 sections, numbered 601 through 625. The 609 letter is based on rights granted under Section 609 of the Fair Credit Reporting Act. Under Section 609, credit reporting agencies are required to disclose certain information to consumers who request it. Specifically, consumers are allowed to request:

1. All the Information on Your Credit Report
2. The Source of The Information on Your Credit Report

Each prospective employer that has accessed the consumer's credit report within the past two years (except for businesses that accessed the credit report for an investigative report) Businesses that have made soft inquiries within the past year

This is essentially the information you get when you order your credit report online.

In addition to the required disclosure of information in your credit file, Section 609 of the FCRA requires credit bureaus to provide a summary of your rights under the FCRA, a list of the federal agencies who enforce the FCRA, and a statement that the credit bureau is not required to remove accurate, negative information unless it is outdated or cannot be verified.

You have the right to request disclosure of information from the credit bureaus. You don't have to state anything special or use certain language to exercise your right. Simply write to the credit bureau and request disclosure of information under section 609 of the Fair Credit Reporting Act. You should always draft your own letters to the credit bureaus based on your specific credit report information.

As with all correspondence with credit bureaus, send your letter via certified mail so you can track the receipt of the letter and time a response from the credit bureaus. The FCRA doesn't dictate a specific time frame for a credit bureau to respond to a disclosure request made under Section 609; 30 to 45 days is a reasonable amount of time to wait for a response.

STEP 3: Validation of debt to creditor (Attached) immediately after you receive your results, whichever accounts were verified you put them in the validation of investigations letter. And send it to the creditor not credit bureaus.

FTC: (Use FTC identity theft AFFADAVIT (attached) You'll need to file a police report and say you lost your wallet, purse etc a few years ago (before your negative accounts were opened). Then you'll need to get it notarized, attach a identity theft dispute letter, attach 502 law, copy of ID, copy of Utility bill

CFPB: Consumer finance protection bureau. CFPB is the government regulator over the credit bureaus. To remove negative items you can also use CFPB.gov. It's more time consuming but it is very effective.

*BONUS MATERIAL

Credit inquires

Late payment etc.

NEXT STEPS

As a mentee it is important to develop the ability to turn knowledge into action. In honor of that sentiment you will complete the following credit building assignment. Your assignment for this week will be to go through process of improving your personal credit. I want everyone to use at least one of the tools provided to improve your current credit report. It can be a inquiry, late payment, collection account or address. If you have any questions save them for the Q&A at the end of the call.

Arthur Beeks
112 Saluda Ridge

Greenville, SC 29611

Equifax Information Services LLC

PO Box 740256

Atlanta, GA 30374

1/25/2021

To Whom It May Concern,

This letter is a formal complaint that you are reporting inaccurate and incomplete credit information.

I am distressed that you have included the information below in my credit profile and that you have failed to maintain reasonable procedures in your operations to assure maximum possible accuracy in the credit reports you publish. Credit reporting laws ensure that bureaus report only 100% accurate credit information. Every step must be taken to assure the information reported is completely accurate and correct. The following information therefore needs to be re-investigated.

According to the Fair Credit Reporting Act, Section 609 (a)(1)(A), you are required by federal law to verify, through the physical verification of the original signed consumer contract, any and all accounts that you post on a credit report. Otherwise anyone paying for your reporting services could fax, mail or email in a fraudulent account.

I demand to see verifiable proof (i.e.: an original consumer contract with my signature on it) that you have on file for the account listed below.

Your failure to positively verify these accounts has hurt my ability to obtain credit. Under the FCRA, unverifiable accounts must be removed and if you are unable to provide me a copy of verifiable proof, you must remove the account listed below.

I demand that the following account be verified or removed immediately:

1. The following account is not mine
   PRISMA HEALTH
   Account Number: 118595****
   Please remove it from my credit report.

I respectfully request to be provided proof of this alleged item, specifically the contract, note or other instrument bearing my signature.

Failing that, the item must be deleted from the report as soon as possible. This information is entirely inaccurate and incomplete, and as such represents a very serious error in your reporting. Please delete this misleading information and supply a corrected credit profile to all creditors who have received a copy within the last six months, or the last two years for employment purposes.

Additionally, please provide the name, address, and telephone number of each credit grantor or other subscriber.

Under federal law, you have thirty (30) days to complete your investigation. Be advised that the description of the procedure used to determine the accuracy and completeness of the information is hereby requested as well, to be provided within fifteen (15) days of the completion of your investigation.

In addition, please remove all non-account holding inquiries over 30 days old. Also, please add a promotional suppression to my credit file.

Under federal law, you have thirty (30) days to complete your re-investigation. Be advised that the description of the procedure used to determine the accuracy and completeness of the information is hereby requested as well, to be provided within fifteen (15) days of the completion of your re-investigation.

Thank you,

3 BUREAU 24 HOUR EXPRESS DELETION

CALL EACH BUREAU

EXPERIAN: 1-855-414-6048 Enter your social then press 2, then 1, then 2, then 3 Ask to speak to the fraud department.

EQUIFAX: 1-888-548-7878

TRANSUNION: 1-800-916-8800 Press 0 to speak to a Rep and then ask the rep to transfer you to the fraud department.

Say that you noticed unauthorized inquiries on your report or you no- ticed someone applied for something in your name.

Make them aware that according to the FCRA (Fair Credit Reporting ACT), legally these unverified & unauthorized items MUST be removed!!

List all of the accounts that are not attached to your open or closed accounts.

If you have a Citi Bank card that you opened in May 2018, and you have an inquiry from Citi Bank dated May 2019, this item cannot be deleted off.

If you have an inquiry from Chase 8 you do not have an open or closed account associated with that account, you can get it removed.

If they ask about you submitting a FTC/Police report of these accounts, say you have already done this.

If they ask have you contacted the original creditors, say you have already.

They may place you on hold. DO NOT PANIC! When they come back they should say they will investigate 8 it may take up to 30 days to com- plete the investigation. However, the following business day, all of the inquiries you asked to get deleted should be deleted. Equifax may take Longer, but max 48 hours

DK

24-72 Transunion Sweep.

First Step.
Download the Credit Karma App.

2nd Step.
Go to accounts tab. Select the negative item, and select dispute item.

3rd Step.
While in the dispute center DO NOT SELECT ANY OWNERSHIP.
Under Reasons select “This Account is involved in litigation”

4th Step.
Put this for the comment section-
“I have not supplied proof under the doctrine of estoppel by silence, Engelhardt v. Gravens (Mo) 281 SW 715, 719, I may presume that no proof of the alleged debt, nor therefore any such debt, in fact exists.”

*Please note
If it doesn’t say deleted right then and there redo it a second time because sometimes the system glitches.

DK