

Real Credit Repair

The way the professionals do it!

There is a difference between Real Credit Repair and using the Dispute to make corrections on your credit report.
Don't be fooled!

Save Hundreds of Dollars
learning insider trade secrets!



Includes an Insiders
Disclosure
on the
Credit Reporting
Industry!

Lee Clukey
Mark Darner

Real Credit Repair is significantly different from using the dispute to get errors on your credit report corrected. Making corrections is *not* what real credit repair is about. We will tell you how the professional credit repair companies do credit repair written by a credit repair professional. After learning how to do Real Credit Repair you can save hundreds of dollars by doing it yourself. Don't be misled by the phonies and those who lead you to believe that disputing is credit repair in order to get you to buy their services or books. Making corrections on your credit report is not what credit repair is all about!

Chapter 2

Credit Report

Think of the digital persona [collection of personal information] as the shadow you cast into cyberspace. It's a profile of you that grows more detailed as databases are merged and as you interact with evermore systems. In time, this persona develops its own personality; it makes certain kinds of purchases at certain times on certain days of the week, and it has an employment history. It's been preapproved for a new credit card, and it subscribes to three or four magazines. It owes a bit of money on its Visa, and a lot on its student loans. It uses Sprint for long distance.

It's a chilling thought. A profile with this kind of detail gives away a lot about what sort of person you are. But there's more to it. Your digital persona doesn't just describe you, it *is* you.

Public life doesn't happen in streets and offices and shops anymore because the arena of public life - birth, school, work, death - has moved. Public life *is* data. Making a purchase, applying for a job, voting, placing a phone call, buying insurance - these are activities our digital personae now do for us by proxy.

"You can trace it back quite some distance," Clarke says, "through two trends. The first is the increasing intensity of data exchange between people and institutions. The second, which doesn't necessarily involve technology, is a trend toward centralization of authority. In the past, my bank manager had to know me before deciding whether I was worthy of a loan. Well, in practice, that authority is no longer in that manager's hands."

Decision-making processes at financial institutions have become so automatic, so data-centric, so disinterested in the personal details of their customers' transactions, that there's no longer any need for physical branches. Our digital persona is now so detailed that *machines* are in positions to make decisions about our creditworthiness. (excerpt from article)

Privacy, Shmivacy, Corporations don't want to know us; they want to know our data by Bret Dawson

The purpose of the credit report

Consumer reporting agencies compile data about your personal and credit history in a "credit history file" and summarize it in a "credit report". They are also known as "credit files", credit history files, and a variety of other names, as well.

Because there are four major national consumer reporting agencies and more than 2000 local agencies chances are very likely that you will have at least four and probably more credit reports being circulated; sold.

Your history file contains a record of your borrowing and repaying your loans, the types of loans you have made, as well as personal data, such as bankruptcy, child support judgments, tax liens, where you live, where you work, etc. There other companies that collect other information as we discussed in Chapter 1.

The information contained in your history file is used to establish a composite of your credit reputation and thereby your creditworthiness, which is of use to creditors, insurance companies, employers, etc., in determining whether they want to do business with you.

Creditors *buy* credit reports to evaluate the information and determine the amount of risk they will be assuming should they decide to extend you new or additional credit or by selling you products on credit. While the initial purpose for computerizing credit reports and the origination of the credit score was to expedite analyzing credit history for the purpose of extending credit to people applying for credit, the potential for sales of related data products has taken the lead. Data collected by consumer reporting agencies is processed into valuable sales leads.

There are also other valuable uses for the information compiled in the agencies vast databanks. Insurance companies have found that credit character and creditworthiness are useful attributes about an individual that indicate whether you are inclined to make claims. Potential employers purchase your credit report to verify your job application, as well as, to determine whether you are going to be a stable and reliable worker. Just to give you some idea of how your credit report is used.

Types of credit reports

Each of the major consumer reporting agencies tailor credit reports to meet the peculiar needs of their clients. This is not widely known outside of the credit industry. There are actually three types of credit reports.

- **Commercial credit reports** – The commercial credit report is the credit report that is used by creditors, such as, banks, credit card companies and merchants, to make their decision on whether they will give you a loan, sell you insurance, offer you a job, etc. This report is not available to consumers. Now that you are aware of its existence you may decide to demand to see it. You will be told that it is illegal for you to even see it. There is no legal aspect about this at all. The real story is that the agencies do not want you seeing this report and they have strictly enforced contracts with the companies to which they do supply this report that disallows them to show it to their customers. If a company that has purchased this report even shows it to you and the agency finds out they will refuse to provide

further service to the company. These reports are configured to specific industries and can be “enhanced” as a more accurate method of evaluating credit worthiness for specific purchases such as “auto enhanced” or “mortgage enhanced”. The agencies that supply these reports to the potential creditor, for a fee can recalculate the FICO scores adjusted for the product profile in a manner that is understood, and accepted by the banks underwriting the loan itself.

- **Educational credit reports** – The educational credit report, sometimes called “retail credit report” is the report that is readily available for purchase by the consumer on the internet. The educational report is a valuable informational tool for reviewing what data furnishers have reported on you. There are literally thousands of vendors who sell the educational credit report. The educational credit report has your complete history file. You can also purchase your credit score with the report. The consumer, however, should be aware that the score you will get is not an actual FICO score as is calculated for a commercial credit report. The educational credit score is actually only a FICO score estimate of the actual credit score. It may vary considerably from the commercially reported scores. Experience has revealed almost universally that the agencies incorporate “fluff”, artificially elevated scoring in to the educational reports. These scores can be off by as much as 30-50 points. We have even seen some off as much as 80 points. The score itself is of little value and will not be accepted by any commercial lender for the purpose of evaluation of credit worthiness.
- **Bureau credit reports** – This is the report that is generated directly from the four major reporting agencies themselves. The reported data is fairly consistent in format. You need to understand that the variance in the scores between the agencies is primarily due to whether a data furnisher reports to only one or two, but not all of the agencies, Remember, data furnishers pay a fee to report your credit data to each agency. They often only report to one or two bureaus to curtail their costs. That being the case, if one contacts the bureaus directly, and we are providing that information to you as well, and request your file and score (which you will be charged for) not all of the reports coming directly from the four bureaus will have the same score. INNOVIS does not score their credit reports. They just collect and sell data about you.

Free annual credit report

Although publications generally refer to free “reports,” the FCRA technically gives you the right to a free “file disclosure.” There is a difference under the FCRA between your “report” and your “file.”

Under the FCRA, a “consumer report” is any written, oral, or other communication of any information by a consumer reporting agency bearing on a consumer’s credit

worthiness, credit standing, credit capacity, character, general reputation, personal characteristics or mode of living(FCRA §609(d)(1))

Your “file” is all of the information on you recorded and retained by a consumer reporting agency regardless of how the information is stored. (FCRA §609(g))

In other words, the report is the document provided to the employer, landlord, insurer or creditor. The report reflects information collected and compiled at any given time. Your “file” on the other hand is the information the consumer reporting agency maintains about you. Your right to a free disclosure is to your “file,” not your “report.”

Both you and your spouse are each entitled to a free credit report once a year. Some state laws provide for you to have a free report twice a year. You are also entitled to a free copy of your report under the following circumstances:

- If you have been denied credit (you must request a copy within 60 days)
- If you are unemployed and intend to apply for employment in the next 60 days
- If you are on public welfare assistance
- If you have reason to believe your file contains inaccurate information due to fraud or identity theft
- If an adverse decision related to your employment has been made based in whole or in part on information contained in the report
- If your report has been revised based upon an investigation you request

When you apply for a free copy or at any time for that matter that you request a copy of your credit report, never make the request for both spouses on the same request. Always make separate requests in order to maintain as much separateness between your credit identities as possible.

You are entitled to one free report a year from each of the three nationwide consumer reporting agencies. You can order all three at one time or you can stagger ordering your reports so that you can keep an eye on accuracy and completeness of the information in your reports throughout the year.

You must obtain your free report through the government. The individual agencies do not provide free reports. The report you get for free will not have the credit score on it.

To obtain your free credit report

Call 877-322-8228

Go on line to www.annualcreditreport.com

In writing

Annual Credit Report Request Service,

PO Box 10583,

Atlanta, GA 30348.

If you request your report online at annualcreditreport.com, you should be able to access it immediately. If you order your report by calling or making your request by mail your report will be processed and mailed to you in 15-30 days.

FTC Warning About "Imposter" Web sites

The FTC advises consumers who order their free annual credit reports online to be sure to correctly spell annualcreditreport.com, or link to it from the FTC's website to avoid being misdirected to other websites that offer supposedly free reports, but only with the purchase of other products. While consumers may be offered additional products or services while on the authorized website, they are not required to make a purchase to receive their free annual credit reports. - FTC

Purchasing your credit report

There are many places from which you can purchase a facsimile of your credit report. However, the only source for getting an authentic credit report is directly from one of the national consumer reporting agencies. There may also be local consumer reporting agencies in your area that you may want to contact. When ordering your credit report you may purchase your credit score for an additional fee.

While popular websites like www.myfico.com can provide you with a copy of your credit report, you need to be aware that it does not contain *the* FICO credit score (your commercial credit score) that is used by creditors to evaluate your creditworthiness.

Subscription service - You may want to take advantage of a subscription service so that you can regularly check your credit report. This is particularly useful when you are preparing to make a major purchase, house, auto, etc., so that there are no surprises that unexpectedly creep into your credit history that will cause your application to be declined or slow down credit process when you are negotiating a contract to purchase something because you have to explain why there are derogatory listings on your credit report.

Warning about purchasing your credit report

Only one website is authorized to fill orders for the free annual credit report you are entitled to under law; www.annualcreditreport.com. Other websites that claim to offer "free credit reports," "free credit scores" or "free credit monitoring", are not part of the legally mandated free annual credit report program.

In some cases the "free" product comes with strings attached. For example, some sites sign you up for a supposedly "free" service that converts to one you have to pay for after a trial period if you do not cancel during the trial period.

Some “imposter” websites use terms like “free report” in their names; others have URLs that purposely misspell annualcreditreport.com in the hope that you will mistype the name of the official site. Some of these “imposter” sites direct you to other sites that try to sell you something or worse collect your personal information.

Many of these websites will entice you to request the free copy of your credit report in order to get information from you like your Social Security Number so they can use it to gain access to your real credit report to see where you are doing business and now they can steal your credit identity. When signing up for a free credit report you may be unwittingly agreeing to let the company start charging fees to your credit card.

Annualcreditreport.com and the nationwide consumer reporting companies will not send you an email asking for your personal information. If you get an email, see a pop-up ad, or get a phone call from someone claiming to be from annualcreditreport.com or any of the four nationwide consumer reporting companies, do not reply or click on any link in the email message. It is probably a scam. Forward any such email to the FTC at spam@uce.gov. Try and make sure you are dealing with a reputable internet services when you request your credit report.

Costly ‘free’ credit reports are everywhere – Bob Sullivan

After nearly a decade of bickering, Congress in 2003 finally granted every American the right to a free peek at their credit report each year. Now dozens of Web sites – many of them either owned by or affiliated with the major credit bureaus -- are hard at work tricking people into paying for that free report.

Search for "free credit report" on the Web and you will find pages and pages of Web sites offering free credit reports. [I entered “free credit report and Google responded that there are 456,000,000 websites!] All but one, however, charge for those “free” reports and place all sorts of conditions on purchases. One site, for instance, requires enrollment in pricey credit monitoring service, which can only be canceled online after precisely 23 days. Another automatically enrolls users in a discount travel service. And some hint that the real free credit report site established by Congress -- AnnualCreditReport.com -- isn’t all it’s cracked up to be.

"Remember, all free credit reports are not created equal," says FreeCreditReport.com, which is run by credit bureau Experian.

That’s an interesting statement, because AnnualCreditReport.com also is run by Experian, along with the other two credit bureaus, Equifax and Trans Union. It sounds as though Experian is saying the credit report it sells is better than the one Congress said it must give away for free.

Consumers Union's Web Watch, run by the same folks who publish *Consumer Reports* magazine, recently commissioned a study of the "free" credit report Web sites. Robert Mayer, a professor at the University of Utah and author of the study, came away with the opinion that most of the sites are "sleazy."

"You get the feeling that they said, 'We know we have to give these things away but we're going to do everything we can not to do that,' Mayer said.

Though the sites charge various amounts for their products, they liberally use the word "free" to advertise their wares. Some examples:

- TheFreeCreditReportSource.com
- FreebieCreditReport.com
- FreeCreditReportsInstantly.com
- Free3BureauCreditReport.com

Mayer focused on the 24 sites that come up most often on search engines, and painstakingly scoured them. He found the word "free" a whopping 312 times -- an average of about 13 times on each page.

Six products in one!

Part of the lure of the sites is the promise that consumers can get three credit reports and three credit scores -- essentially six different products -- all at once. While credit reports can be had for free, thanks to Congress, credit scores still cost money. Visitors to AnnualCreditReport.com can order their scores there for \$6-8 while getting their truly free reports. Total cost for all six items is about \$22.

At the "free" sites, these things cost quite a bit more. At NationalCreditReport.com, three scores and three reports costs \$39.95. Experian, on its Web site, offers three credit reports and one credit score for \$29.95. The price at AnnualCreditReport.com for that package would be \$7.95. TrueCredit.com -- run by Trans Union -- offers the three reports that could be obtained for free at AnnualCreditReport.com for \$14.95.

Bundling scores in with reports might not sound like that bad a deal until you consider this: The credit score consumers buy from any of these sites is very likely not the same score that's used by their bank or insurance company to compute rates. Many institutions use their own formulas to compute such scores. Auto insurers use something called an "insurance score," for example.

All these free sites want to sell you more than a one-time credit score purchase. They really want to sign you up for a monthly "credit monitoring" product costing about \$10 a month that will allegedly help protect you against identity theft. The virtues of such products can be argued, but a credit monitoring service has nothing to do with your right to see a copy of your credit report.

Watch those free trial terms

These sites also muddy the waters by using confusing terms. Most of the sites say the offer is free because they allow consumers to sign up and then cancel their subscription during a free trial period. But read that fine print carefully. At FreeCreditReportsInstantly.com, consumers have seven

days to back out of their purchase. At MyFico.com, even stranger terms apply for a “free trial” of a service called “ScoreWatch”

"You can use the link below to cancel your Score Watch ... AFTER your subscription has been active for at least 23 days and BEFORE your subscription automatically renews after 30 days," the site says. "If you are outside these time requirements, you will receive an error message and will need to call or email us."

If you forget to cancel, or miss a reminder e-mail, you'll be billed the annual subscription rate of \$89.95. Users can cancel later, but must pay for a minimum of three months of service.

Craig Watts, a spokesman for Fair Issac, which operates MyFico.com, said criticism of the cancellation system was unfair because consumers could cancel their subscription by telephone or e-mail at any time. He added that Web-based cancellations required a 23-day waiting period as a way to “encourage people to give the service a fair shake.”

Consumers who buy their credit scores from FreeCreditReportsInstantly.com also find themselves signed up for something called "Saving Smart." But don't worry, memberships go for the "special low price of \$1." A representative of FreeCreditReportsInstantly.com did not respond to requests for additional information.

But Jack Rustenhoven, who runs FreebieCreditReport.com, defended his site's sales tactics.

He said he marketed his credit report service “long before AnnualCreditReport.com” came into existence and noted that he includes a link to the free site on his home page, adding “I encourage (users) to try both services.” He also said that “it's no secret” to site users that they must sign up with Experian's credit monitoring service before getting copies of their credit report from his site.

“I can only speak for myself, but I know many of us ... are in no way trying to imitate the annualcreditreport.com Web site.” He said. “We're just doing what we've been doing for years before that site existed.”

Many sites trace back to Experian, TransUnion

The Consumers Union report suggests that smaller sites are actually part of a large network. Most of the sites surveyed are either owned by or affiliated with the major credit bureaus. Trans Union, for example, works with PrivacyMatters.com, which runs Free3bureaucreditreport.com, FreeCreditReportsInstantly.com and a number of other free credit report sites. At the bottom of the PrivacyMatters Web site home pages, you'll find this message: “Credit services provided by TransUnion Interactive, Inc.”

Maria Fernanda Rodriguez, spokeswoman for PrivacyMatters.com, would say only that the two firms have a "business relationship." Trans Union did not respond to requests for information about Privacy Matters.

One thing you will have trouble finding on the sites affiliated with Trans Union: Mention of the true free credit report Web site. In fact, 10 of the 24 sites studied don't mention AnnualCreditReport.com anywhere, and only 8 mention the real free site on the home page.

Experian also runs a family of free credit report sites, starting with FreeCreditReport.com and FreeCreditReports.com. Those sites include a prominent mention of AnnualCreditReport.com. Of course, it wasn't always that way. The Federal Trade Commission had to initiate legal action against Experian in 2005 to get the firm to point to the congressionally mandated Web site.

If Experian's commercials are to be believed, that link doesn't hurt business much. In recent TV advertisements for FreeCreditReport.com, an actor says that 20 million people have gotten their "free" reports from Experian. That's not including the free credit reports given away by Experian at AnnualCreditReport.com, according to Experian spokesman Don Girard.

Girard said Experian would not grant an interview concerning the Consumers Union report.

The third major credit bureau-- Equifax -- didn't pop up in the Consumers Union study and apparently doesn't use the free credit report sales tactic. But Mayer, the study's author, was very critical of Experian and Trans Union.

"The reason why was FACTA (The Fair and Accurate Credit Transaction) was passed was to help people get their credit reports for free," he said. "Well, Experian and Trans Union are doing all they can to keep this as something that they sell. ... That's pretty upsetting."

Specialty consumer reporting agency reports

There is no centralized source for obtaining free specialty reports. Requests must be made directly to each specialty reporting agency. FTC regulations do not require nationwide specialty consumer reporting agencies to establish a Web site or allow mail-in requests. The only requirement is that specialty agencies establish a toll-free number, published anywhere the company does business. Requests processed otherwise such as through a Web site or by mail are optional, although many nationwide specialty agencies have posted information on their Web sites. The FTC's web site gives further information about your rights to get free credit and specialty reports, www.ftc.gov/bcp/edu/pubs/consumer/credit/cre34.shtm.

International credit reporting

Experian claims that your credit report will not be sent to foreign countries. I also read that international laws prohibit sharing credit report information between companies even though the Big Four credit reporting agencies have offices in many countries.

Thereby, I was surprised to find a form for requesting a credit report on someone in another country on the Advantage Credit website.

Your U.S. credit history is confined to the U.S. This is primarily because of differences in national laws. Every country, and the European Union, has its own laws governing credit reporting and information use. In addition to legal barriers, there are significant contractual complications around how businesses in other countries would access reports, report and update information and respond to consumer disputes. There also are a number of technical issues around how information is collected, stored, and shared that further complicates transferring your credit report. As a result, Experian cannot share your credit report from the U.S. with the Experian credit reporting division in Canada. – Experian

Credit report contents

Some differences remain across repositories [CRA databases]. Some furnishers, including some smaller banks and many debt collection agencies, do not report to all three repositories. Differences also can arise from the repositories' treatment of public record information. Because some public record information is accessible only by visiting courthouses and other government buildings in person, the repositories sometimes hire contractors to gather the information. When repositories use different contractors, the contractors sometimes report the same public record information differently, causing additional variations among repository databases. Yet another reason that repositories' databases differ is that the repositories often receive and process information from furnishers at different times during the same reporting cycle

- Federal Reserve Board report to Congress

The credit report contents described here are for an Experian credit report. The other agency credit reports will be explained in Appendix xx. The information contained in each of the reports is similar.

- Investigative results – The information provided in this section only as the result of a dispute. The result of the disputed accounts will be summarized.
 - Deleted
 - Remains
 - Updated
 - Does not appear on your report
- Credit history - Account information is furnished by creditors and collection companies, etc., who have extended credit to you. This includes the type of account (credit card, auto loan, mortgage, etc.), whether the account is independent or a joint account, the date the account was opened, the credit limit or

loan amount, the account balance and the payment history. Accounts are grouped into “potentially negative items or items for further review” and “accounts in good standing.” Collection account and trade lines in good standing may also be separated on some reports.

- Inquiries (requests) for your credit report – Requests for your credit report are referred to as inquiries. Inquires made over the past two years including voluntary inquiries, those made when you applied for credit or a loan, as well as, involuntary inquiries, when a creditor you may not be aware of requested a copy of your report, for example, to see if they might want to make you a pre-approved credit offer, sell you their product. etc.
 - Companies that can request copies of your credit report with your permission.
 - Creditors with which you are filling an application or with whom you have credit and they can recheck your credit
 - Insurance companies
 - Landlords seeking a credit check for renters
 - Credit card companies
 - Companies where you are seeking employment
 - Organizations considering your application for a government license or benefit (if the agency is required to consider your financial status)
 - State or local child support enforcement agencies
 - Government agencies (usually can only look at your name, address, former addresses, and current and former employers)
 - Other organizations you've initiated business with.
- Involuntary - Inquiries that are made without your permission or knowledge are called involuntary inquiries.
- Personal information - Identifying information, such as the various ways you have used your name, maiden names, etc., past and present addresses and telephone numbers (including unlisted phone numbers), date of birth, employment history, names of your children, relative or friends if you have any credit interactions – student loans, co-signature, etc.
- Public records - Public record information from Federal, state and county courts, include bankruptcies, foreclosures, lawsuits, wage attachments, liens, civil and criminal judgments, IRS, etc.
- Submitted statements – After the dispute procedure fails to have a derogatory listing removed from your credit report you have the option to submit a 100-word statement to try and clarify the reason for the derogatory listing on your credit record and downplay its significance.

Warning: We recommend that you *never* submit any 100-word statements as the information you provide may open doors to questions that are not readily apparent from reading the derogatory listing itself. The information you submit may do more damage than good to your credit report. When you submit *any information* it serves to verify the listing which may make it near impossible to have it removed from your credit report. The statement that you submit will have *absolutely no bearing* on changing your credit score. Since creditors seldom take the time to read the details in your credit report your statement will not be given much consideration.

Credit report legal restrictions

The restrictions listed below apply to the national credit reporting agencies. There are other companies that collect the data that is shown as restricted here. Read more about Specialty Agencies in Chapter 1.

- **International transfer of data** - Many of the consumer credit agencies are multinational. However, by law they cannot transfer your credit history to another country. However, as I mentioned earlier, Advantage Credit offers to get you foreign **credit reports**.
- **Medical records** – Credit reports cannot disclose your medical information relating to physical, mental, or behavioral health or condition – without your consent. However, certain aspects of your medical history may become part of your credit history, as follows:
 - While neither the medical organization nor the consumer reporting agency is allowed to divulge your medical history the fact that the agencies are furnished data from medical organizations regarding your payment history may make it apparent that you or someone related to you has medical problems. For example, if you owe money to the Cancer Center in Brooklyn the name of the cancer center may be reported by the Center and this will be displayed in your credit report.
 - If you dispute a medical account any information that *you* submit can be included on your credit report as *you have* provided it as an explanation. Do not offer any information that you do not want to be included in your credit report. In fact, do not offer any information at all!
 - HIPAA, which stands for the American Health Insurance Portability and Accountability Act of 1996, is a set of rules to be followed by doctors, hospitals and other health care providers. HIPAA took effect on April 14, 2006. HIPAA helps ensure that all medical records, medical billing, and patient accounts meet certain consistent standards with regard to documentation, handling and privacy. HIPAA requires that all patients be

able to access their own medical records, correct errors or omissions, and be informed of how personal information is shared and used. Other provisions involve notification of privacy procedures to the patient. HIPAA provisions have led, in many cases, to extensive overhauling with regard to medical records and billing systems.

- **Race**
- **Religious preference**
- **Personal lifestyle**
- **Political preference**
- **Friends and relatives** with whom you have not entered into a credit relationship, eg., co-signer.
- **Information about your checking or savings accounts** (banks do report banking defaults, banks report checking defaults)

Adding accounts to your history file

Mistakes are not the only problem when it comes to credit reports, since what a credit agency does not know about you can hurt your chances of getting loans and other credit. Although most national department store and all-purpose bank credit card accounts will be included in your file, not all creditors, including some travel, entertainment, gasoline card companies, local retailers and credit unions, supply information to credit reporting agencies. About 20 percent of credit reports are missing major credit, loan, mortgage or other consumer accounts.

As a result, you may be denied credit on the basis of an "insufficient credit file" or "no credit file." If you have accounts that don't appear in your credit file, consider asking the credit reporting agency to include them in future reports. They are not required to do so, but many credit bureaus will add verifiable accounts for a fee. However, understand that if these creditors are not reporting to the consumer reporting agencies on a regular basis, the accounts you add will not be updated.

Statute of limitations on credit report listings

Derogatory information such as late payments, bankruptcy, tax liens or judgments, etc., may only be retained in your credit report for *up to* the maximum specified period of time as defined by the FCRA and state Statute of Limitations laws. A statute of limitations does not mandate that listings on your credit report *must* stay on your report for the full length of time only that this is the *maximum* length of time allowed for them to remain on your report.

This has important significance to you as listings may be removed from your credit report prior to the statute limits by the company or organization that posted the listing to your credit history or through dispute default (more on this later).

If you get a “threatening” call from a creditor telling you that if you do not pay your account it will be sent to collections and this derogatory information *must* remain on your credit report for seven years. This is not necessarily true. It will only remain on your credit report if it is not contested properly.

Creditor and collection company callers have probably been told to tell you that derogatory listings *must* remain on your credit report, but in fact you can get derogatory listings modified and even removed before the statute of limitations run out. We will cover this in detail in Chapter xx, “Credit Score Repair Procedures”.

The Statutes of limitation may be different for each state. The following limits are applicable to most states. This is what happens when you choose to do nothing about bankruptcies on your credit report. Counter measure is covered in Chapter xx, Strategy for Credit Repair.

- Chapter 13 Bankruptcies will remain on your credit report 7 years.
- Chapter 7, 11, 12 or 13 Bankruptcies will remain on your credit report for 10 years.
- Judgments – up to 7 years from the date the event took place or for the statute of limitations in your state to run out, whichever is longer.
- Paid Tax Liens - 7 years
- Unpaid Tax Liens - 15 years - Even if you pay off delinquent taxes the lien will remain on your credit report for 7 years.
- Foreclosures - 7 years (in rare cases, this can be removed sooner)
- No credit report statute of limitations - Criminal convictions, information reported on a job application for a job that pays more than \$75,000 annually, information reported in conjunction with an application for credit or life insurance in excess of \$150,000 will remain on your credit report.
- Contracts and wage garnishment, co-signed contracts and other will remain on your credit report 4 years.
- www.bcsalliance.com/y_debt_sol.html this website offers a lot of useful information about the Statute of Limitations for each state.

Reading and understanding your credit report

Reading your credit report is not difficult. The agencies provide instructions for reading your credit report on their website and include a description of the various components of your credit report with your report. There are some differences between the credit reports generated by each of the agencies, but in general they contain similar information categories.

While it is not the most interesting reading, keep in mind that the few minutes you take to read through your credit report, it could make the difference between your being eligible for a purchase or new loan and saving you thousand of dollars in interest, and more.

Just as important, reviewing your credit report could make you aware that someone is tampering with your identity. Accounts on your report that you did not open may very well be an indicator that someone else has and they are using credit in your name. You may be a victim of identity theft. The following is an overview of the Experian credit report:

- Personal profile - The first section on your credit report lists your personal information. It is possible that there may be incorrect versions of your information, but this is nothing with which you need to be concerned.
 - Your name and aliases
 - Year of birth
 - Current and previous addresses
 - Current and previous employers
- Credit Summary – provides an overview of your debt:
 - real estate
 - revolving accounts
 - installment payments
 - other accounts
 - collection accounts
- Public Records
 - judgments, liens, etc.
- Credit inquiries
 - name of the company making the inquiry
 - purpose
 - date the inquiry was made
- Account history - credit history and status of each account on your credit report. Each account listing includes:
 - account (creditor) name,
 - your account number,
 - account type: credit card, mortgage, auto loan, etc.
 - account status; open, closed
 - monthly payment amount
 - the date on which the account was opened
 - balance of your account at the time the credit report was issued
 - terms: revolving, # of months

- high balance – highest balance you every had on this account
- credit limit
- Account status
- Credit score – your three-digit numeric credit score. Consumer reporting agencies calculate a credit score ranging between 300 and 900 points across the board for all agencies. This will be covered in detail in Chapter xx, Credit Score.

Credit report inquiry – access to your credit report

Credit reports, as are the consumer reporting agencies, are controlled by the [Fair Credit Reporting Act](#) (FCRA). Not all companies that compile consumer information, eg., specialty agencies, are regulated by the FCRA, but there may be provisions in state laws.

FCRA requires businesses to have an acceptable reason for having access to your credit report. Companies that obtain your credit report under false pretenses or those that use it improperly are in violation of Federal and state laws. The agencies claim that unauthorized inquiries do not affect your credit score, but empirical experience at Mark’s company shows that when the unauthorized inquiries are removed scores did go up.

That said, the agencies find ways to make great and profitable use of your credit history information packaged in a variety of data products which can be sold to anyone for any reason; primarily for sales leads and mailing lists.

Acceptable reasons for access to your credit report can include:

- You may access your credit report
- To verify data on a credit application and determine if they want to grant you credit, credit card, etc.
 - Credit applications often have “small print” that allows the creditor to sell your credit report information or allows them to transfer permission to access your credit report to another company
- Account review. Periodically, banks and other companies review credit files to determine whether they wish to retain the individual as a customer
- To get information that might enable a collector to collect a debt
- To determine if an insurance company wants to sell you insurance
- To verify data on your employment application and determine if they want to offer you employment, which includes hiring, promotion, reassignment or retention. A CRA may not release a credit report for employment decisions without consent
- Applications for rentals for personal, family or household purposes

- To determine if there is any reason not to issue a license by some government agency
- Promotional – companies can screen your credit history without your permission if their purpose is stated to evaluate your credit history for the purpose of making you an unsolicited pre-approved new line of credit
- Those considering your application for a government license or benefit if they are required to consider your financial status
- A state or local child support enforcement agency
- Child support payment determinations
- Any government agency (limited usually to your name, address, former addresses, current and former employers)
- Court orders, including grand jury subpoenas
- Agencies also sell “data products” - information about individuals to any company to use as sales leads based on the customers that fit the demographics and credit attributes a company may be looking for
- "Legitimate" business needs in transactions initiated by the consumer for personal, family, or household purposes
- Licensing (professional)
- Law enforcement access: Government agencies with authority to investigate terrorism and counterintelligence have secret access to credit reports

Personal information included in a background check inquiry

Background reports can range from a verification of an applicant's Social Security number to a detailed account of the potential employee's history and acquaintances. Here are some of the pieces of information that might be included in a background check. Note that many of these sources are public records created by government agencies.

- Driving records
- Vehicle registration
- Credit records
- Criminal records
- Social Security number
- Education records
- Court records
- Worker’s Compensation
- Bankruptcy
- Character references
- Neighbor interviews
- Medial records
- Property ownership
- Military records
- State licensing records

- Drug test records
- Past employment
- Incarceration records
- Sex offender listing

There is evidence that employers are now searching popular social networking web sites, such as MySpace and Facebook, for the profiles of applicants. An October 2007 survey of employers found that 44% use social networking sites to obtain information about job applicants. And 39% have searched such sites for information about current employees.

- www.vault.com/surveys/social-networking/index.jsp

Read about "digital dirt" and the job seeking process

www.abilitiesenhanced.com/digital-dirt.pdf

OFAC inquiries

Office of Foreign Assets Control (OFAC) is an office of the Department of the Treasury. It administers and enforces economic sanctions, which are used by the government to prevent targeted countries, entities, and individuals from, among other things, assessing our financial system for purposes that are contrary to government foreign policy and national security. Consumer reporting agencies have adopted new measures to ensure compliance with the OFAC regulations. Before issuing a credit report they use special interdiction software to determine if a credit applicant is on the Specially Designated Nationals (SDN) list. If there is a potential match the agencies place a red-flag or alert on the credit report. If you get an OFCA inquiry on your credit report you can dispute it to get it taken off. For more information visit

www.ustreas.gov/offices/enforcement/ofac/regulations/credit.txt

The USA PATRIOT Act, passed in the wake of the September 11, 2001 terrorist attacks, broadened law enforcement access to credit reports. 15 U.S.C. § 1681v allows any government agency that is authorized to conduct intelligence or counterintelligence investigations or analysis of international terrorism to gain access to credit reports. Similar to the FBI access provision, the agency must certify that the credit report is necessary for investigation or analysis. The CRA is not permitted to disclose that the government agency sought the credit report. But, unlike the FBI provision, requests made under § 1681v do not have to be disclosed to Congress. It is likely that the FBI will use this new route to obtain credit reports than the former one because it lacks the reporting requirement.

Limitations on inquiries

Target marketing is not a permissible use of credit reports. Currently, both Equifax and Experian are in a consent agreement with the FTC to not use credit reports for target marketing. Trans Union attempted to challenge the FTC prohibition on using credit information for target marketing but failed in *Trans Union v. FTC. Medical Information*

The [Fair and Accurate Credit Transactions Act](#) of 2003 restricts CRAs from reporting medical information in reports that will be used for employment, credit transactions or insurance transactions unless the consumer consents to such disclosures. The consent must be (a) in writing, (b) specific and (c) descriptive of the use for which the agency is disclosing the information (these specific requirements for consent are not necessary if the disclosure is for an insurance transaction). Furthermore, CRAs are prohibited from disclosing the name, address and telephone number of the medical furnisher (e.g. the hospital) responsible for specific information in the report. Creditors are disallowed from using consumer medical information in deciding whether to grant, or to continue granting, credit to a consumer.

Although the sharing of information between affiliates is generally excluded, medical information is extended additional protection. The following types of information are protected: an individualized list or description based on the consumer's payment transactions for medical products or services, or an aggregate list of consumers who paid for a medical product or service. On the other hand, exceptions are provided for certain information exchanges including those related to insurance transactions and disclosures authorized by the Department of Health and Services.

Special Rights in the Employment Context--Background Checks

Since September 11, 2001, many employers have either begun or expanded background check programs on current employees or new hires. Because they have become so prevalent, simple background checks can now be done for under \$20, and more complex investigations may be hundreds of dollars.

Employers can request standard consumer credit reports or investigative consumer reports (ICRs) on their employees. Employers request the reports for hiring, promotion, reassignment, or retention decisions. In doing so, the employer must certify to the CRA that it will comply with the FCRA. The employer must also gain the individual's written consent before obtaining the report.

A patchwork of federal and state laws do limit the ability of employers to use background checks. Some states do not allow the consideration of arrest data (without a conviction) in employment decisions. Other states allow the consideration of conviction information only in certain circumstances. And, federal Equal Employment Opportunity Commission (EEOC) regulations prevent employers from taking adverse action against an individual for merely having a criminal conviction--the conviction must be relevant to the job, or there must be some other sound business reason for taking action against the individual.

The [Fair and Accurate Credit Transactions Act](#) of 2003, which updated the FCRA, excluded additional categories of employee investigation data from credit reports, thus eliminating protections offered by the FCRA. If the investigation is of suspected misconduct relating to employment, compliance with the law, or compliance with preexisting written policies of the employer, such information is not regulated by the

FCRA. However, if the employer takes an adverse action due to such investigations, the employee has a right of notice.

“Opt-out” – aka, Security Lock - stop access to your credit report

That there is so little control over access to credit reports has become one of the major problems of maintaining a good credit score. The agencies claim that scoring takes into consideration the type of inquires that are made when calculating credit scores. They claim some types of inquiries have no impact at all, but our experience at the company says otherwise. We have found that a security lock has helped to raise our clients' credit scores as much as 15 points.

It does not take very many credit report inquiries to cause your credit score to go down – this costs you money in the form of higher interest rates and possible credit, insurance or job denial.

It is, thereby, highly recommended that you file an “opt-out”. An opt-out stops anyone from having access to your credit report that has not been authorized to do so. You can go on line to www.optoutprescreen.com and file to protect your credit history from being accessed.

Engage in Privacy Self-Defense

- Wherever possible, minimize the amount of personal data given to commercial or governmental entities. Do not release contact information where it is unnecessary.
- Do not give out your Social Security Number unless it is related for tax purposes, such as employment or opening a bank account.
- Read privacy policies. If you are uncomfortable with the collection, sharing, or use of information, tell the business that you're going elsewhere because of the company's privacy practices.
- Opt-out from the Credit Reporting Agencies (CRAs) pre-approved credit card offers. By calling 1-888-5OPTOUT (1-888-567-8688), you can stop most pre-approved credit card offers. Be sure to specify that you wish to be permanently removed from pre-approved credit card offers, otherwise you will be placed back on the recipient list in two years. To permanently opt-out, you will have to fill out a form that the CRA will mail to you.
- You cannot opt-out from the sale of credit headers. (A credit header is identifying information from a credit report. It includes name, mother's maiden name, date of birth, sex, address, prior addresses, telephone number, and the Social Security Number. The FTC allows the CRAs to treat headers as "above the line" information and to sell it with no legal protections for the individual. The reasoning was that this information did not relate to credit, and thus should not be considered part of the credit report.)

- Opt-out from information sharing. Many businesses share your personal information unless you opt-out. Be sure to call your bank, insurance company, and brokerage companies and request to opt-out. You should request to opt out from information sharing under the "Gramm-Leach-Bliley" Act and under the Fair Credit Reporting Act (FCRA).
- Do not complete product warranty cards. Product warranty cards are a principal method of obtaining profiling data from consumers. If you wish to preserve your warranty, you do not need to send in the card. Simply keeping the warranty card and your receipt will suffice for warranty purposes. If you do wish to register a product in order to receive recall information, list only your contact information.
- If you complete a U.S. Postal Service Change of Address Card, be sure to specify that you are requesting a "temporary" change of address. Temporary change of addresses are not included in the National Change of Address Service, and thus won't find their way into profiling databases.
- Be wary of catalog merchants. Tell them not to sell, rent, or share information about your purchase. Approximately 90% of mail order or catalog merchants will share your personal information--often with huge "cooperative databases." Often, this data collected and shared goes beyond a consumer's address. Catalog merchants will sell information relating to items purchased and details about those items. For instance, if you purchase clothes via mail order, the company may sell your dress, shirt, or pants size to cooperative databases.
- Never purchase anything from a telemarketer-initiated call, an infomercial, or a direct mail solicitation. Individuals who respond to these forms of marketing are placed on special "responder" lists. Individuals recognized as "responders" are more likely to receive additional telemarketing and direct mail.

- **Electronic Privacy Information Center**

Credit report errors

It's a loan applicant's worst nightmare. After years of diligently paying your bills, your credit is deemed "no good" and the bank systematically rejects your request. The culprit is an erroneous credit report, whose false contents have identified you as a financial delinquent.

Such scenarios remain commonplace, according to the U.S. Public Interest Research Group, despite efforts to improve the accuracy of credit histories. In a study last year (1998), the consumer watchdog group found that as many as 70 percent of credit reports contain some sort of faulty information, with 29 percent including errors serious enough to result in the denial of credit.

Because a credit report is the critical piece of information used to determine whether consumers will be able to obtain a credit card, purchase a house, rent an apartment or get a loan, the preponderance of errors is

worrisome, says Jon Grolinger, consumer program director for the California division of PIRG.

- New York (CNNfn) - May 18, 1999: 6:03 a.m. ET

Errors in credit reports occur often due to fraud, data entry mistakes, and improper merging of information by the CRA to name a few. The errors can be caused by the creditor, the CRA, a thief, or a collection agency. Some typical reasons for errors can be:

Improper Format: The data furnisher reporting to the agencies provide their information in a format that is compatible with the agencies' database. This automation brings the information flow right into the agencies' database. The individual pieces of data are known as "fields". The current format is "METRO 2", which was created to comply with the 1996 amendments to the Fair Credit Reporting Act. However, some very large creditors, including some large national credit card companies have not moved to METRO 2 and are still using METRO 1. This can create many problems in providing correct consumer information, especially regarding bankruptcy.

Incorrect names: A name or social security number that the creditor inputs to their database can cause data to go to the wrong consumer's file. Likewise, similar names can cause an error (e.g. incomplete consumer's name such as "J.M. Jones" could either be "John Michael Jones" or "Jay Milhous Jones" or any other combination, "Sam" could be "Samuel", "Samson", or a female "Samantha.") This frequently happens with common names especially where there is a junior/senior relationship. Another source of error arises because creditors and agencies do not provide enough identification detail when inputting new consumer information.

Collection agency scam – post non-existent accounts: Unscrupulous companies intentionally (and illegally) place false collection accounts on credit reports to try and get the unwary consumer to pay. Collection agencies know some people will pay, even if the account is not their account especially if they are attempting to get credit. Under recent amendments to the FCRA, you can sue a collection company that improperly reports information.

Collection agency scam – re-aging: A type of abuse by debt collectors that results in inaccurate reporting is the "re-aging" of obsolete debts. The FCRA requires most consumers' debts to be deleted from a credit report after seven years from the charge-off or 180 days after the delinquency. Re-aging occurs when debt buyers (collection companies) purposefully misrepresent the critical date of delinquency, which is the trigger date from which the seven years is counted. Debt buyers report a date of delinquency that falls within the seven-year period, thus resurrecting long dormant and nearly worthless debts with the simple act of false credit reporting. This problem has grown particularly prevalent and profitable in recent years with the emergence of a multi-billion dollar distressed debt industry that buys, sells and re-buys large

portfolios of defaulted and time-barred debt for pennies on the dollar and then duns vulnerable consumers for inflated sums. – National Consumer Law Center

Identity theft: This is now the most frequent consumer complaint filed with the Federal Trade Commission. Creditors and the consumer reporting agencies have a legal duty to investigate and clear up the record of the identity theft victim. Your first step is to tell the three credit bureaus about the identity theft so they can flag your credit report to prevent further fraudulent credit accounts from being opened. You should also file a police report and contact each creditor at which a fraudulent account has been opened in your name.

Agency error: Most credit reporting agencies use name, address, social security number and date of birth to identify a consumer. The agency can err by wrongly combining information especially where consumer identifying information has similarities with other consumers. This happens most frequently where there is a junior/senior relationship. It also can happen when social security digits are similar within two digits of each other. If, for example, a child with the same name as the parent moves into the parent's home, big problems can result. There can also be problems where a recently married spouse has the same first name as a step child or an ex-spouse.

Public record error: The Big Three pay companies to go through court files and official records to obtain information. Judgments, bankruptcies and tax liens are the most frequently reported public records. If the contracted company does not do a thorough enough job, the fact that a judgment or bankruptcy was later vacated or satisfied may not get reported.

Bankruptcy discharge: After receiving a bankruptcy discharge, your credit report should reflect that your accounts have been discharged in bankruptcy. Additionally, your balances should be listed as zero. Often, your accounts are not properly updated with this information after a bankruptcy discharge and your ability to begin to rebuild credit is severely hampered. The companies that search public records are primarily looking for judgments and may overlook a discharge.

A credit report is not a paper file kept in one place at a credit reporting bureau. This is part of the reason correcting credit errors can be so frustrating. The credit reporting bureaus have all your information saved in a particular format in a big, interconnected data-base. Your information is maintained with everyone else's. When a credit reporting bureau receives information from creditors and others, it all goes into one big "vat" of information or a few different vats owned by affiliated companies. When a business inquires into or "pulls" your credit report, a search program or algorithm pulls information from this vat based on your "personal identifiers" such as your name, address, date of birth and social security number. It is kind of like an internet search engine algorithm,

except of course the credit reporting algorithm should be very selective in what it includes. The search algorithm is supposed to filter out obsolete credit information and credit information that doesn't belong to you. The remaining information is combined into one report. Your credit report isn't something fixed since the information used to create your credit report is constantly changing as creditors pour information into the "vat".

- MyFairCredit.com

Responsibility for accuracy of data in credit reports

While laws have been passed to put some controls on the credit reporting industry, the agencies are still not held responsible for any errors in their databases. Agencies do not have to check the accuracy of the information in their databases when you write to them and tell them the information on your credit report is inaccurate. The agencies are also *not in any way* responsible for the verification process. Their only responsibility is to pass on your dispute letter to the data furnisher that reported the data in question.

That there are known to be errors in the agency databases does not seem to deter companies from purchasing the agencies' data products. There does not seem to be any motivation for the agencies to be concerned with the quality of their data products. The problem is the data, good and bad, in the agencies' databases can and does hurt the consumers whose credit reports the agencies sell.

We will be discussing this aspect of the credit reporting industry in detail throughout this book. What is going on in this industry is shocking. Hopefully, our efforts to bring the industry's operation into the light of day will awaken a lot of people and make them more cognizant of what is happening to them without their knowledge or permission.

Court OKs suing agencies that spread credit errors

In a breakthrough for consumers dogged by faulty credit ratings, a federal appeals court yesterday cleared the way for individuals to sue companies that provide inaccurate information to credit reporting agencies.

Lawyers said the ruling by the U.S. Court of Appeals in San Francisco was the first by an appellate court on a consumer's right to sue a furnisher of credit information under the Fair Credit Reporting Act of 1970.

Allowing private lawsuits serves the law's purpose "to protect consumers against inaccurate and incomplete credit reporting," said Judge John Noonan in the 3-to-0 ruling. He noted the Federal Trade Commission had sided with the consumer in the case.

The law allows a consumer to seek damages against anyone who deliberately or negligently provides inaccurate credit information. It also requires regular providers of information to keep it up to date and allows consumers who sue successfully to recover attorneys' fees. Punitive damages may apply only to willful violations.

The court reinstated a lawsuit by a Las Vegas man, Toby D. Nelson, against Chase Manhattan Mortgage Corp. for allegedly supplying misleading information about him to credit reporting agencies.

Nelson and a friend co-signed a mortgage loan from Chase Manhattan in 1995. After the friend declared bankruptcy in 1998, Nelson kept paying off the loan but said he began having problems getting other loans. He checked with a credit reporting agency, which told him it had received a report that the mortgage loan account was included in a bankruptcy proceeding.

Nelson said he told both the credit agency and Chase Manhattan that the bankruptcy report was erroneous but couldn't get them to remove it. He later settled a suit against the credit agency for a confidential amount, said his attorney, Mitchell Gliner.

A federal judge dismissed Nelson's suit against Chase Manhattan, saying the law could be enforced only by federal and state agencies, not private citizens.

The appeals court disagreed, saying the law was intended to protect consumers.

The ruling is important, said Gliner, because without the threat of a damage suit, banks and other companies that provide credit information "very often will be indifferent to the plight of an individual."

Gerald Waite, a lawyer for Chase Manhattan, said the company believes it provided accurate information and will prevail at trial.

- [Bob Egelko, Chronicle Staff Writer](#), March 2, 2002

Making corrections to your credit reports

Most books and web sites will tell you that the way to correct information on your credit report is to "dispute" it. They tell you that you fill out the appropriate agency form or send a letter to the agency describing the error along with copies of your supporting information. The agency then has 30 days in which they are to contact the data furnisher for verification of the account information being disputed. The data furnisher will then check your disputed information to determine if the data they reported to the agency was inaccurate. If it is not correct they will resubmit the correct data. If it is as they have paid to have it reported they will verify the data.

Unfortunately this is only part of the picture. The part that does not work! The part the consumer reporting agencies would like you to believe is the way the system works. It only works for them by generating billions of dollars in fees.

In reality the agency that you contacted will submit your dispute, electronically, to a third party company called e-OSCAR (a subsidiary of Experian). e-OSCAR will then automatically interface with the data furnisher and do the follow through on the verification process. The data furnisher, short staffed and tight budgeted especially in this recession, need do little or nothing in the dispute process as e-OSCAR is totally automated. There is no auditor that forces the creditor to do a real check of their system to determine if your dispute is being properly processed.

Creditors are just as likely to ignore a dispute as process it. Thereby, Mark's credit repair company has six additional processes to get derogatory listings removed or upgraded a positive listing. Even then, there is no guarantee of success. It is more a

matter of having the tenacity to get the job done by following through, procedural tracking of hundreds of letters, tracking replies, and account statuses, and the details of each credit item individually.

Your credit score

The credit score will be discussed in detail in Chapter xx, “Credit Score”, but we wanted to mention it briefly here in order to show the relationship between the credit report and the credit score.

Your credit score is a three-digit number ranging between 300 and 900 (across the board for the Big Three agencies). It is computed based on mathematical equations of what the agencies considers the model of creditworthy; amount of debt, amount of credit already available, how this mystical model individual has handled credit in the past, etc. The model for FICO scoring is technically called the Black-Sholes model.

If you have been diligent in paying your bills on time, you are not over extended and if your credit profile happens to be configured such that it best emulates the model credit score, you will be deemed to be more creditworthy and you will have a higher credit score. This is also referred to as “credit scoring”.

As I have already mentioned the reason that a high credit score number is very important is that your credit worthiness determines how much credit a creditor will extend to you and on what terms (interest rate, loan duration, etc.). If you have a high credit score on your credit report you will more than likely save thousands, tens, or even hundreds of thousands of dollars in interest on a major purchase such as a house.

While the information contained in your credit report is a major determining factor as to whether you will be approved for a loan and at the lowest possible interest rate it is not necessarily the sole factor as to your being a considered a good or adverse credit risk. Actual consumer credit worthiness is still in the eyes of the beholder, so to speak, regarding major purchases. It is each creditor’s option to make their own evaluation and determination as to how creditworthy they deem you to be.

One creditor may look at your credit report and credit score and determine that you are too great of a credit risk while another creditor may determine that you are creditworthy. Creditworthiness, of course, is often motivated by the amount of interest you are willing to pay to offset your determined level of risk, or how motivated a creditor is to want to make a sale. Looking at the reason for the recession it is apparent that too many people were deemed creditworthy, probably because the creditors were overly motivated to make money even if it meant making sub-prime loans.

The fact that the finance industry has come to accept the “credit score” calculated by the consumer credit reporting agencies as *the* statement of your creditworthiness is unfortunate. The score in and of itself pretty much establishes the outcome of your credit applications as to whether you will be approved for or denied credit, insurance, or a job.

In many cases creditors need only to look at your credit score to determine your creditworthiness. They do not look at the details of your credit report to come to their own conclusion. There are too many customers to be processed that there really is not enough time to look at the details.

The Equal Credit Opportunity Act for Women

Under the Equal Credit Opportunity Act women have the right to build up their own credit without being discriminated against. Women who do not apply for credit in their own names are at a distinct disadvantage. For example, in the event of a divorce or death of a mate she will have no credit history reflecting her personal contributions. There is a distinct advantage for women to maintain their identity when they are married.

You can request a free brochure "Women & Credit Histories" from the Federal Trade Commission Washington, DC 20580 ATTN: Women & Credit Histories.

See Chapter xx, Women and Credit for additional information on the significance of women obtaining their own lines of credit.

Marriage and your credit report

In most cases you and your spouse can continue to have separate [credit reports](#) containing your individual credit histories after you are married. If kept separate, a spouse's credit history will not appear on the other spouse's credit report. If one spouse has a derogatory credit history no one will ever know by looking at the other's credit report.

If the wife chooses to change her name to her new married name this will be reflected on her credit report. The theory that a wife changing her name erases her past credit history is not true as credit report information is tied directly to a social security number. Her credit report will continue to contain her old credit history under her maiden name and her married name.

Your [credit score](#) will not drop simply because you marry someone with a bad credit history. Neither will your score improve on the basis of your spouse's good credit score. Each spouses' credit score will continue to be calculated based on the information contained in their individual reports. FICO 08 no longer recognizes interrelationships in credit score calculation.

When you and your spouse have different credit scores you have the option to decide how you want to handle credit applications. If the spouse with a better credit score makes all the applications you stand to enjoy the benefits of the better credit score; ease of loan approval, better interest rates, etc.

The exception - if you and your spouse jointly apply for a credit card or loan then both credit scores will be checked. With joint accounts the history of the account is reported on both spouses' credit reports even if only one spouse actually uses the

account. Both spouses are responsible for any credit card and loan payments. Furthermore, if the account becomes delinquent the creditor will attempt to collect from both spouses.

Chapter 11, “Women and Credit”, offers additional detailed information on the affect of marriage on credit and the importance of women creating their own credit histories.

Divorce and your credit report

Divorce can be both a complicated and challenging process in which details may be easily overlooked. Protecting your financial health is crucial. No one should enter this process without a trusted attorney (specializing in divorce) who will explain the laws that shape divorce proceedings and the impact they can have on your assets and credit score. Chapter 11, “Women and Credit”, and Chapter 10, “Divorce and Credit” have some additional and more detailed information.

FYI - Credit Reports: They’re Free but Flawed

September 23, 2006, M. P. DUNLEAVEY

The reports that once cost \$25 or \$35 are now free of charge but that hasn’t made getting them, decoding them or correcting the errors you’re likely to find on them one whit easier.

As far as I can tell, the main impact of these freebies is that getting your credit report has now joined the ranks of other dreaded procedures — like mammograms, colonoscopies and regular dental cleanings. You know it’s for your own good, but it sure doesn’t feel that way.

Let’s start at the beginning of the quest for this not-so-holy grail. There is only one Web site—www.annualcreditreport.com—where you can either download or order your free reports by phone or mail (the toll-free number is (877) 322-8228). “But you have to be very careful to type ‘annualcreditreport.com’ correctly,” said Ed Mierzwinski, consumer program director of the U.S. Public Interest Research Group (Uspirg) in Washington.

“Some studies have found over one hundred fraudulent sites that are misspellings of the correct name,” he said.

Even more outrageous is that the three main credit bureaus themselves — Experian, TransUnion and Equifax — have set up competing enterprises with names like freecreditreport.com, which offer you a free copy of your report as long as you sign up for “free-to-pay credit monitoring services,” Mr. Mierzwinski said.

Free to pay? That’s when you sign up for a free trial period of some financial service that ends up being billed to your credit card if you forget to cancel it.

Last year the Federal Trade Commission sued Experian for using the freecreditreport.com site to lure consumers into spending \$79.95 on free-to-pay credit monitoring. Experian reached a settlement with the F.T.C. and had to pay \$950,000 in ill-gotten gains to the F.T.C. The hurdles only continue once you get your credit report. About four years ago, when Caroline Hwang, a novelist in New York, suspected that some pieces of personal mail had been stolen, she got a copy of her credit report then and requested that several out-of-date accounts be closed.

But when she ordered the report recently, she learned they never were closed. “I couldn’t believe how many accounts were still on there, accounts I’d closed but were still listed as open — and some I’d never seen before,” she said.

According to a 2004 study by Uspirg, about 25 percent of credit reports contain errors, some serious enough to damage your credit score. And a 2002 study by the Consumer Federation of America, a consumer advocacy group, found that because of various errors, there were wide discrepancies among the scores generated by the different bureaus.

“We’re still hearing that the credit bureaus are not adequately addressing the problem of credit report errors,” said Travis Plunkett, legislative director of the group.

If you find a mistake on your report, it is up to you to contact the credit bureau and the institution that was the source of the error, provide the correct information and clear it up. As time-consuming and irritating as this may be, “you’ve got to keep meticulous records, take it upon yourself to dispute the mistakes,” Mr. Mierzwinski said. “People have to be aware that mistakes can drive their credit score down dramatically.”

When I downloaded the free annual copies of my own report, only two were available; for some reason Experian said I had to contact them by mail. Both the Equifax and TransUnion reports contained numerous errors, including three credit cards and one store card that — as far as I know — are not mine.

There was another puzzle: according to these records, my employment history is full of holes — even though I’ve worked nonstop since college.

It’s beyond frustrating to look at mistakes regarding your own personal information — and know that you have limited control over how and when they can be corrected. Although the online reports allow you to file your dispute on the Internet, the forms I filled out didn’t allow much room for explanation.

Still Mr. Plunkett urges consumers to take advantage of their free reports, however flawed the system may be. “It’s easier than it’s ever been to get your credit report and evaluate the accuracy of it,” he said. “And given that credit scores are being used increasingly to determine your financial fate, we strongly encourage people to look at their report at least once a year and do their best to correct any mistaken information.”

A summary of your rights under the Fair Credit Reporting Act

The federal Fair Credit Reporting Act (FCRA) promotes the accuracy, fairness, and privacy of information in the files of consumer reporting agencies. There are many types of consumer reporting agencies, including credit bureaus and specialty agencies. Here is a summary of your rights under the FCRA.

- Adverse decisions - Any company that uses a credit report or another type of consumer report that results in a decision to deny your application for credit, insurance, or employment or to take any other adverse action against you must tell you so, and they must give you the name, address, and phone number of the agency that provided the information.
- Right to access your credit report - You may request and obtain all the information about you in the files of a consumer reporting agency (your "file disclosure"). You will be required to provide proper identification, which may include your Social Security number. In many cases, the disclosure will be free.
- Right to see your credit report – You may request that any consumer reporting agency provide you with a free copy of your credit report once a year. In some states you are entitled to a free copy every six months. The credit report that will be provided to you is called a “bureau type” credit report. The main difference between this report and the “commercial type” report that is used by banks is the credit score is different. Even if your mortgage company has a copy of this report they are not allowed to show it to you because it violates their contractual agreement with the agency that provided it. There is also a commercial credit report that you are not going to get a copy of. You are entitled to a free credit report if:
 - A person has taken adverse action against you because of information in your credit report;
 - You are the victim of identify theft and place a fraud alert in your credit history file. As an aside, the fraud alert has several derogatory consequences. Namely, you represent a high risk credit customer as one of two circumstance are in evidence based of your action of filing a fraud alert.
 - You are the victim of fraud or ID theft and the thief will have access to the new account information making further fraud theft a higher risk.
 - You have fraudulently reported fraud in an effort to discharge the actual debts incurred by you or authorized parties. In which case you represent a high risk credit consumer.
 - Bottom line, once a fraud alert is placed on a file your chances of getting new loans or credit cards becomes nearly zero.
 - Based on experience the fraud is usually perpetrated by a family member you forgot you cosigned for or made an authorized user on

your accounts years ago and now the circumstances have turned bad for you and your friend or relative.

- Your file contains inaccurate information as a result of fraud; same as above
 - You are on public assistance.
 - You are unemployed but expect to apply for employment within 60 days.
 - In addition, as of September 2005 all consumers will be entitled to one free disclosure every 12 months upon request from each nationwide credit bureau and from nationwide specialty consumer reporting agencies. If you are married you are both entitled to separate reports. Some states provide for their residents to have two free copies each year. Go to www.ftc.gov/credit for additional information.
- You have the right to dispute - If there is information in your consumer reporting agency history file that is incomplete, inaccurate, and damaging to your credit score your chances of getting a new loan, buy insurance or even getting a job are reduced. You have the legal right to dispute any derogatory listing on your credit report to the consumer reporting agency and to the company or other source of this data and demand that it be removed from your history file. The agency, by law, must request that the data furnisher investigate your dispute. The data furnisher may in all likelihood declare your dispute to be frivolous in order to avoid having to process it. Chapter xx, "Credit Report Maintenance" has additional information. Go to www.ftc.gov/credit for an explanation of dispute procedures.
 - Consumer reporting agencies must correct or delete inaccurate, incomplete, or unverifiable information - Inaccurate, incomplete or unverifiable information must be removed or corrected, usually within 30 days. However, a consumer reporting agency may continue to report information it has verified as accurate.
 - Consumer reporting agencies may not report outdated derogatory information - In most cases, a consumer reporting agency may not report derogatory information that is beyond the statute of limitations.
 - Limiting access to your credit report - A consumer reporting agency may provide information about you only to people with a valid need.
 - Perspective employers require your permission to access your credit report - A consumer reporting agency may not give out information about you to your employer, or a potential employer, without your written consent given to the employer. Written consent generally is not required in the trucking industry. For more information, go to www.ftc.gov/credit.
 - You may disallow promotional inquires - Unsolicited "prescreened" offers for credit and insurance must include a toll-free phone number you can call if you choose to remove your name and address from the lists these offers are based on. You may opt-

out with the nationwide credit bureaus at 1-888-5-OPTOUT (1-888-567-8688) or go online to www.ftc.gov/bcp/edu/pubs/consumer/credit/cre17.shtm

- You may seek damages from violators - If a consumer reporting agency, or, in some cases, a user of consumer reports or a furnisher of information to a consumer reporting agency violates the FCRA, you may be able to sue in state or federal court.
- Identity theft victims and active duty military personnel have additional rights. For more information, visit www.ftc.gov/credit.
- You may disallow your credit information to be used for marketing purposes. Creditors and insurers may share information in your credit file with marketers who send you unsolicited offers. To request that the three credit reporting agencies not share your information with marketers, call 888-567-8688.

The Federal Trade Commission

The federal Trade Commission is responsible for enforcing any credit report problems which a consumer has not been able to get corrected through a consumer reporting agency. If you feel there is a violation of your credit report, you may write to the nearest FTC office with a copy of it going to the FTC, Washington, D.C. office. However, do not expect the Commission to actually get the problem resolved. They will merely add your complaint to their files.

FTC Headquarters
Federal Trade Commission
Consumer Response Center, Room 130-A
Pennsylvania Avenue NW
Washington, D.C. 20580
(202) 523-3830 www.ftc.gov/credit

California: 450 Golden Gate Ave., San Francisco, CA 94102

California: 11000 Wilshire Blvd., Los Angeles, CA 90027

New York: 26 Federal Plz., New York, NY 10278

Texas: 8303 Elmbrook Dr., Dallas, TX 75274

Illinois: 55 E. Monroe St., Chicago, IL 60603

Ohio: 668 Euclid Ave., Cleveland, OH 44114

Washington: 915 Second Ave., Seattle, WA 98174

Colorado: 1405 Curtis St., Denver, CO 80201

Georgia: 1718 Peachtree St., Atlanta, GA 30367

Massachusetts: 150 Causeway St., Boston, MA 02114

Don't expect the FTC to take an active interest in your case. They are there to monitor the consumer reporting agencies and only to take an active interest in the problem if there are many complaints about the same problem. If you have written the FTC, continue working to correct or restore your credit during this time.

Federal laws regarding consumer credit

The Fair Credit Reporting Act (FCRA) - It guarantees your rights regarding the assurance of the accuracy of your credit file. If you are turned down for credit due to a credit report, you can learn the information in it from the credit bureau at no cost. Otherwise, disclosure of the information in your file by a credit bureau involves a fee. While correct information cannot be changed, you have the right to dispute incorrect information in a credit report.

The Equal Credit Opportunity Act - Requires that credit grantors extend credit fairly and without considering race, color, religion, national origin, sex, marital status, or age (with certain exceptions). If you are turned down for credit you are entitled to the specific reasons for the creditor's action.

The Fair Credit Billing Act - Says that if you receive a billing that you feel is incorrect and you notify the creditor within 60 days, the creditor must either correct the bill or send you an explanation within 90 days.

The Truth in Lending Act - Requires credit grantors to tell you what using credit really costs (like interest rates, minimum monthly payment, etc.).

Health Insurance Portability and Accountability Act of 1996 (HIPAA, Title II) - Requires the Department of Health and Human Services (HHS) to establish national standards for electronic health care transactions and national identifiers for providers, health plans, and employers. It also addressed the security and privacy of health data. HIPAA, which stands for the American Health Insurance Portability and Accountability Act of 1996, is a set of rules to be followed by doctors, hospitals and other health care providers. HIPAA took effect on April 14, 2006. HIPAA helps ensure that all medical records, medical billing, and patient accounts meet certain consistent standards with regard to documentation, handling and privacy. HIPAA requires that all patients be able to access their own medical records, correct errors or omissions, and be informed of how personal information is shared and used. Other provisions involve notification of privacy procedures to the patient. HIPAA provisions have led, in many cases, to extensive overhauling with regard to medical records and billing systems.

The Fair and Accurate Credit Transaction Act of 2003 (FACTA) added new sections to the federal Fair Credit Reporting Act (FCRA, 15 U.S.C. 1681 et seq.), intended primarily to help consumers fight the growing crime of identity theft. Accuracy, privacy,

limits on information sharing, and new consumer rights to disclosure are included in FACTA. (Pub. L. 108-159, 111 Stat. 1952)

The Gramm-Leach-Bliley Act - also known as the Gramm-Leach-Bliley Financial Services Modernization Act, [Pub.L. 106-102](#), 113 [Stat.](#) 1338, enacted November 12, 1999, is an [Act](#) of the [106th United States Congress](#) which repealed part of the [Glass-Steagall Act](#) of 1933, opening up competition among [banks](#), [securities](#) companies and [insurance companies](#). The Glass-Steagall Act prohibited a bank from offering [investment](#), [commercial banking](#), and [insurance](#) services.

FDIC (LOAN MODIFICATION) - The FDIC has initiated a systematic loan modification program at IndyMac Federal Bank to reduce first lien mortgage payments to as low as 31% of monthly income. Modifications are based on interest rate reductions, extension of term, and principal forbearance. A loss share guarantee on re-defaults of modified mortgages can provide the necessary incentive to modify mortgages on a sufficient scale, while leveraging available government funds to affect more mortgages than outright purchases or specific incentives for every modification. The FDIC would be prepared to serve as contractor for Treasury and already has extensive experience in the IndyMac modification process.