

What You Must Know About Your Credit Report and Score

Must Know: There is more than one company reporting on your credit; you need to know most websites and rental companies use Vantage scores and most mortgage companies use FICO scores. The chart below will help compare these scores.

FICO	Vantage	Will Include Rent#	# of people in this category
781-850	← 900-990	A	11%
651-780	← 800-899	B	29%
599-680	← 700-799	C	21%
500-598	← 600-699	D	20%
300-499	← 501-599	E	19%

Anyone with a score over 850 automatically shows they are using the Vantage scoring method. The report itself in the fine print will tell you the type of report it is. The 3 repositories, Transunion, Equifax, and Experian own Vantage so they have full control of who gets which report. In 2014, Vantage changed their score model to same score range as FICO, 300 to 850, this will simplify their comparisons with FICO.

Primary Search Method:

1. Name- Many people have used different variations of their name; All used will show upon report.
2. Address- People move a lot, will show history of moving.
3. Date of Birth- Difficult to prove without a birth certificate.
4. Social Security#- Last resort, but one of the best methods to verify accurate information and person.

Credit Report Search Sites: Free or Very Inexpensive

Reporting

- | | |
|--|---------|
| 1. Creditkarma.com | Vantage |
| 2. Thinkcreditreport.com (Cost \$1.00) | |
| 3. Annualcreditreport.com (Free once a year) | Vantage |

Getting Your FICO Score: Same Score Most Mortgage Companies Use

- You can go to "Myfico.com: also to get your FICO score. Charge is \$50-\$75
- You can go to "Creditguy.tv" charge is approximately \$18 (Must answer 4 security questions)

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What Credit Helps Your Credit Score: In Order of Importance

1. Mortgage loans paid on time gives you the most points
2. Installment loans, car, boat, etc. second best in points
3. Credit card type: American Express best, big banks (Chase, Orchard, Capital 1) next best, department store cards not as good-similar to small banks and credit unions.
4. Secured credit cards; best ones are: Capital 1, Orchard, and 1st Premier
5. Utilities and various other reporting entities, ex. management companies

What Hurts Your Credit Score The Most:

Listed in Order of Least Damaging to Most Damaging

1. Inquiries; Have very little effect on your score
2. Credit Mistakes, Minor mistakes such as a third party putting something on your credit
3. Maxed Out Credit Cards, Always try to stay below 49% of max credit available. Best to stay below 33%. Maxed out credit still affects your credit even if paid in full every month.
4. 30 day late payment, Even 1 day late that is reported is very damaging to your score, as much as 40-100 points. 60-90 days late is even worse. Student loans and medical bill paid late to, not affect your credit as much as other debt
5. Repossession of vehicle, furniture, etc.
6. Judgments; automatically on your credit report, usually 75 or more points lower.
7. Short Sales, any debt that is settled for less than full amount
8. Foreclosure or Deed-In-Lieu or charge-offs
9. Bankruptcy; Worst thing to hurt your credit score.

What Can Be Removed From My Credit?

CMAC is very successful at removing anything from your credit that is not proven that it is your legal debt or liability. This includes judgments, IRS Liens and anything that is falsely reported to the credit bureaus. This will take approximately 60 days to have such false items removed. You must write a letter, meeting their requirements, and tell them what is falsely on your report and they have 30 days to prove it is legitimate or they must remove from your report.

Other Items That Can Hurt Your Credit Score:

- Some credit repair companies that are not experienced with credit scores can actually lower your score.
- 6 months same as cash, more than one can hurt your score.
- Going through a divorce
-Example: See page 3

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Q: When I divorced 12 years ago; my ex agreed to pay the credit card debt, but never did. I am being dunned for money I don't even owe. How do I get this off my credit?

A: First, you, too, owed this debt because you're a joint account holder. A divorce agreement doesn't change that. You can't be sued for it because the statute of limitations has presumably run out. But the collection firm that owns your bad debt is still allowed to bill you, which is totally unfair. Unpaid debts should drop off your credit report after 7 1/2 years from the first missed payment. But the debt owner might not have told the credit bureau when to start the clock. Use the bureau's website to dispute the bills, says Chi Chi Wu, staff attorney for National Consumer Law Center- not on the ground that your ex should pay (that won't work) but because they're stale. The bureau will check with the debt's owner, which should solve the problem.

How To Improve Your Credit Score:

- **2-5 Credit Cards** with no late payments, especially cards with the big banks.
- **Pay down revolving balances to 5-9%**, of credit available- next best, keep below 33%
- **Do not pay off 100%** unless using card, no activity indicates you are not using card.
- **Payments made before reporting date**, usually 3rd or 4th of month, help the most so balance won't be on your card for the next 30 days. (Reporting date is usually near top of statement)
- **Consolidation Loan:** If you have several loans or high balances on several credit cards, try to get one loan and pay the rest down to 5%. Helps your credit considerable.
- **Soft Inquires:** Just asking about credit, do not affect your credit.
- **Hard Inquiries:** Mortgages and auto loans etc., help your score and all inquiries in a 45 day period are treated as one inquiry. When shopping for a car or house try to do in this time frame.
- **Length of Credit:** Very important to increase score. Do not cancel any long term credit cards. The more long term debts paid on time and paid down the low balance the better for your score.
- **Authorized users:** On your account with good credit can help boost your account score.

Time Period: Statue of Limitations

Lawsuit windows on your debt generally run from 3-8 years, depending on your state.

Collection agencies will call for many years more if they think they can get you to pay at least something on your debt. Unpaid debts stay on your credit history and ding your credit score for 7 years. The credit bureau is supposed to remove after 7 years or you can write them and tell them to remove it.

What You Should Know About Your Credit Report & Score:

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- Not all companies report to all 3 bureaus, that is why each bureau will have a different score for you.
- Do not charge any major items on your credit cards prior or during the mortgage process.
- **Removal Time;** It takes 7 years to 6 months for collections, utility debt, tax liens, judgments, chapter 13 bankruptcies, and most bad debt to be removed from your credit unless you dispute it successfully. It takes 10 years for short sales, foreclosures, and chapter 7 bankruptcies to be removed and sometimes they are never removed. You might have to professionally have these removed if they don't automatically fall off.
- **Divorce Decrees;** If your spouse is the cause of the problem and you are both on the account, you are still responsible. Your credit will go down as long as debt is late or not paid.
- **Validation of Debt Letter;** This is how you remove items from your credit that should not be there. The 3 bureaus have 30 days from the time they receive your letter to prove the debt is legal or they must, by law, remove from your credit.

Correspondence requirements if you submit a debt letter:

- Must submit complete name, address, and social security number
- Must submit at least 2 items proving above, driver's license, passports, utility bill, birth certificate, etc.
- In general females have higher credit scores than male.
- Rent payments are not reported unless management company with more than 500 clients.
- Credit cards are much better than debit cards. With debt cards you can lose a lot of money if someone gains access to your account, where credit cards have a limit of usually \$50- \$75 max that you can lose.

Fraud Alert or Credit Freeze:

- Locks your account against anyone using
- This is for most part permanent, it is difficult to remove
- If you are going overseas for extended period of time, very important to do this with all cards not using.
- They do charge for a credit freeze
- Your statement will indicate a fraud alert
- You have full access to your credit report and statement

IRS "Fresh Start Program"

- In 2011 the IRS created this ability to remove IRS liens from your report

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- This can be done in 30-60 days
- You must refer to “Fresh Start Program” for anyone to know what you are talking about.
- Some mortgage companies can help you with this

Loan Modifications: How will a loan modification affect my credit score? It comes back to how the account is being paid when the modification is completed. If the account is currently past due and a principal reduction is made, then the reduction will not substantially help or hurt the score. What will hurt the score is the history of slow payments (if any) that preceded that reduction. Once the loan modification is made and the borrower is making on-time payments (on this and hopefully all other accounts) than the borrower’s credit score should recover. Although, the bad history on the account will always hurt an individual’s score to a degree. Once an account falls into a “Was 30/Was 60/Was 90” it will always be tainted with that classification. (Was 30/ Was 60/Was 90 is an insider term that indicates the account was delinquent, but is now current)

How To Deal With Collectors:

- Never make a payment until you get what you want
- Never agree to a payment arrangement, only agree to pay in full. Try to pay only 10% of balanced owned. Okay to go up higher percent’s when you feel you have arranged what is feasible to pay and what is fair a payment for your debt.
- All correspondence must be on company letter head and signed by person with authority or it may not be binding or approved in the future

One Company That Can Raise Your Score:

[Credit Mentoring and Consulting ~ Is A Company That Can Raise Your Score!](#)**Contact Information**

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Hours of Operation

Customer Service:(Ask For Joshua or Christina (Owner)

Monday - Friday : 8:30 AM - 5 PM Eastern

Saturday and Sunday: Office Closed