

Defeat Debt

Credit Advisors Foundation

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Credit Reports: Myth and Reality

My credit file shows my credit rating: Myth.

A credit report or credit file contains a variety of data but does not assign you a rating. Credit reporting agencies or bureaus are neutral parties that provide a format in which your past, current and future creditors exchange information. The types of information on the report includes: personal identifying data (social security, date of birth, addresses, and employers) that were acquired from credit applications and subsequent updates; profiles of accounts held including those with balances and those paid within the last seven years including their individual status or ratings; and any public records including bankruptcy filings, judgments and civil obligations such as child support or alimony.

My credit file and credit score are the same thing: Myth.

A credit score is determined by a program that filters the information available in your

credit file and assigns a point value to different aspects of the data. The Fair Isaac Co (FICO) developed this system as a predictive index of the risk involved in lending money.

Credit bureaus do not create the score nor have the ability to change it. They only provide the raw data. Creditors use a credit score to predict if you will repay according to the terms of the agreement. Credit scores can make a significant difference in the interest rates and terms you'll be offered in the future.

My credit score is a set number: Myth.

Your credit score is re-calculated each time the data in your credit file changes. Credit scores are determined by placing a point value on how you handle your accounts (payment history), how much you owe on all your accounts compared to the credit available to you (credit utilization), age of your

oldest account (length of time), amount of new credit you have sought (inquiries), and the types of credit you are using (installment, revolving, open). During this process your credit file is also compared to the credit behavior of other consumers with like histories to calculate your final credit score.

Only my creditors and I may view my credit file: Myth.

Not only do creditors view your credit file but also insurance companies (to calculate rates), employers, and landlords. Your private information can be used to develop lists that are sold to others without your permission or knowledge by the credit bureaus. Credit card companies, insurance companies and investment companies purchase lists containing names and addresses of consumers who fit particular demographics regarding their total credit amount, types of credit, and credit scores ranges. An example of this is the many credit solicitations you receive in the mail each month.

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Credit Reports

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As long as I make my payments on time, I don't have to worry about my credit file: Myth.

Experts now recommend you review your credit file annually to ensure that your accounts are correctly reported and that no attempts have been made to use your identity. Current laws allow you to receive a free copy of your credit file annually from the three major credit bureaus. It is possible to monitor your credit for free three times a year by requesting your credit file from a different bureau every four months.

Credit files contain only accurate information: Myth.

There are estimates that up to 90 percent of all credit files contain inaccuracies some as simple as a transposed number. As many as 80 percent of credit files have errors that negatively affect credit scores. The types of errors found on credit files include: errors of personal identifying or demographic information such as name, address, social security number; inaccurate reporting of consumers' account status and data such as limit, balance, or terms; improper or inadequate purging of outdated information; missing information or data; and information or data from the credit files of other consumers.

There are companies who can help me clean up my credit: Myth.

A search of the World Wide Web shows a number of companies that claim they can correct errors or change correct but derogatory information on your credit file for a price. As a smart consumer you should recognize this as a scam. Some of these companies make recommendations that encourage dishonesty and sometimes illegal behavior.

You can complete the process to correct

errors on your credit file yourself following the directions outlined by the Fair Credit Reporting Act at www.ftc.gov. Accurate information (even if it is derogatory) will remain on your credit file until it is removed seven years from the date of last activity or 10 years from a discharge of a Chapter 7 bankruptcy. The only remedy for accurate derogatory marks in your credit file is the passage of time and improved credit management.

My 'bad' credit will drop off of my credit file after seven years: Myth.

With the exception of Chapter 7 bankruptcy filings (10 years from the date of discharge) all "trades" or listings on your credit file should disappear seven years after the date of last activity (DLA). This does not mean that a debt will disappear in seven years. The original creditor could sell the debt to a third party who can list a valid debt on the collection section of your credit file thus starting the clock again for over seven years from DLA. If the company attempts to collect for a year and then sues you to obtain repayment, the judgment will enter the public record section of your credit file and a new DLA is started. This can drag on and on. It is best to deal with all debts as quickly as possible to prevent an account from dragging your credit down.

I must hire a company to review and monitor my credit file: Myth.

Credit Advisors Foundation reviews and monitors your credit file as a part of your debt management program (DMP), if you are enrolled in our credit review program. What does CAF look for during a credit file review?

Within the first six months of your program CAF conducts an initial review of your credit file. At that time, your credit file is compared to your debt management program application. We note any differences or items we believe

to be inaccurate and report them to you so that you can confirm our findings. Are the accounts yours? Were you aware of them? Should they be included in your DMP? If these differences are determined to be errors, your Account Manager can walk you through the process necessary to request corrections by the credit bureaus.

After the initial review, CAF completes periodic reviews of your credit file. During these reviews any changes discovered are reported and we will assist you with correcting any errors.

Credit file reviews are just one more advantage of a Credit Advisors DMP. By including this credit file review, the average program savings is \$60 to \$100 annually. Additionally, a well monitored credit file reduces the potential damages caused by identity theft. Please note: this DMP service is not offered in all states.

To get help from CAF obtaining and reading my credit file I have to be a DMP client: Myth.

CAF will help you obtain, read and understand your credit file and score regardless of whether or not you are a DMP client. If it is determined to be necessary during the review of your credit file, the certified credit counselors at CAF will also explain the process for filing disputes.

Learning how to complete a credit file dispute can save you time, stress and lower the amount of interest you pay on future credit and insurance. Maintaining diligence in monitoring your credit file is one more step to your debt free future.

Kevin Wants You to Be Debt Free

Credit Advisors is proud of our dedicated staff. This year we are introducing our Account Managers.

They are the "go-to" person for those on a Credit Advisors Debt Management Program. Account Managers make sure the program runs smooth.



Kevin McGee serves clients in: Alaska, Arizona, Canada (Ontario), Idaho, Nevada, Nebraska, Oregon, Utah, and Washington.

Defeat Debt: How long have you worked at Credit Advisors?

Kevin: I began my career here at Credit Advisors on January 2, 2007, which was not only a new year but a new beginning in making a difference.

Defeat Debt: What is your favorite aspect of your job?

Kevin: My favorite aspect of my job is the hands-on service I provide my clients. Whenever there is an issue or problem I am able to service clients' needs in a very timely manner.

Defeat Debt: What is your typical workday like as an Account Manager?

Kevin: A typical workday for me is hectic yet rewarding. Hectic in that I have over 700 clients and on any given day I will contact creditors, adjust payments, send new proposals, schedule payments, or track the many collections agencies where accounts have been sent. Rewarding because I am able to assist clients with getting out of debt and rebuilding their financial future.

Defeat Debt: What about the management of accounts would surprise most clients?

Kevin: Our clients would be surprised that each account manager has at least 500 clients (and growing with today's economy)

and we work very hard contacting creditors to make sure they will

participate in the program by further lowering the rates, waiving fees, and/or making the accounts current (re-age). While many creditors don't like to (because of course they are in business to make money) we make it a lot easier for them to receive payments and a lot easier for our clients to pay their creditors, getting our clients out of debt a lot faster than if they were to work out agreements directly with their creditors.

Defeat Debt: If you could let your clients know one thing that would increase the success of their program, what would it be?

Kevin: One of the most powerful tools our clients can use to increase the success of their program is COMMUNICATION. Creditors only send statements to our clients, they don't send us anything. There may be fees applied that should not be, past due amounts that may potentially be reported (it takes seven years to have past due amounts removed from credit reports), and payment protection insurance that is subtly charged to your account.

Clients may have to delay or postpone a payment, and if we don't receive notice with at least five business days advance notice, we will still submit the information to the bank and the payment may be rejected for insufficient funds. This will cause an overdraft fee to be added to the bank account, which only gets clients into further debt and that is not how the program is designed. Remember we are a team working together to get you out of debt with no regret!

Defeat Debt: Now that summer is here and we are all thinking about vacations, where would you go on your dream vacation?

Kevin: I would love to take my family to a Jamaican resort for a week of fun in the sun, relaxation, and peace of mind!

Kevin: Lastly, Credit Advisors has been getting people out of debt for over 50 years and we do it well. If you or someone you know is sincere about getting out of debt, but you just don't know where to begin, give us a call. We will help you by providing a budget analysis so you can see where your money is going and how much you have to pay your creditors. We can pull a credit report and review who your creditors are and come up with a reasonable payment plan to get you out of debt. Once the plan is on paper then myself or one of our other Account Managers will see you through from the first payment to your last payment. We also have several educational programs available to not only keep you informed but, most importantly, keep you credit smart. Give us a call to get out of debt with no regret.



It takes time, perseverance, and dedication to become debt free.

Each month we honor those who paid off all their creditors with a Credit Advisors Debt Management Program.

May 2009

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Debt Management Programs
Paid In Full

Congratulations!

Credit Advisors Foundation

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We're on the Web !!
www.creditadvisors.org

Get Out of Debt with No Regret !!



Free Financial Seminars

“Credit Reports 101”

Friday, June 12, 11:00am or
2:00pm

Credit Advisors

1850 South 72nd Street, Omaha, NE 68124

Please R.S.V.P .

Call: 402-514-3332

E-mail: rfeala@creditadvisors.org

If you cannot attend in-person, call our
conference line at 1-866-285-7780 code 4425358.

“Budget Workshop”

Friday, August 14, 11:00am or
2:00pm

