

INCOMEANDCREDIT.NET

The Credit Info/Repair Kit

Your Key to Financial Freedom

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Everything you need to know about credit including obtaining and monitoring your credit reports for free! Information on proven ways to increase your credit rating and a “how-to” guide on disputing incorrect information on your credit files.

<u>Table of Contents:</u>	<u>Page:</u>
Introduction	1
About Me	2-3
Credit Basics	3-4
Credit Bureaus	4-5
Establishing Credit	5-7
Rebuilding Damaged Credit	7
Maintaining Good Credit	8-9
Types of Credit	9-10
Monitoring/Disputing your Credit	11-12
To Sum it all Up	13

Introduction

Within the past few years, the words, “free credit report” have been so misused that most people have been led to believe that there is no such thing as a [free credit report](#). They believe that if you want to view your free credit reports that you’ll first have to pay a fee to sign up for some kind of monthly or yearly service. Although most companies and businesses want to charge you a fee for getting to your credit reports you are actually entitled to receive a free copy of them from each of the major credit bureaus once every year.

This book is going to help you to not make the mistake of paying to see your own credit when you can do it yourself at no cost. You will also learn how to repair your credit by disputing incorrect information on your credit files which, in turn, should help to increase your credit score. Monitoring and fixing your credit reports is just one more example of a service that so many businesses want to charge you a fee for when you can do it yourself entirely free of charge, aside from the cost of a few envelopes and stamps. Combine your envelopes and stamps with a little bit of your time and you could soon be an expert at repairing your own credit.

1. About Me

The most important thing there is to understand about me is that everything that I do in life is for my family. I have a beautiful wife and two amazing children. So whether it's trying to better my career or improve my credit it's being done for them. Even writing this book is benefiting them by helping to increase the traffic to my website I created, www.incomeandcredit.net, which does help me to make some extra money on the side.

Over the past few years I have been working on recovering from a bankruptcy I had to file due to a major decrease in pay. I was working a sales job making over \$50K a year when I was laid off and had to accept a management position making only \$15K a year. During these past few years I have learned a lot about credit and how to avoid having to pay someone to fix your credit for you.

I am a banker by trade and I have to deal with other peoples' credit problems all day long sometimes. I used to work in the customer service department where I would answer general banking questions. Now I work in the sales department where I open new checking and savings accounts, and take credit applications for all types of lending products. If any of my potential

customers out there reads this information and learns from it my job may be just that much easier making the time and effort I put into this book well worth it.

2. Credit Basics

Having good or bad credit is one thing that will affect almost every person's life at one time or another. Understanding how to build and improve your credit score is a key factor to achieving financial success in life. There are a lot of people out there who think that just because they have their paycheck directly deposited into their checking account and are willing to have their loan payments directly withdrawn from that same checking account that it will be easy to get a loan at their local bank. While most banks will give you a lower rate or incentive to set up an auto-pay from your checking account they still are going to base the initial decision for the loan on your credit, not on your relationship with the bank.

Your ability to repay your debts and fulfill your financial obligations could end up saving you thousands upon thousands of dollars through-out your lifetime. It's very easy to explain why. If you have a lower credit score lenders will be hesitant to lend money to you because they know that you have had financial troubles in the past. Because of this you would be considered a high risk to

lenders and they will want to charge you more interest to offset that risk.

Whereas if your credit score is high lenders know their chances of collecting their money/ interest are high and are comfortable charging you a lower interest rate.

There are also other applications that your credit can affect aside from just [loan](#) or [credit card](#) applications. One of the most important of these is home and automobile insurance applications. Almost everyone at some point is going to need to have an auto insurance policy. Another more common application would be for either cellular service or for a satellite provider. Just always try to remember that banks are not the only institutions that require you to have good credit.

3. Credit Bureaus

There are three major credit bureaus that are responsible for keeping a financial blueprint of anyone who has a social security number. A very large misunderstanding is that the different credit bureaus are not each responsible for creating an individual's credit score. There are other companies that use the information on your credit reports to evaluate your worthiness to receive credit and determine what your credit score will be. The major credit bureaus are the

ones that lenders and banks inform when a borrower is making their payments on time or falling behind on their payments.

The three major credit bureaus are Transunion, Experian, and Equifax. They are all independently owned and offer other services for both your personal and business needs. They offer services like fraud protection, decisioning technology, and marketing tools. If you are looking to research each of these bureaus directly you will find their direct links at IncomeandCredit.net. Contacting these companies directly is the only way to correct or repair any mistakes that may be on your credit reports.

4. Establishing Credit

A lot of lending officers you talk to will tell you that getting a loan can be even more difficult having [no credit](#) than if you had damaged credit. This is because even if you have made some mistakes in the past as long as you have all of your bills current and nothing showing late on your credit than you have a chance of being approved for certain types of loans. While if you have absolutely no credit at all lenders do not have anything to base your ability to pay your bills on.

In my experience in working with a bank I have learned that there are only two good options as far as ways to start to establish some type of credit history if you have none at all. I'm sure that if you search long enough you may find a credit card company willing to approve you for an unsecured credit card with no credit. This is usually not a good idea because most usually start you out with a \$2-300 credit limit and charge you \$2-300 in start up costs. Then they have monthly and annual fees so even if you don't use the card you are at risk of going over your credit limit if you only make your minimum payments each month.

The first option to consider would be a secured credit card. Although these will not help you out in a rut they are a good way to start to build a good credit history. Most people don't like these because it's kind of like borrowing your own money but it is very effective. Not every loan or credit card you have will show on all three of your credit reports. Most secured credit card programs make sure that your payments are reports to all of the credit bureaus to ensure you are establishing your credit. Secured credit cards will often have some kind of small monthly or annual fees but nothing like those of most unsecured credit cards.

Your second option would be to check with local car dealerships who specialize in working with people that have no or bad credit. These places will usually be more than happy to work with you but you should always consider

more than just one dealer to make sure you are not being completely ripped off. Shop around and do some research before going out. If you go to a dealer looking for specific years and models of vehicles than you can find out how much they worth so you know that you are not paying too much for your car.

5. Rebuilding Damaged Credit

Almost anyone who has had to file for a [bankruptcy](#) in the past will tell you it was the worst mistake of their lives. The same goes for anyone who has allowed their vehicle to be repossessed or let a credit card be charged off. Once you make a major mistake like that on your credit it can come back to haunt you for years and years to come.

The only way to rebuild your credit once it has been damaged besides making you payments on time is to make sure everything on your credit report is being reported properly. I will go into further details on how to do this and take care of anything being reported incorrectly under the “Monitoring your credit and disputes.” If you feel you do not need the walk-through of how to get your free credit report and dispute inaccuracies than just visit [Incomeandcredit.net](#) and click on “free credit report” in the left menu on the homepage.

6. Maintaining Good Credit

Once you have established a good credit rating and you've had a solid credit history for over a few years many people tend to forget that it's not such a good thing to have a lot of credit out there. There is such a thing as too much credit and it can actually hurt your credit score if you are not careful. I've even had to decline applications for people with perfect credit scores just because they are clearly overextended.

A very important thing for someone with good credit not to do is to go crazy with credit cards. It is so tempting to open a different line of credit everywhere you go because most companies give you a discount or incentive to shop at *their* store using *their* line of credit. Another thing to watch for is taking advantage of no payment options. A lot of people will keep purchasing and charging new items forgetting they have a debt that still needs to be paid. If you do decide to take advantage of a store's credit card for a discount and then you pay it off you should consider closing it if you don't intend to use it again.

Another thing to remember about keeping your good credit is that it looks much better to have two lines of credit half-way borrowed against than having one of your lines of credit maxed out. Once you have established a good credit

rating you should start to get offers in the mail from your credit card companies to transfer your other credit card balances to their at a discounted rate. I always recommend closing the cards you are paying off to keep yourself from being overextended.

7. Types of Credit

This section is going to briefly go over some of the more common forms of credit along with any important information you should remember when considering these products. This is far from a dictionary of loan types and if you are considering any of the following I would recommend doing some more research before applying anywhere. Don't let somebody pull your credit and lower your credit score unless you have a pretty good idea that they may be able to help you.

Credit Card: Credit cards should only be used to either help you to establish and repair your credit or used as a means to not have to carry a lot of cash with you at all times. Once you have established good credit you can take advantage of some of the rewards programs most credit card companies offer.

Personal Loan: Personal loans are really not a good idea to consider unless you have no source of immediate credit and you need extra money immediately. The interest rates are usually very high for a personal loan.

Payday Loan: A lot of people have got themselves into trouble with these. You have to remember that they should only be used as a last resort.

Mortgage Loan: One of the most important aspects of a traditional mortgage loan is that you can have your taxes and home owner's insurance paid through an escrow account which you contribute to every month. This takes a big financial burden off of any homeowner's back.

Auto Loan: Auto loans have some of the lowest interest rates available. If you can't hold onto the same vehicle for more than a few years make sure there is no pre-payment penalty for paying it off early.

Student Loan: Unless your parents planned very well ahead of time you are more than likely going to have to take out one of these in your lifetime. Just make sure the career path you decide to study for can pay for your education with plenty of money to spare so your hard work will pay off.

Equity Loan/LOC: Any homeowner who can write this interest off for their taxes should never use another form of credit again. Most banks will let you open one for free and since your home is being used as collateral, the interest rate is low!

8. Monitoring/Disputing your Credit

In order to be able to monitor your own credit without having to pay someone to do it for you, first you must learn how to get the [free copy of your credit report](#) that you are entitled to once a year from each of the major credit bureaus. You used to have to contact each credit bureau independently to request copies of your credit reports each year. Not too long ago they made it easier for people to obtain all three of their credit reports without going through quite as much trouble.

There is now one central website that will direct you to all three of your credit reports at no cost. This website is sponsored by the major credit bureaus and is very legitimate. You can find a direct link to this site by visiting my website, [IncomeandCredit.net](#). Here you will be led to each major credit bureau's website where you can view free copy of your credit for up to thirty days. I recommend printing these pages as it will make it easier to dispute any mistakes you might find along the way.

Once you have your credit reports and you have reviewed all of them very thoroughly you can begin the dispute process to eliminate and correct any mistakes. On each of your credit reports there are instructions on how to dispute

items on your credit towards the bottom of the report. Although there are usually several ways to do this I have personally found that mail seems to be the best way to communicate with the credit bureaus.

The reason that mail seems to be the best is because it is much easier for you to present all of your evidence for anything you are disputing. You should always include a copy of your credit report with anything you are disputing and highlight the items you are disputing. Anything you dispute will be investigated and resolved within 30 days of receiving your dispute or it will be removed entirely from your credit report. Here is a good example of a credit dispute letter:

Date

Your Name

Your Address, City, State, Zip Code

Complaint Department

Name of Company

Address

City, State, Zip Code

Dear Sir or Madam:

I am writing to dispute the following information in my file. I have circled the items I dispute on the attached copy of the report I received.

This item (identify item(s) disputed by name of source, such as creditors or tax court, and identify type of item, such as credit account, judgment, etc.) is (inaccurate or incomplete) because (describe what is inaccurate or incomplete

and why). I am requesting that the item be removed (or request another specific change) to correct the information.

Enclosed are copies of (use this sentence if applicable and describe any enclosed documentation, such as payment records, court documents) supporting my position. Please reinvestigate this (these) matter(s) and (delete or correct) the disputed item(s) as soon as possible.

Sincerely,
Your name

Enclosures: (List what you are enclosing.)

To Sum it all Up

I hope that you have learned a few things from reading this book. I tried to make it to the point without filling it with a bunch of personal stories like most e-books do. It was obviously created not only to teach you a thing or two about credit but also to promote my website, www.incomeandcredit.net. It's a free financial information website with other links to loans, job search engines, and debt consolidation services. There are no costs or obligations required. Through my website you can contact me if you'd like with any questions or comments you may have. Hopefully by using the information in this book you will have a brighter financial future ahead of you!

Sincerely, Scott McKay

