

Secrets from An ex-FairIsaac (credit score) employee

Please seek legal advice before making any credit decisions because this document is only the author's opinion.

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YOU MAY CHOOSE TO EXCLUDE YOUR NAME FROM CRA LISTS FOR UNSOLICITED CREDIT AND INSURANCE OFFERS. CREDITORS AND INSURERS MAY USE FILE INFORMATION AS THE BASIS FOR SENDING YOU UNSOLICITED OFFERS OF CREDIT OR INSURANCE. SUCH OFFERS MUST INCLUDE A TOLL-FREE PHONE NUMBER FOR YOU TO CALL IF YOU WANT YOUR NAME AND ADDRESS REMOVED FROM FUTURE LISTS. IF YOU CALL, YOU SHALL BE KEPT OFF THE LISTS FOR TWO YEARS. THE TOLL-FREE NUMBER FOR ALL OF THE NATIONAL CRAS IS 1 888 50PTOUT (1 888 567 8688.) IF YOU REQUEST, COMPLETE, AND RETURN THE CRA FORM PROVIDED FOR THIS PURPOSE, YOU SHALL BE TAKEN OFF THE LISTS INDEFINITELY.CREDIT COUNSELING AND DEBT CONSOLIDATION.....	31
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Free Credit Report / Credit Score / 3 Bureau Credit Report and Score: all available at:
www.MyOnlineCreditReport.com

Twenty Five Reasons for Lower Credit Scores

1) Amount owed on accounts is too high - What this refers to is the total of the balances on all of your accounts. The higher your balances ... the Lower your credit score.

2) Amount owed on revolving accounts is too high - What this refers to is the total of the balances on your credit cards and your revolving accounts. The higher your balances... the lower your credit score.

3) Level of delinquency on accounts - This refers to the number of circumstances in which your accounts have been delinquent; and the severity of the delinquency. The more frequently your accounts are delinquent and the further behind your payments have been, the lower your credit score will be.

4) Too few bank revolving accounts - This means that you have few revolving accounts with recent activity. Without demonstrating your ability to manage credit, you will have a lower score.

5) Lack of recent revolving account information or No recent revolving balances - This means that there is no recent activity on your credit cards or revolving accounts. Without demonstrating your ability to manage credit, you will have a lower score.

6) Lack of recent installment loan information - This means that you have few installment loans with recent activity. Without demonstrating your ability to manage credit, you will have a lower score.

7) Too many bank or national revolving accounts or Number of bank or national revolving accounts with balances - This refers to the total number of credit cards and revolving accounts that you have. The more accounts you have, the lower your credit score will be.

8) Too many accounts with balances - This refers to the total number of different accounts that currently have a balance. The more accounts you have with balances, the lower your credit score.

9) Too many consumer finance company accounts - The credit bureau considers a finance company account to be an account that is a higher risk. Because they are a higher risk account, they may be at a higher rate or be unsecured. And a finance company account lowers your credit score more than a regular mortgage account or a home equity loan.

10) Too many inquiries last 12 months - This refers to the number of times you have had your credit pulled in the last 12 months. Every time someone pulls your credit report it lowers your credit score.

11) Too many accounts recently opened - This refers to the fact that you have newly opened accounts on your credit report. The more accounts you have that have been opened recently, the lower your credit score will be.

12) Proportion of balance to credit limits is too high on bank revolving or other revolving accounts - What this means is your credit cards are maxed out. And when I say maxed out, what I mean is the credit bureau considers any account that has a balance of 50% of your available credit limit or higher to be maxed out. And that lowers your credit score.

13) Length of time revolving accounts have been established - The more recently your credit cards and revolving accounts have been opened lower your credit score will be.

14) Length of time accounts have been established or Time since most recent account opening is too short - The more recently your account have been opened the lower your credit score will be.

15) Length of time installment loans have been established - The more recently your installment loans have been taken out the lower your credit score will be.

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16) Time since delinquency is too recent or unknown. The more recent your late payments have been the lower your credit score.

17) Number of accounts with delinquency - This refers to the total number of accounts with delinquent payment history. The more accounts that have had a history of delinquent late payments, the lower your credit score.

18) Too few accounts currently paid as agreed - This refers to the fact t you have very few accounts that have not had a history of late payments.

19) Length of time since derogatory public record or collection is too short -. The more recently you have had a public record, or an account turned over for collection, the lower your credit score.

20) Amount past due on accounts or Amount owed on delinquent accounts - This refers to the total dollar amount that is currently past due on your accounts. The more you are behind with your payments, the lower your credit score will be.

21) Number of revolving accounts - The more revolving accounts you have open, the lower your credit score.

22) Number of established accounts - The more accounts you have open, lower your credit score.

23) Serious delinquency, and derogatory public record or collection file - As you know, you have had late payments on your revolving/installment/mortgage accounts and you have filed bankruptcy (or other public record) / you have had accounts turned over for collection... these are lowering your credit score.

24) Serious delinquency - As you know, you have had late payments on your revolving / installment / mortgage accounts and that is lowering your credit score.

25) Derogatory public record or collection filed - As you know, you have filed bankruptcy (or other public record) which is lowering your credit score. As you know, you have had accounts turned over for collection, and that is lowering your credit score.

How is the Credit Score Created?

The following is from an ex-FairIsaac employee. Who agreed to throw some notes together about Credit and Scores. FairIsaac creates the FICO® score. FairIsaac is not the credit bureau but they do create the score used in most credit decisions made in this country.

Please seek legal advice before making any credit decisions because this document is only the author's opinion.

Credit Scores are determined with the following parts playing importance as shown, with the total equal 100 % :

35% Payment history
30% Balances – how much is too much
15% Credit history
10% Type of credit and number of accounts
10% Inquires

100% Total

How much your credit score may increase or decrease depends on the changes to the overall information on your credit report taken in combination. The importance of any factor depends on the overall information in your credit report. For some people, a given factor may be more important than for someone else with a different credit history. In addition, as the information in your credit report changes, so does the importance of any factor in determining your score.

The company that creates the credit score for the bureau cannot review your personal data or provide a detailed explanation about your credit score because we do not have access to your credit profile, only the information you sent via email. However, please keep in mind that the score factors indicate the top reasons why your credit score was not higher. Score factors are useful in helping you determine whether your credit report might contain errors, as well as how you might improve your score over time.

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**** It might be helpful to keep in mind that the credit score process evaluates five main categories of information in your credit report, and compares this information to the patterns in hundreds of thousands of past credit reports.**

These five categories are, in order of importance:

1. Payment history — *what is your track record?* 35 % of the score

Risk predictors here look at:

- *Severity – how bad are the delinquencies?*
- *Recency – how recent are they?*
- *Frequency – how many times did it occur?*

2. Amounts owed — *how much is too much?* 30% of the score

Risk predictors here look at:

- *Large outstanding balances*
- *The ratio of balances to credit limits*

3. Length of credit history — *how established is yours?* 15% of the score

Risk predictors here look at:

- *Age of the trade lines - (the age of the oldest account, the average age of accounts, or both).*

4. New credit — *are you taking on more debt?* 10% of the score

Risk predictors here look at:

- *Number of inquiries and new account openings*

5. Types of credit in use — *is it a healthy mix?* 10% of the score

Risk predictors here look at:

- *Number of trade lines reported for each type: bankcards, retail, department store cards, installment loans, etc.*

To give lenders a broad view of your credit history, the Credit score takes into consideration both positive and negative information from all five categories. Your Credit score changes when information is added, changed or removed on your credit report.

Although each credit reporting agency formats and reports credit information differently, all credit reports contain basically the same categories of information.

Generally speaking, since the score evaluates categories including amount owed and pursuit of new credit, it is likely that this will cause your score to go down.

A new account opening affects:

- Area #3 since you will have a new account with relatively short experience.
- Area #4 since you will have a new account opening.

Any or all of these could potentially be negative impacts. On the other hand, if this account allows you to pay your balances down more quickly, this could be a positive impact on area #2. Although we can't give you a definite answer to your question, keep in mind that the best advice is to manage credit responsibly over time.

Accounts that are shown as "settled", "charge off", "paid charge off", <etc.> all of these notations are considered as serious negative items by the Credit score. Paying off a serious negative item will

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not remove it from your credit report. It will stay on your report for up to seven years — ten years for bankruptcies.

When a lender receives your Credit® score, up to four score factors are also delivered. These explain the top reasons why your Credit score was not higher. If the lender rejects your request for credit and your Credit score was part of the grounds for his/her decision, score factors help the lender tell you why your score wasn't higher.

Score factors are useful in helping you determine whether your credit report might contain errors, as well as how you might improve your score over time. However, if you already have a high Credit score (usually in the mid-700s or higher), score factors may not be as helpful, since they represent very marginal areas where you could improve your score.

Please bear in mind that the ordering of the score factors is important. The first code indicates the area where you lost the most points, the second code is where you lost the second most points, and so on. In other words, concentrate on the first one or two score factors. The third and fourth factors (if present) are not as significant.

Your Credit® score takes into account how much of your total credit line is being used on credit cards and other revolving credit accounts. Someone who is closer to “maxing out” on many credit cards or has large amounts of outstanding debt may have trouble making payments in the future, and this is reflected in the Credit score calculation.

The most effective ways to improve your Credit score in this area are:

- Pay down your debt rather than moving it around
- Don't close unused credit cards as a short-term strategy to raise your Credit score.
- Don't open new credit cards for the purpose of increasing your available credit.

The rules regarding how long the bureaus generally keep information on credit accounts are as follows:

Credit Accounts:

Accounts paid as agreed remain for up to 10 years.

Accounts not paid as agreed remain for 7 years.

Collection Accounts:

Remain for 7 years.

The time periods listed above are measured from the date in your credit file shown in the "date of last activity" field accompanying the particular credit or collection account.

Courthouse Records:

Remain for 7 years from the date filed except:

Bankruptcy — Chapters 7 and 11: remain 10 years from date filed.

Bankruptcy — Chapter 13 non-dismissed or non-discharged remains 10 years from the date filed.

Unpaid tax liens remain indefinitely.

Paid tax liens remain for up to 7 years from the date released.

New York State Residents Only: Satisfied judgments remain 5 years from the date filed; paid collections remain 5 years from the date of last activity.

California State Residents Only: All tax liens remain 7 years from the date filed.

Improving your score will take time and often there is no quick fix. Credit® scores reflect credit payment patterns over time with more emphasis on recent information.

There is no mystery about how people can improve their Credit scores. Credit scores reflect the long-term patterns of credit use and repayment history over time. Credit scores automatically improve as your overall credit picture gets better. That means showing an historical pattern of paying your bills on time and using credit conservatively.

Focus on the four score factors provided with your Credit score. These represent the main areas where you are not receiving maximum points. Here are some general tips all consumers should follow:

DO:

- Pay your bills on time. Delinquent payments and collections can have a major negative impact on your Credit score.
- If you have missed payments, get current and stay current. The longer you pay your bills on time, the better your Credit score.
- If you are having trouble making ends meet, contact your creditors or see a legitimate credit counselor. This won't improve your Credit score immediately, but if you can begin to manage your credit and pay on time, your score will improve.
- Keep balances low on credit cards and other revolving credit. High outstanding debt can affect a Credit score.
- Pay off debt rather than move it around. The most effective way to improve your Credit score in this area is by paying down your revolving credit.
- Re-establish your credit history if you have had problems. Opening new accounts responsibly and paying them on time will raise your Credit score in the long term.
- Note that it's OK to request and check your own credit report. This won't affect your Credit score, as long as you order your credit report directly from the credit reporting agency or through an organization authorized to provide credit reports to consumers.
- Apply for and open new credit accounts only as needed. Don't open accounts just to have a better credit mix — it probably won't raise your Credit score.
- Have credit cards but manage them responsibly. In general, having credit cards and installment loans (and making timely payments) may improve your Credit score. Someone with no credit cards, for example, tends to be higher-risk than someone who has managed credit cards responsibly.
- Do your rate shopping for a loan within a focused period of time. Credit scores distinguish between a search for a mortgage or auto loan (where it is customary to shop for the best rate), and a search for many new credit lines.

DON'T:

- Don't close unused credit cards as a short-term strategy to raise your Credit score.
- Don't open a number of new credit cards that you don't need, just to increase your available credit. This approach could backfire and actually lower your Credit score.
- If you have been managing credit for a short time, don't open a lot of new accounts too rapidly. New accounts will lower your average account age, which will have a greater effect on your Credit score if you don't have a lot of other credit information. Also, rapid account build-up can look risky if you are a new credit user. Do your rate shopping for a given loan within a focused period of time. Credit scores distinguish between a search for a single loan

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and a search for many new credit lines, in part by the length of time over which inquiries occur.

BE AWARE THAT:

- Paying off collection accounts, or other derogatory items will not remove them from your credit report. The fact that this event occurred is predictive, in addition to any dollar amount associated with the past due.
 - Closing an account will not remove it from your credit report and may not improve your score.
-

INQUIRIES:

An inquiry is a notation on your credit report showing that someone asked to view your report. The inquiries section contains a list of everyone who accessed your credit report within the last two years. It says who asked for the copy, when they received it and, if you ask for this from the credit reporting agencies, their address.

Your credit report includes two types of inquiries. It includes voluntary inquiries, spurred by your own requests for credit. (When you apply for a loan, you authorize your lender to ask for a copy of your credit report.) Your report also includes involuntary inquiries, such as when lenders check to see which consumers may qualify for their pre-approved credit offer in the mail.

Credit® scores observe inquiries over a 12-month period, since looking for new credit can be equated with higher risk. However, a single inquiry will have little impact on your credit score.

Credit scores are built so that your score is not lowered from the multiple inquiries that may occur when you shop for the best auto or home loan. Credit scores treat multiple inquiries from auto or mortgage lenders within a short period of time as a single inquiry.

The Credit score does not consider certain types of inquiries that you may see on your credit report. It will not consider inquiries made by a lender in order to make you a pre-approved credit offer, or to review your account with them. The Credit score also does not consider inquiries made by you in order to see your own credit report.

Do all inquires affect your score?

No.

The Credit® score does NOT count if:

- You request your own credit report and score, in order to check it (Consumer disclosure inquiries)
- Promotional inquiries - requests made by lenders in order to make you a pre-approved credit offer.
- Account review inquiries - requests made by lenders to review your existing account with them.
- Employment inquiries - requests marked as coming from employers.
- Insurance inquiries - requests marked as coming from insurance companies.

Credit scores only consider inquiries initiated by you (when you were seeking credit) over the most recent 12-month period. These include mortgage, credit card and auto loan applications. The Credit score treats multiple inquiries from auto or mortgage lenders within a short period of time as a single inquiry, which will have little impact on your credit score. Credit scores only consider inquiries from the last 12 months, although inquiries remain on your credit report for two years.

Looking for new credit can be equated with higher risk. However, Credit® scores are built so that your score is not lowered by the multiple inquiries that may occur when you shop for the best auto or home loan. Credit scores treat multiple inquiries from auto or mortgage lenders within a short period of time as a single inquiry. This inquiry will have little impact on your Credit score.

Federal law requires that all inquiries be kept on file for a period not to exceed 24 months.

Credit card inquiries weigh heavier on the credit score than mortgage inquiries. Mortgage inquiries are so much more forgiving and any in the last 30 days don't count.

Revolving credit is counted more (credit cards).
Home equity lines of credit are revolving credits.
Installment loans don't hurt credit as much as revolving.

Holding a credit card with a balance less than 50% of available credit is best
Holding a credit card for a long time is best.

There are 3 Credit Bureaus: Trans Union / Experian / Equifax

American Express can be a good thing or bad thing to your credit score. American Express cards do not have fixed credit limit. To calculate the impact on your credit score by

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American Express, FairIsaac takes the highest of either the last month balance or the current month balance AND compares it to the current balance.

* Less than 50% is best.

800 last month balance 100 current month balance

100 current balance

(good)

100 current balance

(bad)

Bankruptcy

Important factors

- 1) High number of trade lines that went into bankruptcy is bad
- 2) High number of trade lines left out is good
- 3) Post bankruptcy performance is very important
- 4) Keep at least 2 of the credit cards out of bankruptcy
(trade line: credit card or a loan (an item on the credit report))

Collections

Pay the collection amount at closing, not just before, it would be better to leave it as an amount owed rather than pay it off now

OR

If possible get the collection removed from the credit bureau before the credit report is pulled

MISC

You can add up to 100 word letter to be attached to your credit report but it doesn't usually due any good.

How can I get my credit report and score right now!

Go to <http://www.MyOnlineCreditReport.com>

INSTANTLY See Your Credit Information From ALL 3 Credit Bureaus!

Did you know there are 3 separate credit bureaus - Equifax, Experian, & Trans Union - collecting and reporting your credit information? Your lender can go to any or ALL of these bureaus to check your credit history. Now you can see your complete credit information from ALL 3 bureaus in ONE easy-to-read report, and it's available IN SECONDS!

What is an Equifax Credit Report?

An Equifax Credit Report refers to a consumer credit file from the Equifax credit reporting system, which is made up of various consumer credit reporting bureaus: some are independent and others are owned by Equifax. It is a picture of how you** (as an individual) paid back the companies from whom you borrowed money, or how you have met other financial obligations. There are usually five categories of information in an Equifax Credit Profile:

Identifying Information

Employment Information

(This is actually the last employment reported to Equifax by credit grantors, who do not usually update this information. It is used for demographic purposes only, not credit decisions).

Credit Information

Public Record Information

Inquiries

What is NOT included on your Equifax Credit Profile:

Your race

Your religion

Your health

Your driving record

Your criminal record

Your political preference

Your income

****Note:** Credit information is maintained on an individual basis. If you are married, the information contained in the Credit Profile for your spouse may not match your Profile identically as certain accounts may have been established in your name or your spouse's name only. If your spouse is interested in obtaining a copy of their Credit Profile that order should be placed separately by your spouse.

What is a Credit Score?

The credit score is a number that measures an individual's credit worthiness.

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Credit scoring has been used to help creditors evaluate your ability to repay home mortgage loans.

A score ranging from 300 to 900 which reflects the credit worthiness of a borrower, and is primarily determined by timeliness of past loan payments, credit card payments, credit inquiries/applications, collections, and bankruptcies.

If you have a low score 300-600, you will have real problems getting any kind of a loan or credit card. If you get one, your interest rate will be really high.

If you have a low-mid score 601-699, you will have difficulties getting a decent rate.

If you have a mid-good score 700-759, you will get good rates and loans.

If you have high score 759 and up, you should not have a problem getting the best available interest rate and terms of a loan or credit card.

For a \$216,000 30-year, fixed rate mortgage*:

If your FICO® score is: Your interest rate is:* ...and your monthly payment is:*

760 - 850	6.33%	\$1,341
700 - 759	6.55%	\$1,373
680 - 699	6.73%	\$1,398
660 - 679	6.95%	\$1,429
640 - 659	7.38%	\$1,492
620 - 639	7.92%	\$1,573

***I have no idea what the current interest rate is today, but this is just an example of how much different the score effects your interest rate.**

Fraud Alerts

An Initial Fraud Alert is a consumer statement added to your credit file that lasts for 90 days. It alerts creditors of possible fraudulent activity and requests that they contact you prior to establishing credit in your name.

To place an Initial Fraud Alert on your Credit Report, contact Equifax at the automated fraud line 1-877-576-5734 and follow the simple prompts. A notification will be sent to the other two nationwide credit reporting agencies, Experian and Trans Union, on your behalf and Equifax will send you a confirmation letter explaining additional rights you may have, including the ability to request a free credit file(s), depending upon your state, in connection with your fraud alert and other steps you may want to take to protect your identity.

Initial Fraud Alert stays on your file for at least 90 days. An extended alert stays in your file for seven years.

TransUnion: Under federal law, you are also entitled to request a free copy of your credit report within the next 12 months. To do so please call 1-800-680-7289.

Their website www.transunion.com

TransUnion

P.O. Box 6790

Fullerton, CA 92834-6790

Experian: Under federal law, you are also entitled to request a free copy of your credit report within the next 12 months. To do so please call 1-800-360-7540 OR visit the secure website www.experian.com/initialfraudreport.

Their website www.experian.com 1-888-397-3742

Experian

Consumer Fraud Assistance

P.O. Box 9532

Allen TX 75013

Equifax: CSC Credit Services is the contact name. Under federal law, you are also entitled to request a free copy of your credit report within the next 12 months. To do so please call 1-800-685-1111 using the automated ordering system OR submit your request in writing to:

CSC Credit Services

PO Box 981221

El Paso, TX 79998-1221

Their website www.equifax.com 1-800-525-6285

If believe there is fraud and/or identity theft please contact Equifax at the following address:

Equifax Information Services LLC

P.O. Box 740250

Atlanta, GA 30374-0250

YOUR RIGHTS:

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- 1) You have the right to ask that nationwide consumer reporting agencies place “fraud alerts” in your file to let potential creditors and others know that you may be a victim of identity theft. A fraud alert can make it more difficult for someone to get credit in your name because it tells creditors to follow certain procedures to protect you. It may also delay your ability to obtain credit.
- 2) You have the right to one free copy of the information in your file after you place an initial alert or two free copies in 12 month period following the placing of an extended alert.
- 3) You have the right to obtain documents relating to fraudulent transactions made or accounts opened using your personal information.
- 4) You have the right to obtain information from a debt collector.
- 5) If you believe information in your file results from identity theft, you have the right to ask that a consumer reporting agency **block** that information from your file.
- 6) You may prevent businesses from reporting information about you to consumer reporting agencies if you believe the information is a result of identity theft.

Details of the above 6 items come to you by mail after your initial fraud alert.

Can consumers fight back against credit fraud?

In this age of information, credit fraud is not a difficult crime to perpetrate. The idea that a thief could gain access to your account information or personal data is not as implausible as you might think--social security number misuse has increased over the last two years, resulting in a variety of credit-related crimes.

Fortunately, you can fight back against credit fraud by learning how credit fraud and identity theft occur, and by actively monitoring your credit report for unauthorized account use on a regular basis. Your credit report will list any new activity on accounts you haven't been using, as well as new accounts that you did not open.

One of the best ways to keep track of new information that is added to your credit report is the CreditCheck Monitoring Service, which provides Online Monthly Monitoring Alerts to inform you of new derogatory information, recent inquiries into your credit, and several indicators of possible credit fraud.

To have credit report information at your fingertips is the best way to shut an identity thief down--you can begin the process of notifying your creditors of the fraud, changing your passwords, and closing down fraudulent accounts before they wind up in the hands of collectors and compromise your good credit.

How Credit Fraud and Identity Theft Occur

Specific personal data, such as your Social Security number, home address and mother's maiden name, can be all a thief needs to obtain a fraudulent driver's license, take over existing bank or credit accounts, divert card statements to a different address, or even apply for new credit card accounts under your name. Thieves can obtain this information in variety of ways, including fishing through trash for account statements, lifting cards from lost or stolen purses, wallets and briefcases, or through telephone or Internet scams.

How to Prevent Credit Fraud and Identity Theft

Customers may be in a position to prevent potential identity theft by closely guarding their personal data. For example, never give out your Social Security number over the phone unless you know the company you are dealing with and have initiated the call.

Similarly, if your mother's maiden name is not likely to be a secure password, consider changing it to something a little more difficult for a thief to obtain. Also, carry only the cards you are actually going to use, and leave official documents like Social Security cards, passports and birth certificates at home or in a safety deposit box.

Account Takeover Fraud

Secrets

Credit card account statements contain a lot of sensitive information that you don't want thieves to get a hold of, and even store receipts will frequently have your credit card number printed on them. Sometimes an account number is all a thief needs to make charges and obtain cash advances. It's a good idea to shred all financial documents before discarding them.

A thief in possession of sensitive information about you may also be able to go one step further, and commit account takeover fraud, simply by calling your creditor, reading off your account number, a partial Social Security number and your mother's maiden name, and asking them to change the mailing address on the account. For this reason, if you don't receive a credit card statement on time, you should call your creditor immediately to verify that the address has not been changed.

Checking your credit report may also reveal activity on an account you don't use—get a copy of your credit report to see your currently open accounts, and stay on top of the situation with the CreditCheck Monitoring Service.

What about these pre-approved credit offers?

Another source of potential credit fraud is pre-approved credit offers. A thief who intercepts one may fill out the application and change the address to obtain a credit card in your name for which you will never receive a statement. (To combat this, some creditors will not issue a card to a new address on a pre-approved offer certificate, but this policy isn't universal.) This makes checking your credit report especially important, because it will show you if there are accounts being reported in your name of which you are not aware.

The thief may even make the minimum payments for a while, until such time as the card is maxed out. Then the account would eventually be turned over for collections--in your name, and listed on your credit report.

The CreditCheck Monitoring Service Can Help

In many cases, the only way you'll catch credit fraud early is by obtaining a copy of your credit report. However, most consumers may not have time to order a copy of their credit report on a month-by-month basis, and read through all the information looking for the items that may indicate possible credit fraud.

That's why automatic monitoring your credit report is ideal for consumers who want to keep current on their credit information. At roughly half the cost of ordering your credit report every month, the CreditCheck Monitoring Service provides Online Monthly Monitoring Alerts that show you only recent changes for easy reference. In addition, you can obtain unlimited free copies of your credit report at any time during your paid membership!

Five reasons to check your credit report regularly

In much the same way that a resume displays your work experience to a prospective employer, a credit report provides prospective creditors (and in some cases employers and insurers too) with a detailed picture of your credit history. And like a resume, your credit report can influence whether you will receive what you are applying for.

Ideally, your credit report is an accurate, up-to-date reflection of your credit history. However, since we don't live in an ideal world, there are many reasons that your credit report could contain inaccuracies that might prevent you from receiving the credit you deserve. The good news is you can take action to keep your report accurate. Here are the top five reasons why you should make a practice of regularly reviewing your credit report:

Inaccuracies & Mixed Credit Files

Many inaccuracies on a credit report can be the result of simple human error, and are therefore are not difficult to dispute. Of course, if you don't order your credit report, you might never know about it. Whether the inaccuracies relate to payments not credited, late payments, or data mixed in from the credit file of someone else with a name similar to yours, you will want to contact the credit bureau to dispute inaccurate information promptly. If you would like to get a copy of your credit report right now

Tracking Payments

One of the most important elements of credit is a demonstrated history of on time payments. Once you send the check though, anything can happen--a delay in the payment being received can kick you over to a 30-day delinquency. If you call your creditor and explain the situation, they might adjust the information. Of course, if you don't read your credit report, you won't necessarily know which payments are being received and reported properly. If you would like to get a copy of your credit report right now at www.MyOnlineCreditReport.com

Identity Theft (part 1)

This issue alone is reason to order your credit report immediately. Identity theft is an insidious crime, involving a thief who assumes your name to open new accounts, divert your card statements to another address, and run up all sorts of bad debt without you ever knowing about it until collectors come calling. Over time, identity theft could jeopardize your ability to obtain further credit. The best way to catch a thief who is using your name is by getting a copy of your credit report, which will show you if there are accounts listed you know you haven't opened. For example, if a thief has intercepted a pre-approved credit card offer in your name and sent it in with a change of address, your credit report will include the account. If you would like to get a copy of your credit report right now at www.MyOnlineCreditReport.com

Inquiries

If you're shopping around for a loan or more credit, you should know that when creditors check your credit, it places an inquiry on your credit report. Inquiries can add up, which is often interpreted as a negative by creditors. For this reason, too many inquiries can actually make getting credit more difficult. Moreover, if you didn't authorize someone to look at your credit report and they did, they may have broken the law. If you would like to see who's been looking at your credit request a copy at www.MyOnlineCreditReport.com

Credit Fraud--Unauthorized Charges

Credit fraud involves the theft of your credit card or account number to make unauthorized charges to your account. Though consumers are protected financially from this abuse, other creditors may take note of all this activity and decide to raise your interest rates or refuse to grant you a loan. Ordering your credit report will help you catch new activity on accounts that you haven't been using, or may have closed.

When it comes to managing your credit worthiness, your credit report is your best resource. Ordering your credit report gives you the opportunity to manage your credit wisely today, while planning your credit strategy for achieving future goals--a credit-savvy move every consumer should make!

Before you apply for a loan - read this

Applying for a Loan?--Start by Ordering Your Credit Report

If you are considering applying for a loan, ordering a copy of your credit report may well be the best place to start. Why? Because it's also the first thing a potential creditor will be looking at, and even if you pay your bills on time, you will want to ensure that all the information in your credit file is up-to-date and accurate.

Studies have shown that many credit files contain inaccuracies that could affect your credit rating, and even lead to the rejection of a loan application. That's why reviewing your credit report beforehand may be a good idea, giving you time to dispute any items that may be the result of simple human error or a technical glitch.

And depending on whether you are applying for an auto loan, a mortgage loan, or a loan for business or personal use, different lenders may apply different standards in rating your credit worthiness. For this reason, reading your credit report and understanding how your credit data might be interpreted may give you a chance to improve your credit worthiness from the point of view of a lender.

Before you begin the application process, check your credit report for the following items:

Clerical Inaccuracies

Sometimes credit reports contain inaccuracies that are the result of a computer glitch or a clerical error. These may include payments not credited, late payments, or data mixed in from a credit file of someone with a name similar to yours. Ordering your credit report will quickly show you what the lender will see--then it's up to you to dispute any information that you consider inaccurate.

Excess Unused Credit

To make your credit more attractive to a potential lender, you may wish to consider reducing the number of revolving charge accounts that are listed as active on your credit report. Lenders will sometimes view too much revolving debt as a negative when considering a loan application.

In situations where you have stopped using a credit account, it is often a good idea to close the account if you don't plan to use it anymore. Make sure your creditor notates the account "closed at consumer's request"--otherwise, a prospective lender might assume the creditor closed the account for other reasons.

But a few credit cards managed well may improve your chances for a loan--particularly a mortgage loan, where lenders use stricter qualifying guidelines. Another rule of thumb is to keep balances on credit cards less than 50% of the available credit limit. Ironically, credit cards that have lots of room on them may be viewed as potential debt, while maxed-out cards make you a less desirable credit risk--both of these situations could compromise your ability to obtain a loan.

30-day and 60-day Late Payments

Even if your credit report contains a couple of 30-day late payment entries that are accurate, many lenders will overlook the occasional late payment if you explain the situation and your credit is otherwise good. Try to avoid any payment being 60 days late however, as this may be a red flag for some lenders--even if they do grant you the loan, it may come at a higher rate of interest and with less favorable terms.

The primary period lenders are interested in on a credit report is the last two years, so try to maintain on time payments, and verify that the payments are being credited properly by checking your credit report regularly.

Avoid Unnecessary Inquiries

Each time a prospective creditor looks at your credit report, an inquiry notation is added to your file, and most inquiries stay on your credit report for up to two years. Inquiries you make yourself, inquiries made during screening for a pre-approved offer of credit, or an inquiry that is part of a background check for employment purposes are not reported to potential credit grantors.)

It is best to avoid over-applying for credit and running up excessive inquiries, for the simple reason that lenders of creditors may think you're trying to get credit due to financial difficulty, or taking on more debt than you can repay.

Lenders do of course realize that some inquiries are a result of shopping around for the best rates on a loan, and so they will often overlook a block of inquiries within a very recent period. It may help if you explain the inquiries in the application process. If you would like to get a free copy of your credit report right now, click on one of the links below...

Understanding how your credit report affects your financial future is the key to smart credit management. Incorporating a review of your credit report into your financial planning is also one of the best ways to make sure you meet your goals--especially when those goals involve major purchases, and you're shopping for a loan with the most favorable terms possible.

Why even bother check your credit report?

To stay on top of your credit, it is essential to be aware of the contents of your credit report. Why? Because checking your report is the most convenient way to review your complete credit history, and make well-informed decisions on all your past, present and future accounts. Also, it's a good idea to monitor your report for new derogatory information and unauthorized accounts that might affect your credit.

Studies have shown that many credit files contain inaccuracies, which could influence the approval process when you apply for loans, insurance, or even a job. Often the result of simple human error, they can be caused by anything from a clerical error to a computer glitch in which your file is mixed with that of someone with a similar name.

And that's not the only reason to check your report. In the past few years, identity fraud has risen dramatically. In this form of credit fraud, a thief takes over or opens accounts in your name, running up large balances in goods or cash advances. If you don't check your credit report, it could be months before you even hear about such a situation. Fortunately, new accounts opened by a thief using your identity will appear on your credit report, alerting you to the fact that identity fraud has taken place.

That's why it's essential that you check your credit file and monitor your credit regularly.

Improving your credit

Getting out of debt has become more difficult since the introduction of the credit card. The "buy now, pay later" mindset has left millions of consumers fighting a battle that is difficult to win. And, overspending has no social boundaries. In fact, many families in financial trouble have two high incomes.

To ensure a good credit rating, it is important to focus on paying your bills on time. However, as you accrue more debt, you may find this effort becomes more difficult.

If You Find Yourself Falling Behind

- Order copies of your credit report and score and analyze them carefully. By viewing your own credit report and score, you can see which factors most affect your credit score.
- Establish a budget immediately to assess your spending habits
- Lock away your credit cards and don't use them. However, don't cancel them, because if you have a low credit rating, you may have trouble getting new cards
- Discuss ways with your family how you can cut costs. Set goals and limits. This helps family members work together toward solutions to benefit everyone
- Use some of your savings to eliminate some of your debt, which may save you hundreds of dollars in interest
- Understand that applying for a new credit card may adversely affect your credit score
- Resolve to eliminate your debt. Either pay off a high balance account, or pay off two or three of your smaller balances
- Avoid "credit repair" clinics that offer to remove late payments or bankruptcies

Seek assistance. Consumer Credit Counseling Service (CCCS) is a non-profit organization offering free or low-cost financial counseling to help families solve their financial problems. CCCS can help you analyze your situation and work with you to develop solutions. Currently there are more than 1200 CCC offices in the U.S. Call 1-800-388-2227 for the phone number of the office nearest you or visit their website: www.cccsatl.org.

Identity Theft (part 2)

Identity Theft is so much more than just a white collar crime

According to a recent document published by the U.S. General Accounting Office:

- Thousands of people each year report that they are victims of identity theft
- Many identity theft-related crimes go unreported
- Victims have spent over 175 hours and over \$10,000 *per incident* to resolve these problems

The consequences can be staggering. Victims of identity fraud have:

- Discovered unauthorized debts and delinquent accounts, which can lead to calls from debt collectors
- Lost their jobs
- Faced criminal investigation, arrest or conviction

Even more, victims *may not even know* their identity has been stolen until, after several months, a negative situation arises and they realize that there is a problem.

Identity theft involves stealing another's personal information, and using it fraudulently to establish credit, use existing credit cards, file fraudulent tax returns, access bank accounts, and commit many other crimes.

How are these crimes pulled off? Criminals devise new methods all the time - from searching in the trash to locate pre-approved credit card applications... to pilfering phone calling cards... to "shoulder surfing" for PIN numbers at ATMs. A new crime, known as "skimming", involves a cashier receiving your credit card for a purchase, then quickly skimming it through a portable device that picks up the information on the card for unauthorized use later.

Fortunately, new laws in some states make identity theft a felony that can be prosecuted in federal court.

How to Minimize Your Risk of Identity Theft

How do you protect yourself? Since criminals are slick and clever, it's difficult to stay on top of every scenario. But there are several things you can do to minimize your risk.

- Carry with you only the ID and cards you need at any given time
- Sign all new credit cards immediately with permanent ink
- Do not make Internet purchases from sites that are unsecured (check for a padlock icon on the site to ensure its safety)
- Avoid writing a PIN number, Social Security number or passcode on any of your credit cards or on anything you are planning to discard
- Try to memorize your password(s) instead of recording them on paper or computer
- While making a purchase in person, keep your eye on the cashier - never look away while your card is being processed
- If you have applied for a new credit card and it does not arrive within a reasonable time, contact the issuer

Secrets

- Be sure someone you trust collects your mail in your absence; if you are leaving town for a week or more, ask the post office to hold your mail until your return
- Secure your Social Security card in a safe place at home; do not carry it in your wallet
- Don't give out personal or account information to anyone without verifying their identity; never give personal information to telephone or door-to-door solicitors
- Create passwords or codes that are not obvious; avoid using your birth date, your mother's maiden name or your pet's name
- Destroy all carbons
- Never leave your receipts behind after making a purchase
- Be aware of "shoulder surfers!" Shield your numbers when using an ATM
- Avoid providing your social security number or other personal information to prospective employers until you have verified the legitimacy of the organization and their need to verify your background
- Check your credit file periodically for accuracy by contacting Equifax for a copy of your [Equifax Credit Report™](#). Or subscribe to [Equifax's Credit Watch™](#) credit report monitoring service that alerts you to new activity on your report and gives you \$2,500 (after \$250 deductible) in Identity Theft Insurance.

THEY Stole my identity, what do I do?

What to Do When Your Identity Has Been Stolen

Act fast to minimize the consequences. Notify all three credit reporting agencies and ask that your file be flagged with a fraud alert.

The following procedures should help to resolve any problems with your creditors, remove any inaccurate information from your credit file due to fraudulent activity, and help to prevent further credit card fraud.

STEP 1 - Contact all three consumer reporting agencies. They will remove your name from lists that they provide for pre-approved credit offers. Also, a six- month fraud alert will be added to your credit reports, which may help protect the credit file from being used fraudulently.

**Equifax Credit Information Services, Inc.
PO Box 105069
Atlanta, GA 30349
(800) 525-6285**

**Experian
PO Box 1017
Allen, TX 75013
(888) 397-3742**

**Trans Union
PO Box 6790
Fullerton, CA 92634
(800) 680-7289**

In your communication to each of the agencies, explain that you may be a victim of fraud. Request a copy of your credit report and the business name and address of any credit grantors reporting unauthorized accounts or inquiries.

Stolen Credit Card

- **Contact your local police or sheriff's offices to report the theft**
- **Notify creditors immediately, and request that your accounts be closed**
- **Ask the card company to furnish copies of documents that show any fraudulent transactions**
- **Refuse to pay any bill or portion of any bill that is a result of identity theft**
- **Report the theft or fraud to Equifax and the other credit reporting agencies**

Stolen Check

- **Report the crime to your local police or sheriff's department**
- **Notify your financial institution to stop payment on any outstanding checks that you are unsure of and give them any missing check numbers.**
- **Cancel all your accounts, both checking and savings, and set up new ones with new account numbers**
- **Give your bank a password for your account**
- **Report the theft or fraud to Equifax**

Secrets

- Report the problem to the check verification company used by the store where a fraudulent check has been written
- Refuse to cover any checks that were written or cashed fraudulently. (If you pay, you compromise your opportunity to prosecute.)
- Report the theft or fraud to Equifax and the other credit reporting agencies

Stolen ATM Card

- Report the crime IMMEDIATELY to your bank and to the local police or sheriff's department
- Get a new card and change your password
- Avoid using pets' names, your mother's maiden name, birth dates, Social Security numbers or other obvious information for your new password

Social Security Number

- Contact the Social Security Administration immediately at www.ssa.gov or call (800) 772-1213
- Order your Earnings & Benefits Statement from the Social Security Administration to verify its contents

Driver's License Number

- Notify the state office of the Department of Motor Vehicles and place a fraud alert on your license
- Request a new Driver's License number
- Avoid using your Social Security Number as your Driver's License number

Stolen Address Information or Fraudulent Change of Your Address

- Call the U.S. Post Office at (800) 275-8777 for your local Postal Inspector's phone number
- Notify the Postal Inspector that the mail has been used to commit fraud
- If you know where fraudulent credit cards or other material has been sent, ask that all mail sent to the fraudulent address be forwarded to your own address.

Phone Service

- Notify your long distance carrier about any calls that you or members of your household did not make. (Most phone companies have fraud hotlines for this purpose.)
- Cancel your account and open a new one, using a secure password

Passports

- Contact the passport office immediately.

Contact Information to Report Fraud

Government Agencies	
Federal Trade Commission (FTC)	877-438-4338
U. S. Postal Inspection Service	800-275-8777
Social Security Administration	800-772-1213
To Report Check Fraud	
Check Rite	800-766-2748

Secrets

Chex Systems	800-328-5121
NPC	800-526-5380
Tele-Check	800-366-2425
Credit Reporting Agencies' Fraud Departments	
Equifax Consumer Fraud Division	888-766-0008
Experian's National Consumer Assistance	888-397-3742
TransUnion Fraud Victim Assistance Dept.	800-680-7289

What are my rights?

Because your credit report contains private information about you, it is important that you know your legal rights as a consumer. The federal Fair Credit Reporting Act (FCRA) and state laws restrict *who* has access to your sensitive credit information and *what uses* can be made of it. Credit reporting agencies like Equifax have also adopted voluntary guidelines to enhance their consumer services.

Basically, Your Rights as a Consumer Include:

- Obtaining a copy of your credit report (for free, in certain circumstances)
- Knowing who has received a copy of your report or inquired about it
- Disputing inaccurate information
- Having negative information on your report explained
- "Opting-Out" to prevent credit agencies from using your information for marketing purposes
- Contacting the appropriate government agency or filing a lawsuit

Information That *Can* Be Included in Your Credit Report:

- Your identifying information
- Your employment/salary information
- Credit information (applications for credit cards, payment history, etc)
- Public record information
- Late payments reported by utility companies, hospitals, landlords and other
- Overdrawn accounts reported by banks
- Late credit card, auto loan, mortgage payments reported by banks
- Delinquent child support payments
- Debts being collected by collection agencies

Information That *Is Not* Included:

- Your race
- Your religion
- Your current health or medical history
- Your driving record
- Your criminal record
- Your political preference
- Notice of bankruptcy (Chapter 11) *that is more than 10 years old*
- Debts that are *more than 7 years old*

When you order a copy of your credit report from a credit reporting agency, it will include information about who has requested a copy of your report or inquired about your file in the last six months. Inquiries related to pre-approved offers, as well as inquiries you make yourself, are *not* available to credit grantors, but are included in the credit reports you order for yourself.

Who can access my credit?

Anyone with an FCRA permissible purpose, such as:

- Potential lenders
- Landlords
- Insurance companies
- Employers & potential employers (usually only with your written consent)
- Companies with which you have a credit account for account monitoring purposes
- Entities considering your application for a government license or benefit (if the agency must consider your financial status)
- A state or local child support enforcement agency
- Any government agency (name, address, former addresses, current & former employees)
- Someone to whom you have instructed the credit reporting agency to provide a credit report on you
- YOU can get a copy from <http://www.MyOnlineCreditReport.com>

How to Obtain a Copy of Your Credit Report

By law, you are entitled to a copy of your credit report by mail or online. A charge under \$10 is usually incurred. Certain states (Colorado, Georgia, Maryland, Massachusetts, New Jersey and Vermont) offer your first copy *free* and in Georgia there are two free copies.

Go to the website: <http://www.MyOnlineCreditreport.com>

ALL 3 Credit Bureaus Address & Telephone

TransUnion Consumer Relations
PO Box 1000
Chester, PA 19022
1-800-888-4213
www.transunion.com

Equifax Consumer Relations
PO Box 740241
Atlanta, GA 30374
1-800-685-1111
www.equifax.com

Equifax does not like to give out their telephone number to actually talk to someone, so here are a couple for you to try...

Equifax 1-888-363-2938 Information Service Center and 404-885-8000

Experian Consumer Relations
PO Box 2002
Allen, TX 75013
1-888-397-3742
www.experian.com

You may choose to exclude your name from CRA lists for unsolicited credit and insurance offers. Creditors and insurers may use file information as the basis for sending you unsolicited offers of credit or insurance. Such offers must include a toll-free phone number for you to call if you want your name and address removed from future lists. If you call, you shall be kept off the lists for two years. The toll-free number for all of the national CRAs is 1 888 5OPTOUT (1 888 567 8688.) If you request, complete, and return the CRA form provided for this purpose, you shall be taken off the lists indefinitely.

Credit Counseling and Debt Consolidation

Using a credit counseling service and having this situation reported in your credit report do not have any negative impact on your Credit® score.

However, the *actions you take* based on the recommendations of a credit counselor may sometimes affect your score.

For example, choosing to make partial payments or agreeing to settle for less than the full amount on accounts may be regarded negatively. Additionally, any late payments occurring either before or after you began the plan may also be regarded negatively.

If your credit file includes other indications of delinquency that happened either before or after you entered the counseling service, these indications will be considered in the Credit score calculation.

In summary, if you act on a credit counseling service recommendations or use a debt consolidation service, these are usually treated very similar as a bankruptcy - *In this writers opinion.*