



Your Fair Lending Advocate in Delaware!

Credit

Access to credit is a civil right Continued access—a privilege

Credit Score

35% is based on your payment history

PAY ALL BILLS ON TIME

30% is based on how much of the available credit have you used.

USE 1/4 OF AVAILABLE CREDIT

15% is the length of credit history

MORE POSITIVE,

LONGER HISTORY

=HIGHER SCORE

10% is new credit you apply for or acquire

THIS IS WHERE INQUIRIES COME IN

10% is the type of credit you have

FIND GOOD LENDERS

Get your FREE credit score by going to www.creditkarma.com. Please do not sign up for anything. E-mail address required.

Does paying a debt remove it from the credit report?

No. 15% of the score is based on your payment history. If you pay a debt very late (account in collection), your credit will be hurt by 35% due to the late payment.

Does canceling credit cards improve your score?

No. 30% of your score is based on how much of the available credit you use. If you cancel a credit card, you have reduced your available credit.

Is your credit score the same at all three bureaus?

No. If your lender reports your credit history to credit bureau A but not B & C, credit bureau B & C do not have your payment history to work with.

Does checking your own credit lower your score?

No. You could keep an eye on your score 24/7 without a ding on your score!

Does shopping around for a loan lower your score?

Generally true for credit cards but not for mortgages and car loans.

Does co-signing make you responsible for the loan?

Yes. If the person you guaranteed for does not pay, who do you think the lender will come after?

Does negotiating a settlement hurt your score?

It could. For example, if you have not paid on an account for 3 years and you pay them now, it is now 3 years late and you lost 35% of the score. Therefore, when negotiating, ask the lender to report it as PAID, instead of paid as negotiated.

If your credit score is:

1. Above **723**-You are GOLDEN
2. Below 549-Borrow from family or friends
3. In Between-Be Careful!

Your goal is to obtain a credit score over 723 in 2-3 years

The Cost of a Poor Credit Score

On a \$216,000 loan for a 30 years fixed rate mortgage:

1. A person with a score of 760 will pay \$480,600 over 30 years.
2. A person with a score of 620 will pay \$564,120 over 30 years.
3. Thus, a poor score costs you an extra **\$83, 520** over 30 years.

For more information, visit: www.myfico.com or www.ftc.gov

Can a debt collector collect a debt that has remained unpaid for more than 7 years? Yes, so long as the statute of limitations has not run out.

The seven-year statute applies to which debts? The following negative history should not be in your credit report after seven years have passed: Paid tax liens; Accounts placed for collection or written off as a bad debt; Any other unfavorable information more than seven years old.

Ten year rule applies to: Bankruptcies

Special rule for lawsuits and judgments: Lawsuits and judgments will be removed from your credit report after seven years or until the statute of limitations has expired, whichever is longer.

When does the seven-year (plus 180 day) clock start ticking? From the date when you first missed your regular payment on the debt.

Can a debt collector re-age my account? No. Re-aging means that the collector reports the debt as becoming delinquent on the date it acquires the debt. This violates Fair Debt Collections Practices Act AND Fair Credit Reporting Act.

If the debt collector re-aged my account, what do I do? DISPUTE with the credit bureaus AND debt collectors. Ask for validation.

What if I don't remember what this old collection account is all about? Ask for validation. In other words, ask (in writing) for the collection agency to prove that it owns this debt.

“Credit buying is much like being drunk. The buzz happens immediately and gives you a lift . . . The hangover comes the day after.”

Joyce Brothers, advice columnist.

Credit Repair —you are repaying your existing lenders

1. How much does your budget allow toward repair?
2. Prioritize who will get paid first (i.e. Highest interest rate)
3. Make the budgeted payment to the first debt on your list
4. When this is paid, move to the next debt on your list.
5. If your account is in collection, save. When you have some money to negotiate with, call the creditor. You want to negotiate that the credit bureau reports this debt as “PAID” not as “paid a negotiated amount.” Don’t forget to research the Fair Debt Collections Practices Act.
6. Repair your credit yourself. You can do it. Do not pay anyone for this service.
7. If you need help find an agency certified by the National Foundation for Credit Counseling (NFCC) and recognized by the Bankruptcy Court.

If considering bankruptcy, you must seek credit counseling:

Contact Consumer Credit Counseling Service (CCCS) 1-800-642-2227
or visit
www.usdoj.gov/ust/eo/bapcpa/ccde/cc_approved.htm.

Chapter 7-liquidation plan, filing fee-\$299

Chapter 13-restructure/repayment plan, filing fee-\$274

If your identity is stolen:

1. File a police report with the Financial Crimes Unit.
2. Contact the credit bureau fraud departments:
Equifax 1-800-525-6285
Experian 1-888-397-3742
TransUnion 1-800-680-7289
3. Order Credit Reports:
Equifax 1-800-685-1111
Experian 1-888-397-3742
Transunion 1-800-916-8800
4. Open new accounts etc. Insist on password only access to your account.
5. Contact:
Social Services 1-800-772-1213
FTC 1-877-ID-THEFT
IRS 1-877-777-4778
DE DMV 302-434-3200

Rebuild Your Credit (The Credit Builder Program through Artisans’ Bank)

1. A \$500 to \$2000 deposit secured loan. But, because you do not have this money to secure the loan upfront, you build this security with your monthly payments called collateral.
2. The collateral is held by the bank.
3. You repay this loan over a 12 -24 months.
4. Loan rate is fixed between 5-9% APR.
5. At end of the loan term, proceeds may be deposited into a Free Savers Account or a Low Minimum to Open (\$250) 6 Month Balance CD.
6. No Online Banking is allowed during the credit builder term.
7. Automatic Funds Transfers or Electronic Funds Transfer loan payments are not allowed from the collateral account.

Credit Bureau Contacts for disputes:

Equifax

Credit Information Services, Inc., PO Box 740241, Atlanta, GA 30374

TransUnion LLC

PO Box 1000, Chester, PA 19022

Experian

PO Box 2002, Allen, TX 75013

Order your free credit reports:

www.annualcreditreport.com
1-877-322-8228

Look for credit report inaccuracy:

Personal Information
Public Records
Collection Accounts
Current Obligations & Inquiries

If inaccurate, dispute them:

1. Make a copy of your credit report and circle the incorrect items
2. Write to the lender. A week later write to credit bureaus.
3. Send COPIES (never originals) certified, return receipt requested