

# What is Credit Repair?

This is a short article to help you understand what Credit Repair is, and how it works. To do that, we will first discuss some basic concepts such as

- What is a Credit Report,
- What information does it contain?
- Who assembles the information?
- Where do they get their information from?
- How do you repair your credit?

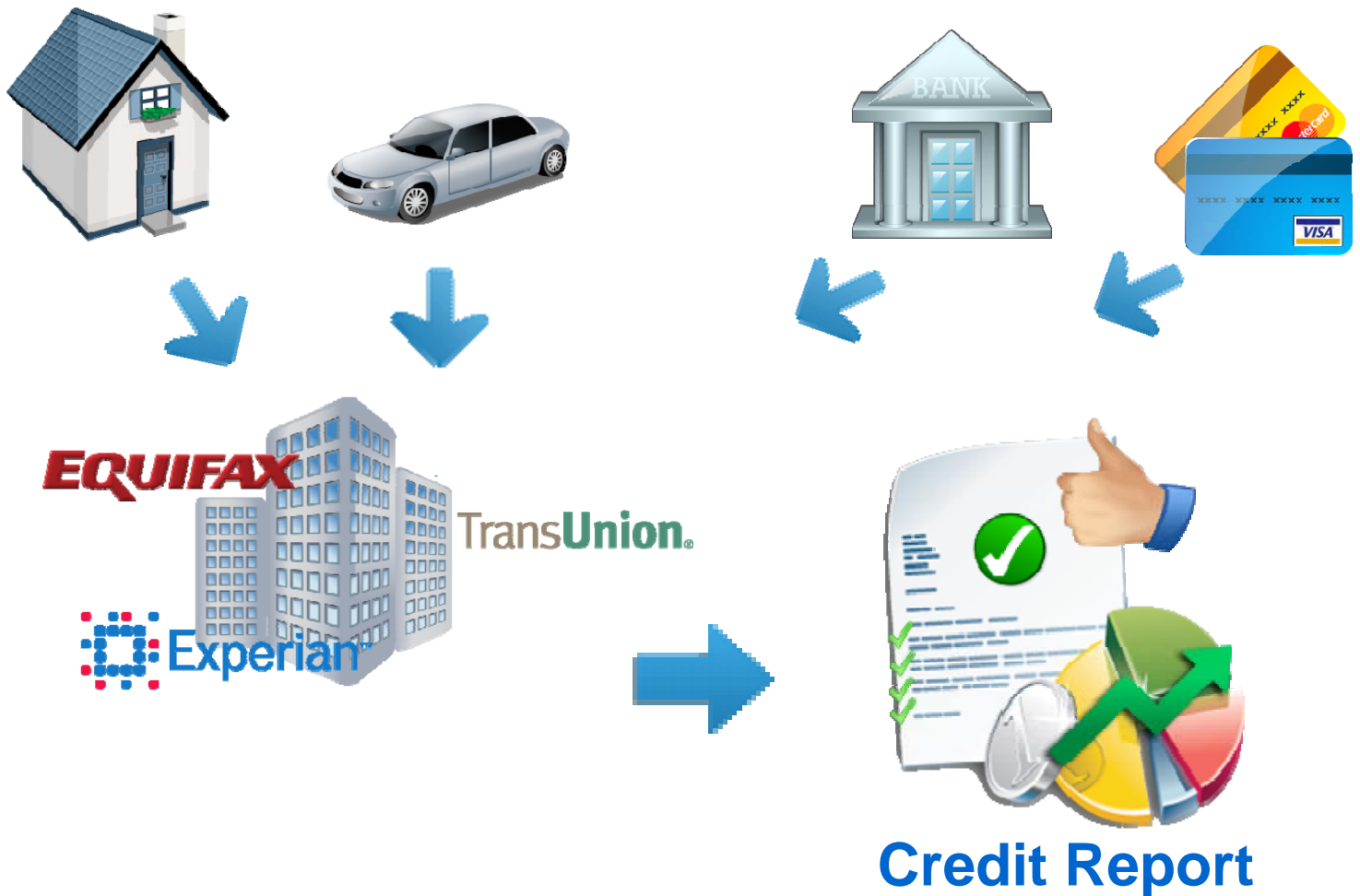
First, “What is a credit report?”

A credit report is a collection of information about you, mostly financial information, and works as financial transaction history that is used by potential lenders, employers and others to determine your credit worthiness.

Your credit report contains a variety of types of information:

- your full legal name, and aliases you have used.
- your current address, and previous addresses.
- your current Employment and previous employers.
- An inquiry history, this means a history of lenders or businesses who have looked at your credit report
- a history of financial transactions - These are businesses who have extended you credit who have reported that information to the credit bureaus.
- a history of public records, such as judgments, and liens, or in other words, a history of civil court records.

# Credit Reporting: Information Chain

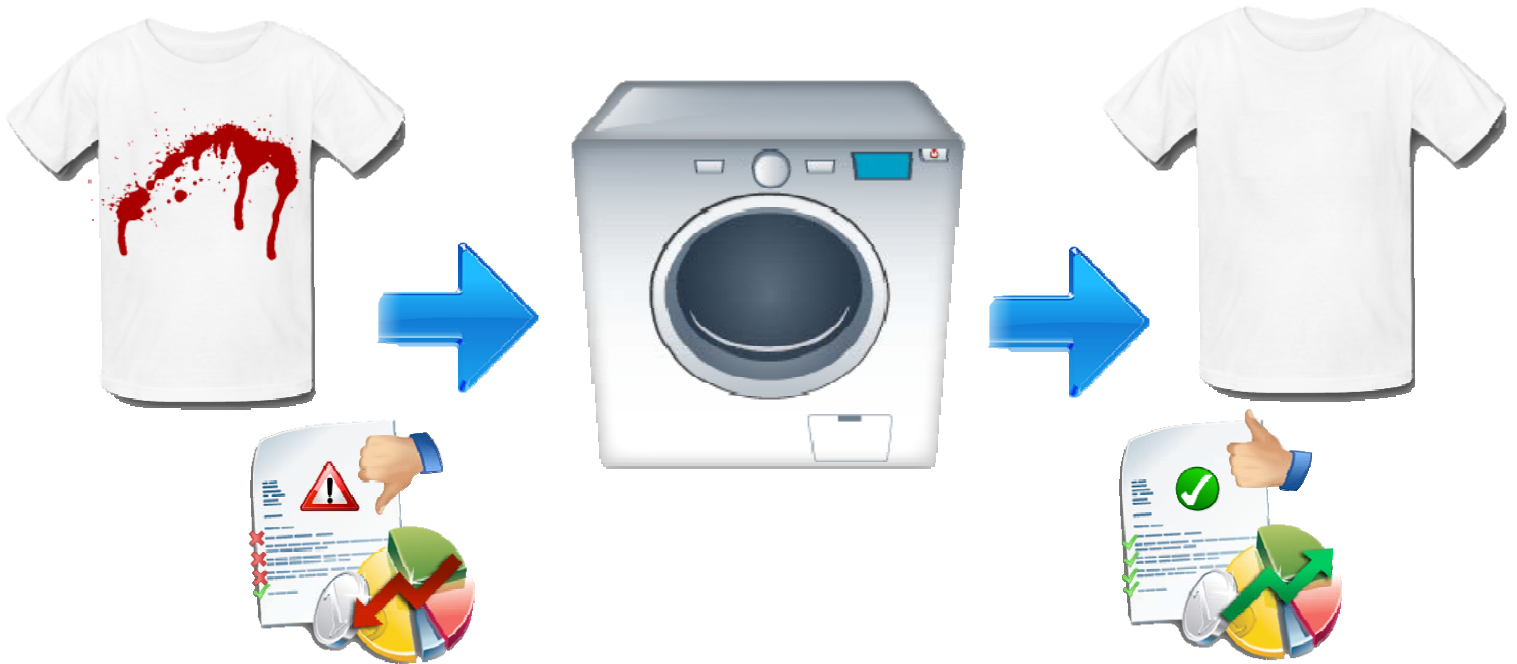


All of this information is assembled into your Credit Report. The companies who assemble or gather this information are called Credit Reporting Agencies, or Credit Bureaus.

As you can see, this is a lot of information to gather. And there are multiple gathering sources. When a mistake happens it flows all the way down the information chain and finally ends up on your credit report.

Credit repair is a process of attempting to clean up the credit history. There are three major credit bureaus; Equifax, Experian and TransUnion. So if you have one error on one credit bureau report, you probably have that same error on the other two reports as well.

# Credit Repair: A Simple Comparison



With all the information on your credit report, you need to understand, if it doesn't help you, it hurts you. To make it simple to understand, let's use this comparison:

Suppose you have a big ugly spot on your shirt, and you want to clean it so you can wear it to your job interview. What do you do? You clean it, right? You put the shirt in the washing machine with your other dirty clothes, put in some soap and after a while, you are wearing a spot-free shirt. The shirt is like your credit history and the spot is like that error, late payment, charge-off or repossession.

However, there are state and federal laws that govern how this information is reported, how it is obtained, how long the information may remain, and, what the process is for correcting mistakes and removing unverifiable information. This means the only information that a credit bureau can legally keep on your credit history, is information that is verifiable at the source, and which is within the length of time they are allowed to keep it – which is generally 7 years, and 10 years for public records.

# An Example of a Common Mistake:

You



“Robert Smith Jones, **Jr.**”  
a.k.a. “Bobby Jones, **Jr.**”

Your Father



“Robert Smith Jones, **Sr.**”  
a.k.a. “Bobby Jones, **Sr.**”

## Mistaken Identity

So let's look at the credit reporting process to give you a basic understanding of the flow of information for credit reporting so you can repair the unverified and outdated information.

So first, let's look at how information is gathered and reported. For example; pretend that on your 18th birthday you want to move out of your parents house, and find an apartment to rent. Also, Pretend for a moment that your name was "*Robert Smith Jones, Junior*" – and - your are the son of "*Robert Smith Jones, Senior*."

You ask the landlord if you can rent an apartment. He says, "*It depends, can you afford it?, and how do I know you will pay on time?*" So to determine that, he pulls your credit history and reviews it and then decides to approve, or reject your application.



Landlord



Your Application



Employment:  
**Burger King**

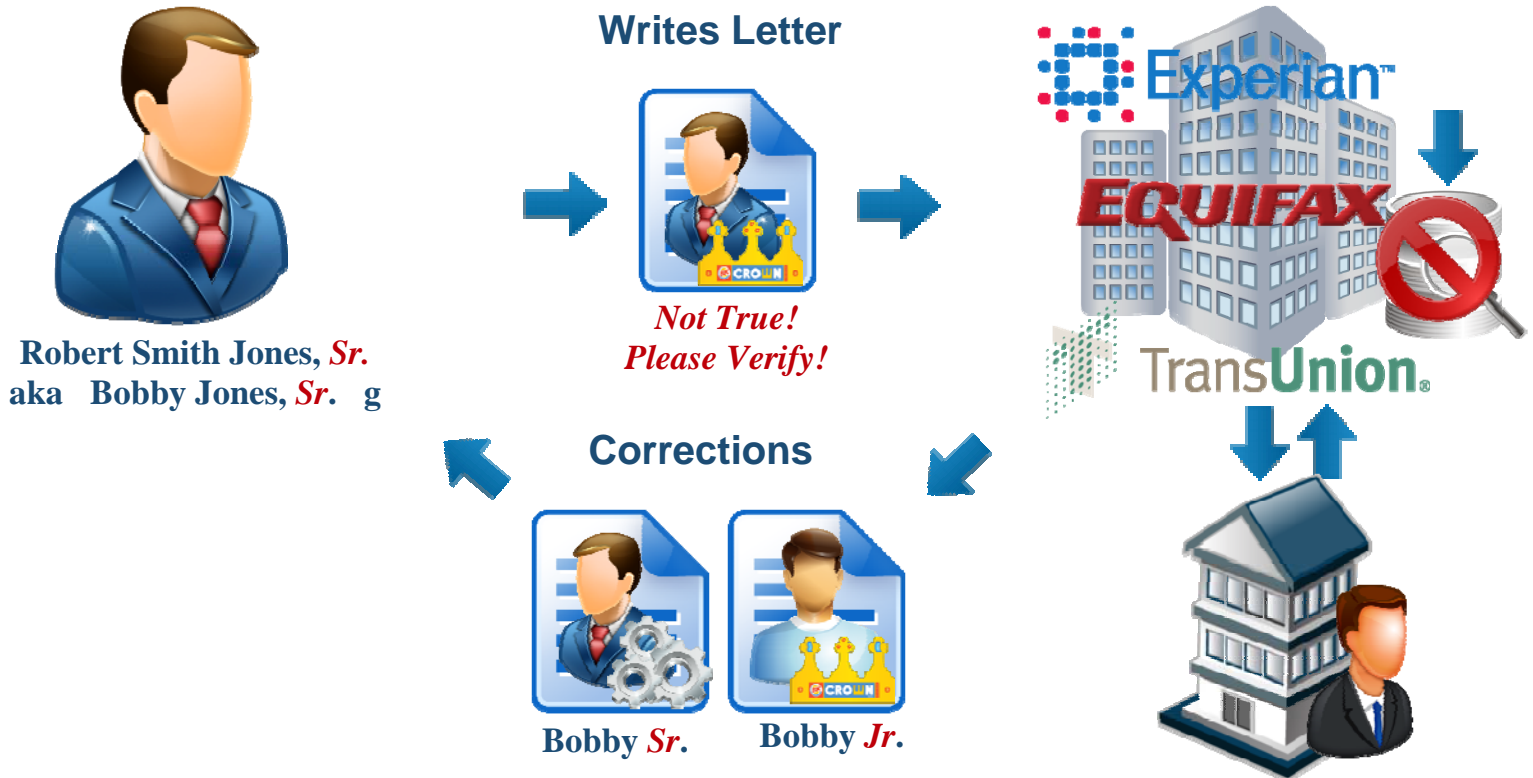
**Bobby Jones, Jr.**  
1234 **Parents** Street  
Anytown, NV 89000

But, when he pulled your credit report, he gave the credit bureau the info you gave him; your name, your social security number, date of birth, current address and current employer. You applied to the landlord using your nickname alias "Bobby Jones" and used your parents address as your current address. The result of doing this means, that this information is now part of your credit history even though it's not accurately reporting your full name, and your current "apartment" address.

The credit bureaus received request for your credit report from your landlord, and sent it to the landlord. BUT, neither the credit bureau, nor your landlord knows that your father is "Robert Smith Jones, Senior", who also uses the alias Bobby Jones, so the credit bureau unknowingly adds "Burger King" as employment records to the Fathers credit history and sends your credit report to the landlord who approves your application and lets you move in. Just a big happy wonderful story – aint it?

No! that is where the credit reporting mistake happened!

# Correcting the Mistake: Credit Repair

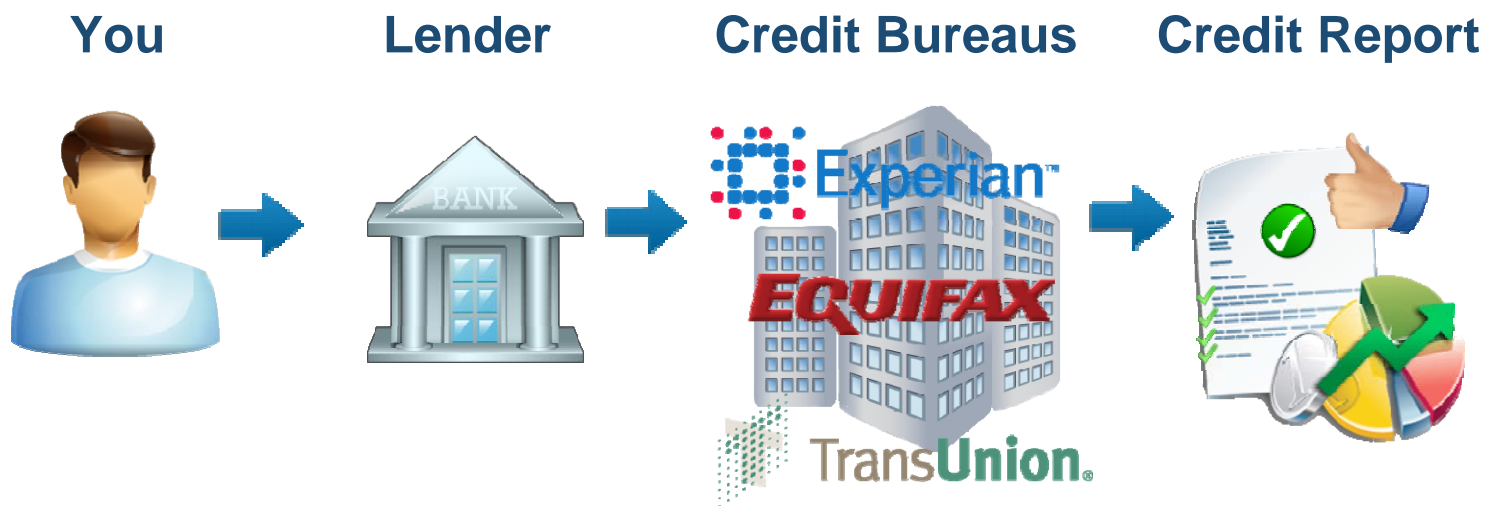


Your Father *Robert Smith Jones, Sr.* might now have *your* apartment on *his* credit history. This might not hurt him if you pay rent on time. But it could, especially if it inaccurately reports his current employment not as civil engineer, but as working at Burger King. It could also affect his insurance rates and his ability to get approved for a loan.

So, to repair this mistake, your father contacts the credit bureaus and explains that he and you share the same name as Junior and Senior and use the same alias "*Bobby Jones*". The credit bureaus then contact the source of the information who is the landlord, then he reports back to the credit bureau, then the credit bureau responds to him – hopefully with correcting the mistake – but that doesn't always happen.

The law stipulates that if the credit bureaus cannot verify the information at the source within 30 days, they are to remove it – but, sometimes the credit bureaus like to "pretend" that checking their own records is satisfactory, they will pretend the information the landlord gave them was accurate. It was NOT!, they must re-verify with the landlord again, not just check their own records.

# You Can Repair Your Credit!



That is just ONE example of many "types" of information sources and how the mistake happened, and only showed ONE way of many to get your credit repaired. But, Credit Bureaus also get their information from banks, insurance companies, and employers – so the chances of mistakes creeping in becomes much higher. Much like the situation with the landlord and Bobby Jr., mistakes aren't always obvious.

There are three major credit bureaus; Equifax, Experian and TransUnion. So if you have one error on one credit bureau report, you probably have that same error on the other two reports as well. so now, your workload has tripled – and getting this mistake repaired isn't as easy as just sending a letter.

So if you are not a very dedicated and very thorough do it yourself-er, hire an affordable credit repair professional to do it for you. You will save a lot of time and heartaches by hiring someone who has done it before.

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