

## How 'Big' Credit Repair Company Takes Sara's Money And Drops Her FICO...!

*“Credit repair is not easy...take responsibility for your bad credit, even if it's not your fault...don't think you can pay for good credit or hire somebody to do it for you.”*

*—Sara Hansen*



“My reports were filled with wrong account information...I was shocked...I couldn't believe this could happen, let alone happen to me. All that bad stuff killed my scores and kept me from buying my home...,” shared Sara Hansen of Boulder, Colorado.

Hansen learned the hard way about the importance of credit monitoring. She assumed her credit reports were fine, since she managed credit responsibly and had not suffered a financial emergency.

“I went shopping for a house before I got approved. I didn't see a problem with doing that. I knew I had good credit and I knew I made good money. I didn't think I needed to...now I know I screwed up, and I paid the price when I got rejected,” said Hansen. “It was the most embarrassing and frustrating experience of my life.”

### Mortgage Professionals Out Of Water

Unfortunately, Hansen's mortgage professional did not know how to help resolve the reporting errors.

“I had an awesome mortgage guy, who really wanted to help me,” Hansen said, “but he didn't know any more about my credit problems than I did.”

And so, Hansen did what hundreds of thousands of other Americans with credit problems have done and do every day: She turned to a "credit repair" company that promised to fix her credit—for fees exceeding \$2,200.

Hansen said, “\$2,200 is a lot of money. But when I saw what my mortgage payments would be with the mortgage they would give me, I quickly decided it was worth it to pay the money and get my reports fixed.”

“I paid them \$2,200 dollars...nothing came off my credit reports—not one lousy thing. They basically stole my money....” -- Sara Hansen

## Bad Credit Stings The Wallet....

How bad is it? Sara's right. It's bad. With bad credit, you really are better off getting rejected for a mortgage instead of accepting a bad mortgage. This is real money...going down the drain. With 'poor' credit, you will pay \$150,000 more in interest over 30 years than a person with okay credit.

But wait, there's more. With 'bad' credit—not poor—credit, getting a bad mortgage will cost you \$400,000 more in interest. WOW!

\$300,000 HOME PAID OVER 30 YEARS:			
CREDIT STATUS	RATE	PAYMENT	COST OF BAD CREDIT
Okay	7%	\$1965.90	\$0.00
Poor	9%	\$2413.86	\$150,465.72
Bad	12%	\$3085.83	\$392,374.89

**\*\*NOTE\*\*** One blessing in disguise is that today you probably—I don't want to say won't—couldn't get a 'subprime' loan if you tried, regardless of the horrible interest rate. Subprime mortgage meltdown ended the days of bad credit mortgages. Thank goodness. There's a much better way for you to get a home than to finance a bad mortgage.

## Promises. Promises. (Unfulfilled) Promises!



The company Hansen hired appeared in ads and on websites all over the Internet. They must be good, right?

This is what Sara thought. She kept seeing their name and they checked out with the Better Business Bureau. However, the company she hired did not deliver on its promises.

"They told me they could clean up my credit in a 'few' months," Hansen said. "Nothing came off my credit reports—not one lousy thing. They basically stole my money. I eventually found out that I had a 'mismerged file,' which meant some other person's credit file got merged with mine. Should have been pretty simple, wouldn't you think?"

Hansen isn't alone. According to the Federal Trade Commission (FTC), credit repair firms make outrageous claims about fixing your credit.

"They (credit repair companies) claim they have lawyers repairing your credit. All they do is send form letters, and the lawyers or credit repair 'experts' aren't even the ones doing the work," Hansen said.

Sara Hansen is not alone...not even close. With more than 12 million Americans suffering from bad credit, Mortgage Broker Robert Curry of Orlando, Florida, knows the frustration of not being able to help people with their home purchase.

“They don’t teach us credit repair when we go to school for our mortgage license. People come to me for help, and I can’t help them,” said Curry. “We all know how to read credit reports and which accounts are hurting the scores, but we only know how to ‘rapid rescore’ or to send dispute letters.”

For Hansen and Curry, disputing with form letters creates more headaches, when Credit Reporting Agencies detect a form letter and flag the account.

The vast majority of credit repair firms, experts say, promise what they can't deliver—to "erase your bad credit," for example. What's more, they often advertise that poor credit ratings can be fixed—even if they're current and accurate.

The Fair Credit Reporting Act of 1971 gives consumers the right to challenge the accuracy, validity and verifiability of their credit reports—the files compiled by credit bureaus—free of charge. It requires credit bureaus to investigate disputed items and to correct or remove inaccurate or non-verified information.

In reality, these companies only can do what you can do yourself.

Regardless of how many times on the Internet or Television you see the ad for some credit repair company, don’t get misled by the companies that pop up all over the Internet.

- **\*\*TIP\*\*** Accurate and verified account information cannot and should not be deleted.

You (on your own) can learn to get inaccurate and unverified bad information removed from your reports.

Before you even consider signing a contract with a company that promises to repair your credit, remember these facts:

- \* You can get copies of your credit reports on your own...free...at [www.annualcreditreport.com](http://www.annualcreditreport.com)
- \* You have the right to dispute entries in your credit report...free and by yourselves.

However, do not think that credit repair is only about sending letters.

“When I became a mortgage broker, Curry said, “all the old brokers would tell me, ‘When you find bad stuff on their credit reports, help them send a dispute letter and then rapid rescore it. It’ll come off and your customer will qualify.’ It wasn’t that easy...not at all.”

What Robert Curry realized is that credit repair is not easy or simple. And you cannot just pay a company to do it for you.

## Miracle Snail-Oil 'Treatment'?

For people desperate to fix their credit, the Internet is a dangerous place. Outrageous claims abound. Be very careful...in fact, click off any site that promises you overnight FICO improvement.

- **\*\*TIP\*\*** And don't fall for offers that guarantee to get you credit!

Credit repair and other companies often claim they "guarantee" to get you a credit card, regardless of your credit history. In fact, these companies do not always honor their guarantees. Sometimes, they'll just take your money and run—you will not get any credit, regardless of what they promised.

If they get you a card at all it often will be a "secured" bank credit card with high up-front "application" fees that requires you to deposit and keep several hundred dollars in a savings account, or a card that only allows you to buy items in a catalogue from a business that you probably never heard of.

You don't need them to get you a card; you can apply for a secured credit card by yourself.

Credit repair companies advertise everywhere...on the Internet, on the radio, on television, and in newspapers. Sometimes they require you to dial a "900" telephone number to get more information.

- **\*\* TIP \*\*** Calls to 900 numbers cost several dollars per minute, so listening to a few minutes of information about the cards will result in a hefty charge on your phone bill and a profit to them.

Still, some credit repair claims flat-out de-fraud you, selling you on the lie that you can set up a new credit file using an employer identification number.

- **\*\* TIP \*\*** Absolutely, do not get or use an employer identification number for the purpose of creating a new credit file . It's illegal and could land you in jail. This is serious stuff.

Some other companies try to get you a credit card by having you apply using financial information from some other person who has good credit.



- **\*\* TIP \*\*** Again, don't do it. It is a criminal act to apply for credit under someone else's name—do not do business with these companies.

Don't get desperate. There is no 'easy button' for fixing your credit. Take responsibility for your bad credit reports (whether or not it's accurate and verified) and begin fixing it.

## Credit Repair Easy Button?



Even if your reports are filled with inaccurate account information, information that is not yours or even re-aged accounts, you must take charge. It sounds so easy and convenient just to pay some company with great advertising and glowing testimonials to fix your credit.

At the end of the day, you want to see a positive return on your investment...some improved credit, right?

“The ‘credit repair giant’ showing up all over the Internet stole my money and lowered my credit scores...they lowered my scores and I paid them \$2,200! Go figure. I’ve learned that there is no easy button in credit repair,” exclaimed Sara Hansen.