

# The Do-it-Yourself Credit Repair eBook

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## 1. CREDIT SCORES, CREDIT REPORTS & RELATED LAWS

### 1.1 Your Credit Score

Your credit score is the numeric summary or “grade” for the information in your credit report. Credit scores range from 300 to 850 (the higher the better) and aren’t automatically included with your credit report, but you can order them for a separate fee. Your credit report directly influences your credit score with positive reporting from your creditors helping your score and negative information hurting your score.

### 1.2 Your Credit Report

You may have an idea about what your credit report contains but don’t be surprised to find that there can be errors on your report. You should order copies of all three of your credit histories from the major reporting bureaus **Equifax**, **Experian**, and **TransUnion**. Every individual has the right to receive one free copy from each of the three bureaus annually at [annualcreditreport.com](http://annualcreditreport.com). You can also get a free report for up to 60 days if you have been denied credit, employment, insurance or a rental property because of information in your credit report.

### 1.3 Obtaining reports and scores

Obtaining credit reports and credit scores can cost money. If you’re ordering them frequently throughout the credit repair process, you could spend over a hundred dollars. Good thing there are places that you can get your credit report and credit score for free or a minimal fee.

[AnnualCreditReport.com](http://AnnualCreditReport.com)

This is a website at which you can order the free credit reports that you’re entitled to by federal law. To make sure you’re taking advantage of this right, you should order through [AnnualCreditReport.com](http://AnnualCreditReport.com).

### [FreeCreditScore.com](https://www.FreeCreditScore.com)

Your credit score at FreeCreditScore.com, which is based on your Experian credit report, can be acquired for free. But to do so you must be enrolled in a trial subscription to a credit monitoring service. Failing to cancel within seven days will result in a monthly credit card charge.

### [myFICO.com](https://www.myFICO.com)

One place you can get a free **FICO** score, the score most commonly used by lenders, is at myFICO.com. There's a catch, though. To get your free FICO score, you must sign up for a trial subscription to Score Watch, a credit score monitoring service. If you don't cancel – you guessed it – your credit card will be charged.

### [CreditKarma.com](https://www.CreditKarma.com)

Here, you can get a free credit score without having to enter any credit card number. You don't have to enroll in a trial subscription and you don't have to cancel anything to avoid being charged. The score is based on data from your TransUnion credit report. An advantage this site offers is you can order an updated credit score at CreditKarma.com as often as you'd like, for free.

### [Quizzle.com](https://www.Quizzle.com)

Quizzle gives you access to both your credit report and credit score – for free. There's no credit card required and you don't have to cancel a subscription to anything. They don't even need your social security number. Both the credit report and score are based on your data with **Experian**. You can get a free credit score and report from Quizzle twice a year.

## 1.4 Understanding Your Credit Report

Your credit report contains all the information that determines whether you have a good or bad credit score. When you receive each report, go over every single line of information and check for accuracy. Any information that is not correct should be reported back to the credit bureau using the online or printed forms provided. The bureaus are required to investigate all reported inaccuracies and if the creditor does not cooperate, the information may be dropped from your report. Unfortunately, credit reports aren't the most easily understood documents. When you're checking your credit report for the first time, you may be confused about the layout and the information that's being reported.

Some credit reports can be easier to understand than others. The simplest ones use different fonts and colors to separate the sections. Those that can be harder to understand usually use a typewriter-looking font, include codes, and use little spacing.

The sections in most credit reports are laid out in the same order.

**Personal information** section may include lists your name, name variations (e.g. if you've been married or sometimes use a middle initial), current and previous addresses, phone number, date of birth, entire or last four digits of your social security number and employer.

The **summary section** varies by credit report but typically gives a highlight of the negative information on your credit report, like the number of negative accounts and the total amount past due. The summary section may also provide information about the total age of your credit accounts and total amount of credit card and loan balances.

The largest section of your credit report lists details about each of your individual credit accounts. For each credit card, loan or collection account the same basic information is usually reported:

- Information about the creditor
- Status of the account (e.g. whether you're current or past due)
- Date the account was opened
- Last time the account was updated
- Type of account (e.g. installment, revolving, collection, etc.)
- Monthly payment
- Type of account responsibility (e.g. joint, individual or authorized user)
- Credit limit or original loan amount
- High balance (this is the highest balance charged on the account)
- Current balance
- Last payment
- Account history for the past seven years
- Your statement for the account

**Public records** section include things like bankruptcy, foreclosure and judgments that are on file with a court system.

**Inquiries** are added to your credit report whenever a business requests to see your credit report. Some inquiries are made because of your applications for credit. These "hard" inquiries are on all your credit reports and are typically considered when calculating your credit scores. Other inquiries may be done by you, employers, existing creditors or businesses that want to pre-approve you. These "soft" inquiries only show up on your credit report and are not typically considered when calculating your score.

Reading about what's in your credit report may not fully help you understand your credit report. Fortunately, there are a few tutorials out there provided by the same people who put your credit report together. Here are a couple sample credit reports: [Experian](#), [TransUnion](#). These samples can be especially helpful when you order your credit report from one of these providers.

## 1.5 What to Do With Your Credit Report

Analyze every bit of information listed on the credit report, including your name, address, Social Security number, and all account information. Any information that is inaccurate should be noted. Each credit bureau has an online or printed form where you can list incorrect information. All consumer requests must be investigated by the credit bureau once they have been received. Investigations can change the status of the report if the information is indeed found to be false. In some cases, the creditor will not investigate the request regarding incorrect information and subsequently the incorrect data will be dropped from the report. By updating and correcting information, your report will reflect a more accurate picture of your financial health and could be an asset for you rather than a hindrance when applying for new credit, applying for a new job, renting a home and getting insurance.

## 1.6 What Hurts Your Score?

### **Delinquencies**

Delinquencies, especially within the prior 90+ days, can adversely affect your score. According to myFICO.com, payment history is 35% of your FICO score, so late payments can take their toll on your credit score. Charge-offs, debt collections, bankruptcies, repossession, foreclosure, lawsuit judgments and tax liens typically also fall under the payment history portion of your credit score.

### **Any unpaid bill**

Any unpaid bill can become a serious delinquency, even if it's not a credit card or loan. Many businesses now send even the smallest debts to a collection agency if that debt goes unpaid. Since collection agencies almost always add debts to your credit report, a \$5.00 library fine or a \$35 phone bill can end up on your credit report and hurt your score.

### **Maxed-out credit card balances**

According to myFICO.com, the second-most important part of your FICO score are the amounts owed. The closer your credit card balances are to your credit limits, the worse it is for your credit score. The same thing goes for any loan balances. If you have loan balances that are over or close to the loan amount, your credit score will probably be hurt. Many experts recommend using no more than 30% of your allotted credit extension to improve or maintain your credit score.

### **Closed accounts that still have balances**

It's common for people to close their credit cards simply because they're upset with the credit card company or because they don't want the temptation of the credit card anymore. Unfortunately, this doesn't hurt the credit card company, but it can hurt your credit score. Once your credit card is closed, your credit limit is usually reported as \$0. If your credit card has a balance, it could look like you've maxed-out when all you've really done is closed the account.

### **Too many recent credit applications**

According to myFICO.com, new credit, including credit inquiries count for 10% of your FICO score. Your score could take a hit whenever you complete any credit card or loan application. Each time you apply for credit, an inquiry is almost always placed on your credit report. Ten percent doesn't sound like much, but that means too many inquiries could cost you.

### **Newly opened credit accounts**

According to myFICO.com, fifteen percent (15%) of your FICO score is based on the length of your credit history. This includes the amount of time since you opened your first account and the average age of all your credit accounts. Opening a new account lowers your average credit age and could hurt your credit score.

## **1.7 How Long Does Bad Credit Stay on Your Record?**

You may have had a few bad months or even a few bad years when debt got out of hand and financial obligations became uncontrollable. After missing three or four payments on your credit card accounts or other bills, your credit report will begin to reflect such negative payment information and your credit score could begin its descent. As a general rule, 7 years is the length of time a credit report will show an accurate negative mark but it is more complex than that. Here are the exceptions to the 7-year rule for credit reports:

**Bankruptcy**

If you have filed for bankruptcy, such information can be reported on your credit report for 10 years from the date of entry of the court's bankruptcy order.

**Tax Liens**

If you had a lien filed against you for taxes owed to the government, the information will typically remain on your credit history report for 7 years from the date you paid the debt.

**Loan Default**

If you default on a loan with the U.S. government or a guaranteed student loan the information can possibly be reported for more than 7 years.

**Lawsuits**

Judgments against you in a lawsuit can be reported on your credit reports for seven years from the date the judgment was filed or for the period specified in the governing statute of limitations, whichever is longer.

## 1.8 Laws to Know During Credit Repair and Beyond

Did you know there are laws that protect your rights before, during and even after credit repair? Repairing your credit requires you to work with giant companies who probably have a lot more money than you. These companies would have complete power over the credit repair process if the government hadn't put a few rules in place to keep these companies in check. The laws are not perfect and some companies find loopholes, but knowing the laws could help you get results.

**Fair Credit Reporting Act ("FCRA")**

The FCRA is a federal law that generally dictates what can and can't appear on your credit report. The FCRA says that inaccurate, incomplete, unverifiable, or outdated information can't be listed on your credit report. You have the right to dispute credit report errors either with the credit bureau or the company that listed the information on your credit report. It was an amendment to the FCRA in 2003 that entitles you to your free annual credit reports through AnnualCreditReport.com.

**Fair Credit Billing Act ("FCBA")**

The FCBA was created to help consumers correct billing errors from credit card companies. Billing errors include unauthorized charges to your credit card, unposted payments or charges for merchandise that weren't received as promised. You have 60 days from the statement date



on the account statement that first contained the billing error to make a dispute directly to the credit card company and the credit card company must then investigate the dispute. During such investigation, you don't have to pay for the disputed charges and you can't receive any penalty.

### **Fair Debt Collection Practices Act ("FDCPA")**

The FDCPA is a federal law that dictates what debt collectors can and cannot do when they're collecting a debt from you. There's a long list of things they can't do. For example, they can't call you before 8 a.m. or after 9 p.m. and they can't call you at work if you've told them your employer doesn't approve such calls. Also, they can't tell certain people about your debt, but can get location information on you from your friends, neighbors and relatives.

### **Credit Repair Organizations Act ("CROA")**

The CROA was created to protect consumers from unscrupulous credit repair agencies. Scams probably still happen, but many dishonest credit repair companies have been caught and charged by the Federal Trade Commission. Credit repair companies can't lie about the services they provide you, they're not supposed to charge you upfront and they can't ask you to do anything illegal to "repair" your credit. If a credit repair company violates your rights, you can sue them for damages.

If you have a complaint against any business you've dealt with during the credit repair process, you can report them to the FTC by visiting [www.FTCcomplaintassistant.gov](http://www.FTCcomplaintassistant.gov) or you can call 1-877-FTC-HELP. You can also report such business to your state Attorney General or local Better Business Bureau.

## 2. ADDING POSITIVE INFORMATION TO YOUR REPORT

### 2.1 Pay On-Time, Every Time

While no one is completely sure of the mathematical equation used to calculate credit scores, it is certain that the way you pay your bills has a big impact on your credit score. If you are 30, 60, 90 days or more late with payments on bills that report back to the credit bureaus, you will probably see a drop in your credit scores. If you are consistently late, you risk having accounts closed and the negative information being reported on your credit reports for years to come. It is never too late to start getting on track. Automate your payments to make it less likely you will be late or miss making payments. Over a six month time period of perfect bill paying, you could see an increase in your credit score.

### 2.2 Stop Overspending

One likely way to improve your credit score and history is to stop overspending on credit. If you max out your credit cards or take them over the credit limit, your score will probably drop. Ideally, you should never charge something you can't afford to pay in cash, but obviously this isn't always practical. To help improve your credit, you should use your credit cards for purchases you are sure you can pay off in full each month.

### 2.3 Using Credit Limit Increases to Help Your Credit Score

One strategy you may use to try to help improve your credit score is to get a credit limit increase. By increasing your credit limit, you will probably not only lower your credit utilization for that specific credit card, but you'll also probably lower your total credit utilization. The more credit limit increases you get, the better your credit score will likely be.

#### **Two Ways to Get a Credit Limit Increase**

Some credit card issuers grant credit limit increases automatically after you've used your credit card responsibly for a certain period of time. You might notice an automatic credit limit increase after charging a certain amount on your credit card and then paying it off. Automatic credit increases can be unpredictable, so you can't exactly wait for the credit card issuer to give you an increase if you're actively trying to repair your credit.

You can also apply for a credit limit increase with your credit card issuers. The process is relatively simple. Call your credit card issuer using the number on the back of your credit card and ask for your credit limit to be increased. If your card issuer asks how much of an increase you're looking for, keep it reasonable. Too high of an increase may be automatically denied. For example, if you have a \$1,000 credit limit already, it's more reasonable to ask for an increase to \$5,000 than \$10,000. Your request may be processed over the phone or the creditor may send a letter letting you know the decision.

### **How Credit Limit Increase Requests Can Backfire**

Some credit card issuers actually do a credit check when you request a credit limit increase. If the card issuer does a "soft pull" of your credit report, you have nothing to lose from requesting a credit limit increase since soft credit inquiries don't affect your credit score and can only be seen when you check your own credit report. On the other hand, your credit card issuer may do a "hard pull" which does show up on your credit report and could affect your credit score.

The negative effect of an additional credit inquiry could negate any benefits your credit score would get from the additional credit limit. And if your credit limit increase is denied, then your credit score has taken a hit and you've received nothing in return.

So, before you request a credit limit increase from your credit card issuers, ask whether they'll be doing a hard or soft pull of your credit report. Let them know you're concerned about the impact on your credit score and request they use a soft pull, if possible.

## **2.4 Preventing Inquiry Negatives**

As mentioned, you should not impulsively apply for credit or turn in multiple credit applications in a short period of time. With many inquiries counting against you in one time, additional creditors pulling your report will likely be concerned about all of your recent credit applications and be less inclined to approve a loan or line of credit. They might consider you too much of a risk and not responsible with your credit. Additionally, your credit score could drop a few points with each inquiry and essentially make you less credit worthy.

What you should know is that Fair Issac, the creator of the FICO score, has made some changes to how inquiries are viewed. Consumers have been upset that those being proactive about repairing their credit can be putting themselves in a bad position by shopping around for better rates. Now the rules have changed for inquiries. In the past there was no differentiation in why all the credit inquiries were made. Now, the rules include:

- **Ignored Inquiries** – any inquiry within the prior 30 days for auto loans, mortgage loans or student loans will not be taken into account for your FICO score.
- **All for One Inquiries** – any inquiries for mortgage, auto or student loans made within a 14 day time period will be counted as one inquiry.

While the rules are currently in place, it does not necessarily mean creditors will ignore the inquiries. It is still probably better to be careful with your credit report by limiting credit inquiries and making your payments on time to keep boosting your score. The best deals and benefits usually come to those who have great credit reports.

There is no specific number of credit inquiries within a short period of time that is known to start damaging your credit. Every lender will probably take different factors into consideration so it is likely in your best interest to forgo new credit applications until you have worked to repair existing accounts.

## 2.5 Getting a Co-Signer to Improve Your Score

You could ask a family member or friend to co-sign a credit card or a small loan with you. The person who co-signs with you likely needs to have good credit so the application will get approved. Realize that this person will have joint responsibility on the credit card account so whatever you do with this credit card will probably affect their credit and vice versa. So, if you go the joint application route, you should trust the other person and they should trust you.

You don't have to leave the account open forever, just long enough for you to rebuild your credit to the point that you can qualify for a credit card on your own. If you use your credit card responsibly and make your payments on time every month, it should probably only take **12 to 18 months to qualify** for your own credit card.

## 2.6 Get a Secured Credit Card

There are two types of credit cards: unsecured and secured. You're probably most familiar with unsecured credit cards where you simply apply and if you qualify, you get the card. Secured credit cards, on the other hand, typically require you to make a security deposit against the card's credit limit. Because secured credit cards typically don't check your credit, they're often the best option for post-bankruptcy credit repair.

When you choose a secured credit card, you should try to get one that reports to the major credit bureaus and that also converts to an unsecured credit card within six to eighteen months of timely payments.

## **2.7 Diversify Your Credit Report**

Lenders usually want to see a mix of credit on your report. There are many types of credit a consumer can have, including revolving credit accounts such as credit cards and installment accounts like small personal loans. You may consider approaching your bank or local credit union and requesting a small loan. Be sure to pay the loan on time, each and every month to try to boost your score and history report.

### 3. REMOVING NEGATIVE INFORMATION FROM YOUR REPORT

#### 3.1 How Credit Report Disputes Repair Your Credit

Inaccurate negative information can hurt your credit score. Checking your credit report should be the first step in credit repair. Removing inaccurate information should be the next step.

##### What Information Can Be Disputed?

Technically, you can dispute anything on your credit report. Federal law requires the credit bureau to remove information that's incomplete, inaccurate, or unverifiable, which include:

- Payments reported late that were actually paid on time
- Negative information that's passed the credit reporting time limit
- Any account being reported by two collection agencies at once
- All accounts that don't belong to you
- All accounts reported as closed that are actually open
- Accounts discharged in bankruptcy that are still reported as delinquent

##### How to Make a Credit Report Dispute

If you order your credit report online, you might be inclined to make your credit report dispute online as well. However, this might leave you without the paper trail you'll need if the credit bureau doesn't follow the law.

The best way to send your credit report dispute is probably through the mail. Write a letter and send it certified mail with return receipt requested. That way you have proof of when the letter was mailed and received.

If you have multiple errors for your credit repair list, you should dispute them one at a time. Be careful not to bombard the credit bureau with several dispute letters at once. Instead, send a few, wait, and send a few more. If you send too many disputes at once, the credit bureau might decide your disputes are frivolous and refuse to further investigate, which they can do legally.

In your dispute letter make sure you include the reason for the dispute, e.g. *the payment reported as late was made on time*. It could help to include a copy of the credit report you're disputing with the error highlighted. You should also include copies of any proof you have supporting your claim. Keep the originals of your proof for your records.

Send your dispute to the credit bureau that provided the report you're disputing. Here are the mailing addresses for all three credit bureaus:

**Equifax**

P.O. Box 7404256  
Atlanta, GA 30374-0256

**Experian**

Dispute Department  
P.O. Box 9701  
Allen, TX 75013

**TransUnion**

Consumer Solutions  
P.O. Box 2000  
Chester, PA 19022-2000

Once you send your credit report dispute, the credit bureau has 30-45 days to do an investigation and send a letter alerting you to the result of the investigation. If your dispute results in a change to your credit report, you'll automatically receive a free copy of your updated credit report. In any event, the bureau will send a letter telling you the results of their investigation.

### 3.2 Negotiate with Creditors Directly

You have the option to negotiate a settlement with your creditors directly. It is advised that part of your negotiation process involves an agreement by the creditor to stop reporting information to the credit bureau or request that the account be listed as 'paid as agreed' instead of being listed as 'settled' on the credit report. This could help raise your credit score as well as possibly improve your chance of loan approval. There is no guarantee a creditor will agree to the requests but it certainly could help you credit wise if they will.

**How to Construct a Credit Dispute Letter to Your Creditors**

After discovering any information you would like to dispute, you'll want to follow through by filling out the appropriate forms provided by the credit bureaus to dispute the information. Once received by the credit bureaus, each dispute must be investigated and contact will be made with your creditors.

If the creditor does not reply to the request for information, the credit bureau may drop the data from your report entirely if the debt is not verified. If the creditor does respond within the 30 day period, the information will be updated or left as is on your report. The credit bureaus will also send you written correspondence about the results of the investigation. If information is verified by the creditor to the credit bureaus that you do not agree with, you'll need to construct a letter directly to the creditor.

Below is an example of what your letter to your creditors may look like:

**Your Name**  
**Address**  
**City State Zip**

**Date**

**Attn: Dispute Department**

**Creditor Name**  
**Creditor Address**  
**City State Zip**

**Dear Dispute Supervisor:**

**This letter is to dispute the following information that is being reported to my credit file. I have attached a copy of the report that contains the information and have circled it for your convenience.**

**The information in question is not accurate because (describe why the information is not accurate or incomplete as well as any action taken to resolve the matter). I am now requesting that the information be removed from my credit report (or ask for a specific change to update to correct information).**

**I have enclosed copies of relevant documentation that proves the information contained on my credit report is erroneous. I respectfully request an investigation into this disputed matter as soon as possible and that correspondence of results be forwarded to me at the conclusion of the investigation.**

**Sincerely,**

**Name**



**Enclosures: (provide list of what documentation are included with the letter)**

Once the letter has been completed and the documents are attached, send it via Certified/Return Receipt Requested through the US Post Office. This will ensure your dispute letter was delivered and you will have a confirmation of that receipt. Once you receive confirmation, wait three to four weeks before following up with the creditor by phone if you haven't received any other correspondence.

### 3.3 No Reply on a Dispute

Credit bureaus have the legal obligation to reply to your correspondence within a 30 day time frame. The Fair Credit Reporting Act states that the bureaus must have their investigation completed on your behalf within thirty (30) days. In some cases things do not go as planned and there is no reply. So what do you do now?

**Put on the Pressure**

In the event you get no reply, the credit bureau must remove the negative information you disputed effective immediately. This should benefit your credit score and attempts at credit repair. It is up to you to stay on task and follow up with the credit bureaus. You can send them a letter via Certified/Return Receipt Requested. Keep a copy of the information you are sending.

**What to Include in the Letter**

Be sure to create a professional-looking letter that contains your return address. You'll want to inform the credit bureau that they have failed to reply to your initial correspondence and list the date of your first contact. Restate the FCRA law pertaining to the 30 day rule and put them on notice that they will be in violation of the law if they fail to remove the data. Let them know you have kept detailed notes and copies of all correspondence pertaining to the matter.

Keep a professional tone and request that the matter receive immediate attention. Enclose copies of your original correspondence that verifies 30 days have passed. You should relist all accounts that should be deleted from your credit report due to the lack of response. Be sure to include your name and Social Security number for easy tracking.

### 3.4 Dispute a Consumer Dispute

Many consumers working hard to repair their credit will receive a reply from the agencies that their dispute is being disputed. A reply letter may indicate a frivolous dispute so it will be up to you to take further action.

#### What To Do Next

If you have received a letter stating the credit agency finds your disputes irrelevant or frivolous, you may want to take further action. Review your original dispute documentation and see what the reason was for your dispute. Plan to re-file the dispute using other reasoning that is still accurate and sound. The following list of consumer disputes may help you find the most relevant for your situation:

- This is not my account
- I didn't pay late (list payment date)
- Wrong amount listed
- Wrong account number listed
- Wrong original creditor information listed
- Wrong charge-off date listed
- Wrong date of last activity noted
- Wrong balance listed
- Wrong credit limit amount listed
- Wrong status listed – there are about 20 possible statuses

#### What You Should Not Do

While it is imperative you dispute erroneous information, you should remember not to hit the credit bureaus with a mountain of disputes all at once. You will probably only be wasting your time. Follow through with only legitimate disputes and don't attempt to challenge the credit bureaus with every entry in the hopes of having them all removed to boost your credit ratings. Once the credit reporting agencies considers any of your disputes irrelevant, they are not legally obligated to change any data, leaving you back at square one.

### 3.5 What is a Charge Off?

A charge off lets lenders know you did not meet the financial obligations with your original creditor and that you still owe a balance on the account. See how much you still owe on the account. Can you pay the account in full now? If so, contact the creditor and find out how to make payment and how long before the information is corrected on your credit report.

If you do not have enough money to pay for the account in full, contact the lender or the collection agency handling the account and find out what your options are. Sometimes they will accept a payment plan toward paying off an account in charge off status; other times they require a lump sum payment. If they do accept payments, ask whether or not they will also update the account on your credit report to show you are making payments. This would show any other companies viewing your credit report that you are making good on this debt – although your credit score itself would not likely improve until the account is paid in full.

### **3.6 Pay for Delete**

Consider using a pay for delete. That's when you pay off an account in exchange for having it deleted from your credit report. It isn't always successful as creditors and debt collectors aren't required to remove any accurate information from your credit report. Ultimately, it's up to the business whether to report an item on your credit report. So that's who you should approach with a pay for delete.

#### **Which Accounts Are Best for Pay for Delete?**

Pay for delete strategy likely won't work with every account. It's a better use of your time probably to try this negotiation on the entries that are most likely to get a good response. For example, don't try a pay for delete on accounts that are current, but rather have lengthy delinquency. The accounts that typically are best for a pay for delete are collections and charge-offs.

#### **Negotiating a Pay for Delete**

Getting a pay for delete is usually all a matter of negotiation. The agreement you're looking for is this: I'll pay this account if you remove it from my credit report upon receipt of payment.

Anytime you make an agreement for an account, you should get that agreement in writing, even if the agreement is made over the phone. Get a signed copy of the agreement before you send payment. A signed copy of your agreement is probably the only leverage you have to make sure the creditor or debt collector holds up their end of the deal.

You can try to negotiate a pay for delete over the phone, but it's often better to send a letter. In your letter, state that you're willing to pay the debt in exchange for having the account removed from your credit report. In your letter, it's very important that you don't acknowledge that the debt is accurate or make a promise to pay it off except in exchange for deletion.

If you can't afford to pay the entire debt, and the debt is owned by a collection agency, you can try to offer a lower lump-sum payment in exchange for deletion. Debt collectors often buy debts for less than 10% of the face value, so they're likely to go for a settlement offer. This is probably especially true if the account has been through several collection agencies.

### **Sample Text of a Pay for Delete Letter**

Here's a sample body of a pay for delete letter.

*In checking my credit report, I discovered your claim that I owe \$XXX for an alleged debt. I would like to make an offer on this debt that would serve both our interests.*

*I am aware that your company has the right to report this debt to the credit bureaus as you see fit. I am willing to pay \$XXX as full satisfaction on this debt if you agree to remove the listing from my credit report.*

*This is not a promise to pay or an acknowledgement of the debt. I am aware that I have the right to dispute the validity of this debt and request that you send proof of this debt. I believe my offer works in both our interests.*

*If you accept this offer, sign and date a copy of this agreement and return it to me. I will make payment only if I receive a signed and dated copy of this agreement.*

## **3.7 Removing Public Records from your Report**

You may have to work with an attorney to get public records like foreclosure and repossession removed from your credit report. If you can show that there is something about the entry which is questionable, you may be able to successfully remove it from your credit report. But, the hard part is finding such necessary information. That's where an attorney who's knowledgeable about your state's laws could come in handy.

## **3.8 Using Debt Validation**

The credit reporting agencies are required to remove any collection records which cannot be validated. When you send a validation request, you request the debt collector to send proof of the debt you allegedly owe. It is worth noting that some debt collectors don't bother with validation requests and their lack of action will result in the record being removed from your credit report. That does not necessarily mean that you no longer have to repay your debt, it

only means that it will not be used to calculate your credit score because the information given to the credit reporting agencies couldn't be validated. While the validation takes place, the collector can't collect on the debt or put it on your credit report until the proof has been sent. Again, send these requests via certified mail with return receipt requested.

