



## Did You Know?

> Over your lifetime, the difference between good credit and even mediocre credit can mean hundreds of thousands of dollars. It has been estimated that if you have mediocre to poor credit, **YOU CAN PAY MORE THAN \$300,000!** during your lifetime than you would if you had good credit score.

> The extra costs comes in the form of higher interest rates and extra fees on the auto loans, mortgages, houses, credit cards, and bank and other loans. This doesn't even include the additional hundreds of thousands of dollars you could have generated by wisely investing the money you saved by having good credit.

## In this issue

- > Why Bad Credit Can Cost You \$300,000 in Your Lifetime
- > What is a Credit Score and Who Determines Yours'
- > Why 80 percent of Credit Scores May Contain Errors
- > Top Ten Secrets Credit-Repair Companies Don't Want You to Know

## Improve Your Credit, Improve Your Life!

One of the reasons I decided to write the Recreditpair software, book and this newsletter was to help people repair and strengthen their credit. I once struggled through credit problems myself. When I was young and people asked me what I wanted to do when I grew up, I'm pretty sure I never said, "When I become an adult, I want to have credit problems!" But, that, unfortunately, is exactly what happened.

A series of misfortunes, some my fault and others unavoidable, led me into personal bankruptcy in 1992. After that I couldn't buy a house or get a good price on anything. My first car after the bankruptcy was a 1991 Tempo at 28 percent interest. I was grateful just to have a car at that point, but I knew I was paying an enormous financial price just for the right to borrow money with bad credit. I also knew I had to do whatever it took to rebuild my credit.

To make a long story short, I studied and learned everything I could about the world of good credit for more than a decade. I read everything I could lay my hands on about re-establishing better credit. I talked to lenders and brokers and financial experts and attended every seminar I could on the subject. I focused especially on the lending requirements for mortgages and

vehicles. I was pleased to watch, over the next few years, my own credit score rise from the ashes of my bankruptcy to a level where I was paying only normal interest rates and fees. I had learned so much about repairing credit that people began coming to me for advice and help. I was happy to provide it. Finally, in 1998, I began to give free credit seminars.

That ultimately led to the Recreditpair package, which hopefully will help you understand, improve and maintain your credit for life. You can also help friends and family who could also benefit from improving their credit.

Before we go further, let me take a moment and underscore how important good credit is to our lives. Most of us already know that good credit can help us make major purchases, such as houses and automobiles. But, much, much more than that is riding on your credit scores. In this issue, we look at some of the other ways credit can impact your life.

**Jim Longacre**  
- President

## IT'S NOT JUST CREDIT CARD COMPANIES AND LENDERS LOOKING AT YOUR CREDIT!

### > PROSPECTIVE EMPLOYERS

often check your credit score before deciding whether to hire you or not? In our society, the financial world equates good credit with good character.

### > MOST LANDLORDS

now routinely check your credit so poor credit can cause you to be turned down even for a rental unit.

### > INSURANCE COMPANIES

may deny you coverage because of a blemished credit report.



Recreditpair takes the expense and hassle out of improving your credit. Help friends and family benefit from improving their credit score.

## Poor Credit can Cost You Hundreds of Thousands of Dollars!

Over your lifetime, the difference between good credit and even mediocre credit can mean hundreds of thousands of dollars. It has been estimated that if you have mediocre to poor credit, **YOU CAN PAY MORE THAT \$300,000!** during your lifetime than you would if you had good credit score. The extra costs comes in the form of higher interest rates and extra fees on the auto loans, mortgages, houses, credit cards, and bank and other loans. This doesn't even include the additional hundreds of thousands of dollars you could have generated by wisely investing the money you saved by having good credit. When I say that good credit is worth a fortune, I mean it!

Did you also know that prospective employers often check your credit score before deciding whether to hire you or not? In our society, the financial world equates good credit with good character. Conversely, if you have bad credit, you are considered a risk and perhaps irresponsible and that preconception could very well cost you a good job, if your credit score is not where it could be.

Even if you chose to rent an apartment, rather than buy a house, poor credit can

harpoon your efforts. Most landlords now routinely check your credit so poor credit can cause you to be turned down even for a rental unit.

Other essential industries, such as house and life insurance, also take close looks at your credit report. Some may even deny you insurance because of bad credit.

Bad credit can also get in the way of achieving a number of other goals. Perhaps the most important is building and maintaining a good relationship with your spouse or significant other. Many marital battles are ignited by finances, and you might find, if you are single, that someone you are truly interested in loses interest in you because your poor credit indicates to them that you cannot not take care of your own finances.

I can come up with a number of other ways credit affects our lives, but you get the point. Good credit is essential to our lives.

# The top 10 things that credit repair companies don't want you to know.

## 1) Using a Secured Credit Card as a Jumpstart to Good Credit

When a card is secured this merely means you are required to place a certain amount of money up front with the card issuer. You are basically borrowing your own money and paying it back. This reports as a positive line as long as you keep your account in good standing. Ask questions by calling the toll free number found on most secured credit card applications. Ask if the cards activity reported are secured or like an unsecured card. This type of activity will move you toward obtaining lower interest rate cards that are not secured.

## 2) Adding a Consumer Statement

You are allowed to add a one hundred-word statement to your credit reports. This is usually reserved as a last cause. If a negative trade line you know is incorrect or it is simply a matter you can't resolve, here is your chance to tell your side of the story.

## 3) Keeping Old Positive Accounts Open

Don't close credit accounts that have a positive history even if you are not using them any longer. Removing older positive accounts will lower your score. Part of the credit-scoring puzzle is based on history. An older account lengthens the amount of history on your credit reports.

## 4) Pay on Time

Late payments, charge-offs, collections etc., after you have started the credit improvement process can be the kiss of death. Lenders look for patterns. If you turn your credit around and then backslide into old behavior this indicates an unfavorable tendency to potential lenders. When making payments allow seven days if you are mailing a payment and four days for electronic payment.

## 5) Keep a Good Mix of Credit

Having a balanced amount of installment and revolving credit is best.

## 6) Retail Credit Cards

Having credit cards with small limits is the best way to start out in the credit building process. Retail cards

(department store, gas, etc.) like secured cards give you an opportunity to build credit and keep low balances. Your goal should always be to establish credit you can manage and pay as agreed. As stated earlier it is best to pay your credit cards down below 30% of the balance every month. However, paying off your credit cards each month is best.

## 7) Verify, Verify, Verify

Your new credit knowledge will make it easier for you to obtain and understand your credit reports on a regular basis. You want to make sure that no negative information has been added to your credit reports but you also want to make sure no positive accounts have been deleted or are not up to date.

## 8) Make Sure Your Future Lenders Report to All Major Credit Bureaus

I have seen many people make the mistake of buying a car from a buy here- pay here lot. This is a dealer who collects the payments at his dealership. Many times, this activity is not reported to any of the credit reporting agencies. Some credit unions also don't report to all three agencies. Ask questions before borrowing. Don't be in a hurry to take on bad debt.

## 9) Fair and Accurate Credit Transaction Act of 2003

Referred sometimes as the FACT Act or FACTA, this document basically outlines the provisions for consumer rights. Some of the sections in FACTA cover accuracy, limits on information sharing, identify theft protection, and privacy. It is important to be familiar with all your rights contained in this document. There is a link to this document included in Recreditpair.

## 10) Free Credit Reports

The website, [www.annualcreditreport.com](http://www.annualcreditreport.com) allows you to obtain one free credit report per year. You are also entitled to a free credit report if you are denied credit (car loan, credit card, home loan etc.). I recommend that during your first year of credit repair you review your credit on a regular basis. Ideally every 60 days. The link provided in the "Get Credit Reports" section is a good way to get your first report free and then continue to monitor and protect your credit.



## THE CREATORS OF YOUR CREDIT SCORE

There are three major consumer credit information-reporting agencies – these are the organizations that provide your all-important credit scores – that dominate the credit industry.

Over the last few decades, these three agencies have risen quietly to become, whether we like it or not, vitally important in most of our lives.

The three agencies are:

Equifax  
PO Box 740241  
Atlanta, GA 30374-0241  
800-525-6285  
www.equifax.com

Experian  
National Consumers Assistance Center  
PO Box 2104

Allen, TX 75013-2104  
888-397-3742  
www.experian.com

TransUnion  
Consumer Disclosure Center  
PO Box 2000  
Chester, PA 19022  
800-916-8800  
www.transunion.com

Whenever you complete a credit application for a product or service, a credit inquiry is usually generated. It may surprise you to learn this, but having too many of these types of inquiries can actually harm your credit score.

It is essential that you make certain that ALL of the information displayed on your credit reports is accurate.

CREDIT  
REPORTING  
AGENCIES ARE  
NOT PERFECT  
NOR IS THE  
DATA IN YOUR  
CREDIT REPORT!

> It's been estimated that as many as 80 percent of all credit reports contain inaccuracies.

> Having too many inquiries can actually harm your credit score. The Recreditpair System can help you remove excessive inquiries.

> Your ability to get a loan, and get a good interest rate on that loan, depends on what information is on your credit report.

> To achieve the highest possible credit score, it is essential that all the information in your credit report is accurate and up-to-date.

## Upcoming Topics In Future Issues

- Obtain your credit reports
- Review and Understand them
- Dispute all Inaccurate or Questionable Information
- Negotiate with Collection Agencies
- Establish Critical New Accounts
- Write Letters to the Appropriate Entities to Clear Your Credit
- How to Prevent Identity Theft
- The Rest of What Credit Repair Companies Don't Want You to Know
- And how to Avoid the 25 Most Common Credit Mistakes