

Credit Café Toolkit

A Practitioners Guide to Offering Free Credit Report Review Services to Clients



Prepared by the Maryland CASH Campaign

Welcome Practitioners!

We are very excited that you are interested in learning how to start your own Credit Café! Financial literacy is a valuable skill to pass onto your clients, and what better time to begin than now. By offering free credit report reviewing, you are helping your clients make better-informed financial decisions.

After reading the Credit Café Toolkit, you will have the knowledge necessary to offer free credit report review services to your clients. The different Credit Café models, supplies needed and advertising methods are reviewed in this guide so that you have the background knowledge needed to assist your clients.

This guide was prepared by the Maryland CASH Campaign located at:
111 Water St., Suite 201
Baltimore, MD 21202

Website: <http://mdcash.org/>

The Maryland CASH (Creating Assets, Savings and Hope) Campaign promotes programs, products, and policies that protect and grow the financial security of working families by improving the availability of financial education, providing practitioner trainings and professional development, conducting research, and advocating for policy change. Maryland CASH partners with nonprofits, government agencies, the financial service industry, higher education institutions, elected officials, and private foundations across the state of Maryland.

Thanks to Fiscal Progress

The Maryland CASH Campaign would like to thank Fiscal Progress for allowing us to use their guide, “Integrating Free Credit Report Reviews with Volunteer Return Preparation Programs”, as a model for this guide. The “Integrating Free Credit Report Reviews with Volunteer Return Preparation Programs” was prepared by Kenneth Long, President of Fiscal Progress. The guide can be found at:

http://www.eitc-carolinas.org/upload/file/Credit_VITA_Handbook.pdf

Table of Contents

Site Coordinators Guide	4
Purpose.....	4
Background	4
FACT Act.....	4
Ordering Free Reports	4
Getting Started	5
Choosing a Model	5
Confidentiality	6
Supplies You Need.....	7
Information Clients Need.....	7
How to Advertise to Your Clients	7
Volunteers/Staff	8
Scheduling	8
Conducting the Sessions	8
Ordering the Credit Report	9
Reviewing the Report	10
What’s Next	12
Qualifications.....	13
Partners	13
Technical Assistance.....	13
Consumer Guide	14
Consumer Credit Repair	14
Credit Basics-Scores	14
Factors for Determining Your Score	15
Disputing False Information	16
Identity Theft Prevention.....	17
Continued Education	18
Frequently Asked Questions	18
Sample Dispute Letter.....	20

Site Coordinators Guide

Purpose

What is a Credit Café? The title Credit Café refers to an event where multiple people pull their credit reports at the same time. Credit Café has a warm and inviting tone to it and peaks peoples interest. People may be turned off when they hear of a Credit Report Reviewing event, but when they hear of a Credit Café they will think of coffee café where people are relaxed and enjoying themselves. Organizing a Credit Café is an efficient method practitioners can use to help multiple people access their free credit report. The Maryland CASH Campaign created this toolkit to provide practitioners with the information they need to integrate credit report reviewing into the services they provide.

Credit report reviewing is becoming one of the most sought after forms of financial education that your organization can provide. There are three models that you can use to review credit reports with your clients: individual, event/program, or adding credit reviewing services to an existing program. Each model offers excellent opportunities for practitioners to deliver an important financial service to their clients. By reviewing credit reports with clients, practitioners can assist them in improving their credit scores.

Background

The passage of the Fair and Accurate Credit Transactions Act of 2003 was fully phased in on September 1, 2005. This supplement to the Fair Credit Reporting Act (FCRA) serves to reduce errors on consumer credit reports. It requires each of the three major credit bureaus (Equifax, Experian, and TransUnion) to supply every consumer with an annual copy of their credit report upon request and without charge. This report is known as a credit profile, as it lacks the credit score usually included on commercially requested credit reports.

Ordering Free Reports

The FACT Act mandates a central service that consumers may utilize to order credit reports from all three main bureaus. It specifies procedures for telephone, internet, and mail requests.

Telephone requests: (877) 322-8228

Internet requests: www.annualcreditreport.com

Mail requests: Annual Credit Report Request Service

P.O. Box 105281

Atlanta, GA 30348-5281

All mail requests require completion of Annual Credit Report Request Form. This is available at <http://ftc.gov/bcp/conline/include/requestformfinal.pdf>

Getting Started

Pulling and reviewing credit reports is a fast and useful service you can offer in a one-on-one or group environment. There are three different models practitioners can choose from when deciding how they want to offer credit report reviewing services.

Practitioners can pull and review their clients' credit report on an individual basis, they can hold a financial awareness event and set up a Credit Café, or they can add this service to an existing program. The diversity of models allows practitioners working on the various levels of client interaction to tailor the services to their clients' needs. The supplies and advertising one will need to do is dependent upon which model is implemented.

During Money Power Day 2009, held in Baltimore City, 1500 participants took advantage of the day long free financial services event. A Credit Café was set up to offer participants an opportunity to pull their free credit report and get free individual financial planning advice from qualified professionals. A total of 150 participants pulled their free credit report, 50 participants were advised on how to obtain their free credit report, and 80 participants received one-on-one financial counseling. This example illustrates how useful Credit Cafés are in providing credit report reviewing and credit counseling at a large event.

Choosing a Model

1) Individual Model: This option is useful for practitioners who work in direct service agencies and see their clients on an individual basis. Pulling your clients' credit report and reviewing it with them while they are already in your office is a fast and easy way to provide them with financial knowledge and assistance. If you have clients who are facing problems with their finances, pulling and reviewing their credit report with them can help them budget and plan for the future. Also, simply explaining who looks at a credit report, what is on it, and how it affects what services your clients qualify for can assist them in making well-informed financial decisions. While pulling and reviewing your clients' credit reports, you can also give them information on other financial services such as credit counseling, Individual Development Accounts (IDAs), health programs, and other asset building programs.

2) Organize an Event/Program Model: This option is useful for practitioners from multiple agencies who collaborate and organize a financial awareness event/program. A "Credit Café" can be set up so that multiple people can pull their credit report at the same time. Staff and volunteers can facilitate the "Credit Café" and help participants pull and view their reports. All staff and volunteers must be extremely mindful of confidentiality. When multiple people are pulling their reports it is absolutely necessary that one volunteer, preferably the same volunteer, stand by the printer to staple and sort the credit reports. When participants want their credit report they must show valid proof of identification (such as a drivers license) in order to acquire their report.

Such events/programs benefit participants the most if the sponsoring organization partners with a credit counseling agency to offer mini-credit counseling sessions to participants. If your organization wants to offer credit counseling, you must have a separate space where the counselors can talk with clients in private. The length of the credit counseling sessions depend on how many credit counselors are at your event. An hour long counseling session is optimal if you have enough credit counselors, if not, try and limit credit counseling sessions to between fifteen and thirty minutes. Shorter sessions are meant to be brief reviews of your clients' credit history, not in depth counseling sessions. Refer clients to the free Maryland Money Helpline for further assistance with their credit, 1-877-254-1097.

This event will require multiple computers that are connected to the internet, printers, and volunteers/staff. The amount of supplies you will need is dependent upon how many people are expected to participate in the event.

An option you may want to consider when implementing this model is allowing clients to call ahead to make an appointment. If you have an idea of how many people are attending the event, you can better plan how much supplies you will need.

3) Build Out of an Existing Program Model: If your agency wants to expand its services and offer a permanent program for credit report reviewing, this model will best serve your interests. For example, if you are working for a housing counseling agency the addition of a credit reviewing program will allow clients to receive two services at the same site. Clients will already be familiar with the site, so they are likely to feel comfortable going there for more services. You can use outreach services to let your clients know that they can receive a free credit report review at the same site. Clients may call ahead to make an appointment, and you can also arrange to serve walk-in customers if you have enough staff.

Similar to the second model, the addition of credit counseling services is another alternative to this option. Your agency can partner with a credit counseling agency and line up certain days when credit counselors are available for mini-counseling sessions. If credit counseling is offered, there must be a private space available for confidential meetings between credit counselors and clients.

Confidentiality

It is the responsibility of every practitioner that offers credit report reviewing services to ensure the privacy of client discussion and confidentiality of information. Great care must be taken with all private information. Forms that include a client's social security number and/or date of birth must be safeguarded. For this purpose, utilizing a confetti-cut shredder or locked storage is recommended to reduce the risk of identity theft. Greeters should always ensure that clients know or have their social security number available.

If you are facilitating the client's order of a free report through www.annualcreditreport.com, we recommend checking the box that limits the printed social security number to the last four digits.

After each credit review using the internet, make sure you clear your client's private data from the internet server. If you are using Mozilla Firefox, go to "Tools" and select "Clear Private Data." If you are using Internet Explorer, go to "Safety" and select "Delete Browsing History."

Supplies

Listed below are the supplies you need when offering credit report reviewing services. The amount and type of supplies you need depends upon which model you are using and how many clients you expect to serve.

- Computer(s) with internet access
- Printer(s)
- Separate space where credit counselors can meet with clients in private (only if you are providing credit counseling services)
- Volunteers/Staff to assist clients in credit report review sessions (only if you are using model 2 or 3)
- Volunteer/Staff member stationed at the printer who will collect printed credit reports and distribute them to clients with proper identification (only if you are using model 2 or 3)

Information Clients Need

Clients must provide their name, address, Social Security number, date of birth, and a form of photo identification to check their credit report. When individuals check their credit report on their own, they do not need photo identification. Practitioners must check clients' photo identification in order to prevent identity fraud.

How to Advertise to Your Clients

There are many different methods you can use to advertise credit report review services. The relevance of these methods may vary depending on what type of model you are using. Advertising methods include:

- Informing clients directly
- Word-of-mouth, asking clients to tell friends, family, co-workers, community members, etc.
- Provide fliers and handouts with information about the service for clients to take home with them.
- Place advertisements (flyers, handouts, banners, magnets, etc.) at agencies you partner with
- Place ads in community newsletters

- Although grassroots outreach is a very important advertising method, larger marketing tools should also be used. Such tools include advertisements on billboards, the radio, television, and the internet.

Volunteers/Staff

Discussing finances is a very sensitive subject for many people. When conducting credit report reviews be mindful that clients may feel vulnerable discussing their personal finances with someone they may be meeting for the first time. Volunteers and staff must be welcoming and enthusiastic when interacting with clients in order for the service to be successful. Making judgmental or disapproving comments about a client's finances is extremely destructive. Also, pressuring clients into a credit report review is an equally damaging approach. Some clients may not be ready for these services, so be sure to meet your clients where they are. Inform your client that credit reviewing services are available whenever they are ready.

Scheduling

Facility and staff availability may dictate when you can offer credit reviewing services. You will also want to consider times and days that will allow your clients the greatest opportunity to receive this service. In order to find out which times and days may work best for your clients, you may want to distribute a survey to a group of clients. Hosting a Credit Café at a site that is easily accessible and familiar to your clients will help improve attendance. Be sure to schedule at least twenty minutes for review sessions with clients and allow time for breaks.

If credit counseling is provided after the credit report review, plan to have an adequate number of counselors to meet client capacity. Also, refrain from confusing participants by having multiple programs on the same day.

When using the "Organize Event/Program Model" or "Build Out of an Existing Model" consider allowing clients to schedule appointments. You will be better prepared with volunteers/staff and supplies if you provide clients with a telephone number they can use to call ahead of time and schedule an appointment. Place a follow-up call with each respondent who called ahead of time to schedule an appointment. A friendly reminder could reduce missed appointments. You can also send out letters reminding clients of their appointments or of future events or programs.

Conducting the Sessions

Workstations or offices should accommodate individuals, couples, and occasionally their children. Internet access and a printer will be necessary, and a large monitor is helpful. A private and confidential environment will make sessions more effective. Keep in mind that joint sessions will take nearly twice as long because there is no combined credit report for partners. Partners may choose to hold a joint or individual session.

Ordering the Credit Report

Individuals can pull their credit report from all three consumer credit reporting companies at the same time, or pull their credit reports one at a time from each of the companies. Some clients may want to pull their credit report from all three credit reporting companies. We advise against this because it can be extremely overwhelming to clients if they see a stack of papers all related to their credit history. Credit reports from the three consumer credit reporting companies have some small differences, but the sections of the report are generally the same.

Please note that under federal law, individuals have access to three credit reports from each of the credit-reporting companies. If your client has already pulled a free credit report from all three credit-reporting companies within the past twelve months, they can NOT order another credit report. However, if your client still has a copy of their credit report, you can use it in lieu of ordering a new one if the report is recent.

There are three different methods to choose from when pulling a credit report from the three nationwide consumer credit reporting companies. Credit reports can be pulled over the Internet, requested through mail, or over the phone.

- A. **INTERNET:** Free online service is available through www.aannualcreditreport.com. Equifax, Experian and TransUnion are the three nationwide consumer credit reporting companies that clients can use to pull their credit reports. Pulling only one credit report per client is most efficient because it saves time and prevents clients from getting overwhelmed. Consumers are asked to answer multiple questions when pulling their credit report over the internet. Sometimes, these questions cause anxiety. Questions may ask about addresses clients did not reside at or loans clients did not take out. Response choices are listed in multiple choice formats, and there is often a “None of the above” response choice. For example, a question asked when trying to pull your clients’ report online may be phrased as follows:

Which bank did you borrow \$15,000 from two years ago?

- a. Bank of America
- b. PNC Bank
- c. CITI Bank
- d. None of the above

This type of question may cause clients to panic because they never took out such a loan. In this case, their answer is “e. None of the above”. Practitioners must be mindful of questions that are meant to weed out identity thieves and explain this to their clients.

Sometimes even when consumers answer the questions correctly, they may not be able to access their report online. Advise clients to order their report through the mail or over the telephone if they are unable to access it over the internet. Also, it is important to notify clients that their credit score is not included in their free credit report. If utilizing this method, we recommend finding a sponsor, such as a bank, to cover the cost of adding the score (\$5.00 to \$6.95). A sponsor can provide a prepaid debit card similar to a gift card to cover this fee.

- B. **MAIL:** For clients who prefer to receive their credit reports through the mail, they must complete the Credit Report Request form found at: <https://www.annualcreditreport.com/cra/order>. This report will come from only one credit bureau. After filling out the form, it must be mailed to the address below:

Annual Credit Report Request Service

P.O. Box 105281

Atlanta, GA 30348-5281

Reports are mailed within 15 days of receipt and delivery takes between 2-3 weeks.

- C. **PHONE:** Credit Reports can also be requested over the phone: 1-877-322-8228. Similar to ordering a credit report through the mail, reports are mailed within 15 days of receipt and delivery takes between 2-3 weeks.

Immigrant Tax Payers Note:

Immigrant taxpayers may file their federal and state return using an Individual Taxpayer Identification Number (ITIN). This number serves as an identification number in lieu of a social security number. Credit bureaus do not maintain credit files on individuals that do not have a social security number, but do so for individuals with an ITIN. Immigrants can often still obtain bank accounts, credit cards, automobile loans, and even mortgages without this credit file. Mexican nationals should contact the Mexican consulate to obtain an identification card known as a matricula consular which is accepted at an increasing number of banks and other financial institutions.

Reviewing the Report

Print the report and review it with your client. Clients will be interested in their credit score. You must be clear with your clients at the beginning of the sessions that there is a difference between their credit report and credit score. Remind clients that the credit score is not included in their credit report. Their credit score costs a fee, unlike their credit report which is free.

Reviewing your clients' credit report is helpful because you can go through their credit history with them and correct any false information. Information on how to dispute false information is found in the consumer guide attached to the end of this guide. If your client is in debt than reviewing his or her credit report and prioritizing his or her debt is an extremely beneficial service. Similarly, clients feel their credit score may be

low; reviewing their credit report will help them improve their credit score. Your client will be able to budget, prioritize, and make a purchase he or she can afford to pay off before checking his or her credit score. Overall, credit report reviewing allows people to see the full picture of where they stand with their finances.

Since most clients are interested in their credit score be prepared to explain to them when it is appropriate to check their credit score. Lenders check potential borrowers credit scores to determine if they will qualify for credit, the amount of credit they may qualify for, and what interest rate they will pay. When your clients want to make a large purchase, such as a home or car, they should check their credit score. If your clients are interested in applying for a loan, checking their credit score before making a large purchase will give them an idea of the interest rate they will qualify for and their possible monthly payments. Also, if you have clients that are taking steps to improve their credit score by paying their bills on time, or paying off past debts, they should check their credit score.

When explaining to your clients when they should check their credit score, you should explain the difference between hard and soft credit report inquiries. Soft inquiries have absolutely no affect on an individuals credit score. They refer to credit report inquiries made by a client's current creditors, prospective solicitors, and credit reports pulled by an individual with a credit bureau. Hard inquiries, on the other hand, can have a limited negative effect on your client's credit score. Whenever an individual puts in a request for credit, a hard inquiry is put on his or her credit report. Furthermore, credit checks initiated by outside parties such as potential employers and landlords are also considered hard inquiries. Numerous hard inquiries can have a greater negative effect on your client's credit score, excluding mortgage or auto loan inquiries. If your client wants to apply for credit in order to purchase a car or a home, advise him or her to do so within a two week time period because the credit inquiries will only count as one single inquiry. Most hard inquiries are removed after two years.

Personal Information: The current address field must be updated if incorrect. Otherwise companies will continue to send credit solicitations in their name to the wrong address. This would provide opportunities for identity theft. Many clients will find that their employment history is outdated. This can also be updates using the normal dispute channels (discussed below).

Account Information: All creditors that reported account information to that credit bureau will be listed, along with basic account properties and a history of the account. This history will include high credit limits, high balances and current balances, terms, type of account, current status, date opened and date closed if applicable. Sometimes a month-by-month history will also be displayed.

Specifically you will be looking for negative notations, such as late payments (expressed as 30, 60, 90+). Your job is to identify these as negative factors, but in a constructive and positive manner. Some of your clients will have already heard much of the same information, but in a negative situation such as a loan denial. Negative items are usually grouped together as *Adverse Accounts*.

You will also want to identify positive information. Reinforce the positive histories clients have created with individual creditors. Note that mortgage and auto loans, combined with one or two major credit card accounts provide an ideal mix of accounts for a higher credit score. Finance company accounts usually do not improve the credit score significantly and may even reduce the score in some situations regardless of a perfect payment history.

Inquiries: Discuss the difference between the types of inquiries. *Hard* inquiries (regular) represent credit applications that clients have completed. They document attempts at obtaining additional debt. Also included in these are credit checks for rental or employment applications. If you pull the client's report for them, it will appear as a hard inquiry. Hard inquiries have some limited, negative impact on the credit score. Numerous hard inquiries can have a greater negative effect, excluding mortgage or auto loan inquiries. *Soft* inquiries have zero affect on the credit score. They include account reviews by a client's current creditors, promotional reviews by prospective solicitors and any order of credit reports initiated directly by the client with that credit bureau.

What's Next?

Attached to this guide is a Consumer Guide that you should review with your clients. The guide was prepared by Kenneth Long, President of Fiscal Progress. The Consumer Guide includes information about credit repair, credit scores, factors that determine your credit score, disputing false information, identity theft prevention, continued education, and frequently asked questions. Clients will be interested in this information, so it is extremely important to review each of the topics with them.

If your client needs financial counseling and lives in the state of Maryland, they can use the **FREE Maryland Money Helpline** at 1-877-254-1097. The Maryland Money Helpline was created through a partnership between the Maryland CASH Campaign, Baltimore CASH Campaign, and the Consumer Credit Counseling Services of Maryland and Delaware. Most practitioners do not have the expertise needed to offer financial counseling, so if your site does not offer this service it is important you refer your clients to a financial counseling service if need be.

Please remember to uphold your client's privacy. Do not leave credit reports out in the open. If you are holding a large event, make sure a volunteer or staff member is in charge of collecting credit reports and distributing them to individuals with proper identification (State ID, Driver's License, School ID, etc.). Again, if you are offering credit counseling you **MUST** have a designated private area where counselors can meet with clients. If your clients fear others will have access to their credit report they will not use your services. It is also important that you remind them to keep their credit reports in a safe private place.

Qualifications

Credit report reviewers can be experienced credit counselors or financial professionals that are familiar with credit. All reviewers should be certified by a reputable accreditation organization:

Institute of Consumer Financial Education
PO Box 34070
San Diego, CA 92163
Website: www.financial-education-icfe.org
Telephone: (619) 239-1401

Association for Financial Counseling and Planning Education
1500 W. Third Ave., Suite 223
Columbus, OH 43212
Website: www.afcpe.org
Telephone: (614) 485-9650

Center for Financial Certifications
PO Box 1842
Portland, ME 04104
Website: <http://www.fincert.org/>
Telephone: 207-221-3615

Partners

Your organization may want to take into consideration partnering with another organization that specializes in consumer credit education. Several organizations have successfully integrated credit report review services within existing programs, and set up contracts with credit counseling agencies. If your organization decides to partner with another organization, it is recommended that you develop a written agreement with that organization. The contract should specify all responsibilities, available technology, funding and certifications required as well as locations and times if known. Usually, the credit counseling agency is better equipped to pull credit reports.

Your local Consumer Credit Counseling Service may be able to provide a credit report review service. Contact the National Foundation for Credit Counseling at (800) 388-2227 to locate an agency near you.

Technical Assistance

A consumer guide immediately follows this section. It provides specific credit education that can be shared with a client. Also included is a collection of frequently asked questions.

Consumer Guide

Consumer Credit Repair

You have the same ability to repair your credit report as any credit repair agency. For this reason, we recommend against paying for a credit repair service. This section will walk you through the basic influences on your credit score and provide simple steps for improving your score.

Credit Basics—Scores

Your credit score is a calculation based upon your credit history. It is designed to be a predictor of your capacity to repay a debt. Fair Isaac Corporation developed the credit score, also known as a FICO score to help lenders evaluate your creditworthiness.

When you pull your own credit report using www.annualcreditreport.com, you are receiving a consumer product that may be different than the score ranges below. For this reason, you should expect some variance.

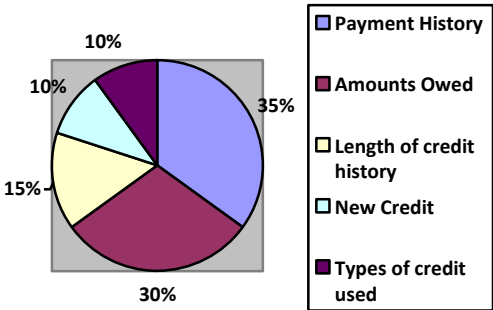
What is a good credit score?; FICO Credit Score	Implications
720 and higher	A FICO score of 720 and higher is considered excellent. Many auto manufacturers require a credit score of 720 or more to qualify for their best rates. You will likely receive approval for credit applications as long as income and employment requirements are met.
650-719	A score between 650 and 719 is considered good, and you would be eligible for good rates on most loans.
600-649	A score in the low 600s would represent higher risk, and borrowing options would be limited.
500-599	Scores below 600 are considered high risk for lenders, meaning that your credit application would either be denied, or you would have to pay a much higher rate. Some sub-prime mortgage lenders might approve you for a home loan, but at an exceedingly high rate. This could potentially double your house payment.
499 and below	Scores below 500 represent very poor credit. Utilities would require significant deposits for new

	connections, and all mainstream loan applications would be denied. Purchasing on credit would not be an option.
--	---

Factors for Determining Your Score

The two most important things you can do to build and maintain good credit are:
 (1) pay all accounts on-time, and
 (2) keep all revolving (store & credit card) balances as low as possible.

According to Fair Isaac Corporation, your credit score is composed of the following five general factors.



If you have a few negative marks, the effect of these will diminish over time. All accounts eventually drop off after 7 years of inactivity. If you have experienced a bankruptcy, this will remain on your credit report for 10 years. Making timely payments is the surest way to build or rebuild your credit.

High balances can be a major score killer. Balances begin to seriously count against you when they exceed a third of your credit limits. Balances over-the-limit will seriously drop your score. Steadily paying down a balance can improve your score.

Opening several new accounts will reduce your score. Similarly, even applying for multiple accounts in a short time period will cause your score to decline.

The types of accounts also have an impact. One or two revolving accounts, along with an auto loan and mortgage loan create a great mix. Loans from finance companies can reduce your score, even if they are in good standing.

The time accounts have been open is also a primary factor in determining your score. Many consumers make the mistake of closing an account after paying it off when they have owned the account for several years. Cutting the card up is a much better option.

Disputing False Information

The vast majority of consumer credit reports contain at least one error. Many credit reports contain errors serious enough to cause denial of a home or car loan, or even a job. If your credit report contains errors, especially fraudulent ones, it is important to act quickly by disputing the information.

Using your credit report, file a dispute with each credit bureau that lists the error on your credit report. You may mail a letter to them, but the online dispute process is easy, free and very fast. If your client prefers to mail a dispute letter to each credit bureau, a sample dispute letter created by the Federal Trade Commission is on page 18. Strongly advise your client to send their dispute letter through certified mail so they can document when the credit bureaus receive their letters.

Creditors have 30 days to prove the validity of the debt. The easiest way is to visit their websites (you may gain access and assistance at your public library if you lack internet access). Be sure to have the confirmation code that appears on your credit report. Information on mailing or phoning disputes is also included below:

Equifax: www.equifax.com
(888) 766-0008 for disputes
(800) 525-6285 to report fraud
Equifax Information Services LLC
PO Box 740256
Atlanta, GA 30374

Experian: www.experian.com
(888) 397-3742 for disputes and to report fraud
Experian's National Consumer Assistance Center
PO Box 9701
Allen, TX 75013

TransUnion www.transunion.com
(800) 916-8800 for disputes
(800) 680-7289 to report fraud
TransUnion Consumer Solutions
PO Box 2000
Chester, PA 19022-2000

If the creditor fails to verify the dispute, the item will be removed from your credit report. You will have to dispute the incorrect item with each credit bureau separately. If your request is denied even though you know the item is incorrect, contact the creditor directly. Request that they send you immediate proof of the debt.

We strongly recommend against using a credit repair company. If you do decide to take this route, remember that they are prohibited from taking money from you before the actual service is rendered. Any early attempt to collect a fee is a red flag. You should

avoid that company altogether. If you feel you need assistance, there are a number of community organizations that can help you at no charge.

Free Maryland Money Helpline, 1-877-254-1097

Local CCCS, www.nfcc.org, 1-(800) 388-2227

Identity Theft Prevention

There is no absolute way to prevent identity theft. It can happen to anyone. Developing a few simple habits is all it takes to substantially protect you from identity theft. Follow these guidelines:

DO:

- ✓ Check your credit report at least once a year.
- ✓ Shred all credit solicitations and documents containing your personal information.
- ✓ File a police report if you are a victim of fraud.
- ✓ Dispute all fraudulent information on your credit report.

NEVER:

- ✗ Throw away important documents with personal information, even if you have torn them up. Dumpster divers love this!
- ✗ Respond to a “phishing” email. If a company emails you and asks for you to verify your personal information, this is an invitation to become a victim. Always type in the website directly rather than using links.
- ✗ Respond to scam requests by phone or email to pay taxes on a “lottery” you never entered.
- ✗ Fall victim to scams trying to give you money from a lost relative or some other company needing your bank account for a transaction. They will simply drain your account and vanish without a trace.

Identity theft insurance or fraud monitoring is usually a waste of money. Credit monitoring only sends you emails to report changes to your credit file. You can place a fraud alert on your credit bureau account for free, which will actually block bogus credit requests. Several states, including Maryland, recently enacted laws which allow you to place a security freeze on your credit report. For more information on how to place a security freeze on your credit report if you leave in Maryland, visit: <http://www.consumersunion.org/pdf/security/securityMD.pdf>

Continued Education

Additional resources are available to help you improve your credit rating. Please visit the following resources for more information:

Free Financial Counseling Helpline 1-877-254-1097

Maryland CASH Campaign (410) 528-8006

CCCS offices www.nfcc.org (800) 388-2227

Fair Isaac Corporation www.myfico.com

Equifax www.equifax.com

Experian www.experian.com

TransUnion www.transunion.com

Frequently Asked Questions

Does an inquiry reduce my credit score? Only inquiries resulting from actual credit applications or regular credit pulls will reduce your credit score. Usually one will not have much affect, but several inquiries in a short period of time can cause a reduction of several points. Other inquiries, including account reviews, promotional inquiries and self-credit pulls do not change your score at all.

Should I avoid multiple credit checks when buying a car or home? The quick answer is no. You should get the best rate possible, and sometimes that means applying with several lenders. Multiple credit requests for an auto or home within 10 days are usually treated as only one inquiry.

I just paid off my credit card. Should I close the account? If you have had the card for several years, you should keep it open. It will look favorable to maintain that lengthy credit history. In addition, if you still carry balances on other accounts, closing that account will lower your combined credit limit and reduce your score. Feel free to cut the card up if you no longer need it!

Can credit repair companies fix my credit? These companies, for a fee will do what you can do for yourself for free. Filing a dispute has become so easy, it is unnecessary to ask another company to do it for you. In addition, any debt that is proven to be valid by the creditor will not be removed. In some cases, fraudulent credit repair companies will try to assign you a new social security number (actually a federal EIN). This is a felony!

I am married. Can I pull a combined credit report? No. Credit reports are available by individual only. However, accounts held jointly will appear on both spouses' reports.

Should I consider credit counseling? Credit counseling can be beneficial if you do not understand your credit situation or are experiencing problems. Reputable agencies will have reasonable fees, be free of complaints and focus on education.

What should I do if I do not recognize a debt? You should dispute any negative item that you do not recognize. The creditor will have the burden of proof.

How do I repair my credit rating if the negative items are legitimate? The best cure is making on-time payments. Bring all of your accounts current and you will see a substantial increase. Your credit score will continue to be somewhat lower because the previous delinquencies will remain. The impact of these negative items decreases over time, and they drop off altogether after 7 years.

How does my income factor into my credit score? There is zero impact on your credit score based on your income. Two people with nearly identical credit histories would have nearly identical scores, even if their incomes were dramatically different.

SAMPLE DISPUTE LETTER

Date

Your Name

Your Address, City, State, Zip Code

Complaint Department

Name of Company

Address

City, State, Zip Code

Dear Sir or Madam:

I am writing to dispute the following information in my file. I have circled the items I dispute on the attached copy of the report I received.

This item (identify item(s) disputed by name of source, such as creditors or tax court, and identify type of item, such as credit account, judgment, etc.) is (inaccurate or incomplete) because (describe what is inaccurate or incomplete and why). I am requesting that the item be removed (or request another specific change) to correct the information.

Enclosed are copies of (use this sentence if applicable and describe any enclosed documentation, such as payment records and court documents) supporting my position. Please reinvestigate this (these) matter(s) and (delete or correct) the disputed item(s) as soon as possible.

Sincerely,

Your name

Enclosures: (List what you are enclosing.)