



*Because to Sue and Michele....
Your Time Matters!*

Credit Blemishes May Be Gone, But Not Forgiven

Beware any credit counseling or repair service that promises to rid your credit record of late payments, past due accounts and other negatives, even when the black marks are legitimate.

They may be able to get derogatory items removed from your files, but only for a brief period. Within 30 days or so, the benchmarks by which your ability to handle credit issues are judged usually find their way back into your folder, and that can trip up a borrower who's about to close on a mortgage.

Sometimes known as credit doctors, these credit repair firms are successful in getting negative items removed because they flood credit bureaus with dispute letters on behalf of their clients. Under the law, the credit agency must respond to inquiries within 30 days or remove the disputed items from their records.

But these scam artists don't deal with creditors, who are the source of the data contained in your credit files. So when it comes time for the credit card company or department store to report late payers to credit bureaus, the disputed items once again become part of your record.

"Credit repair companies charge people a ton of money," says Eileen O'Neill of Gold Key Credit Consulting in Milford, Conn. "But if they don't take the consumer's beef to his creditor, it's a waste because the item pops back up again on the credit report."

You may qualify for a mortgage at a good rate while the items are gone from your records. But if they are back when the lender re-runs your credit score just prior to settlement, you could not only lose your rate, you may even lose your loan.

Here are a several other tips that might help you achieve a higher credit score:

- Make sure that when you pay up tardy accounts, the creditor tells the credit bureau to strike the fact that you were late from your record.

"Updated as paid is not enough," O'Neill advises. "When an item is paid but not removed, the (credit scoring) software looks at it as an admission of guilt, and your overall score will go down for about four months."

If a paid account is not going to be removed from your record, O'Neill suggests that you pay the creditor directly rather than through a collection agency and obtain a letter that saying the outstanding balance has been paid in full.

- If credit issues are caused by someone on your account other than yourself, contact the creditor to request that person's name be removed from the account.

Legally, says Mari Gottdiener of Outsource Solutions in Menlo Park, Calif., only the primary account holder -- that's you -- is financially responsible for the account. If the name of an "authorized user" who is responsible for a delinquency is not part of your record, your credit score should go up.

- Don't wait until the last minute to make your payments. Otherwise, creditors may invoke the "universal default" clause buried in the fine print of your credit card agreements, warns Paul Richard of the Institute of Consumer Financial Education in San Diego.

Under this clause, creditors reserve the right to jack up your interest rate if you are overdue with a payment -- not just to them, either, but to any creditor.

"Essentially it means if you are in default with one lender, you are in default with us, too," explains Richards, noting that creditors and lenders are now more closely monitoring credit reports and often doubling or even tripling their rates at the first sign of trouble.

"Being late on a payment, even to the phone company or a book club, can be very costly if it makes it to your credit report. It is now more than a \$30 or \$40 late fee, because not only does it trigger higher interest charges, it also will lower credit scores."

To protect yourself, pay your bills at least a week in advance of the due date to give your creditors time to process your payment and post it to your account.

- No credit history? No problem. At least not if you have four-to-six months before you want to buy a house.

That's how long you need to establish a credit record or re-establish your credit standing and qualify for financing, advises Gottdiener.

If you have no credit record whatsoever, all you need is a secure credit card account, a gasoline card and a small personal loan. As long as you pay your account balances on time each and every month, you should be good to go, the California attorney says.

Meanwhile, folks who have had previous credit issues shouldn't rely on time alone to cure the impact past delinquencies will have on their credit scores. Rather, the attorney says they should re-establish their standing by charging \$1 per month on an old credit card.

Again, though, the bill must be paid promptly to create a good, current credit record.

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We hope this information has been helpful to you. Remember, if necessary, consult your attorney or accountant. By the way, if you know of someone who would appreciate our services, please call or e-mail us with their name and number and we will be happy to help them. Or, please feel free to give them our names and phone numbers or e-mail, and they can contact us. Serving Moorpark, Thousand Oaks, Simi Valley, Newbury Park, and parts of the San Fernando Valley.

Warmest Regards,

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