

Consumer Publishing Group - Welcome Letter -

FROM: *Walter Ashboro*

TO: *Valued New Customer*

Thank you for your purchase of the "Credit Secrets Bible!" If you're currently suffering from the pain and frustration associated with bad credit (or no credit at all), the home study course e-book you've just received will be an angel at your doorstep! **Especially if your credit rating has been keeping you from renting a nice apartment, or buying the car or home of your dreams.** If this is your situation I'm confident you're in for a heart warming experience!

The secrets you are about to learn are so powerful that some credit specialists have charged consumers up to **\$2,000 for them** and they gladly paid because even at that price it's worth every penny to have excellent credit in today's world. The "Credit Secrets Bible!" was designed to teach you how to restore your bad credit and build up your credit score better and faster than those so called "miracle" credit repair companies - and for pennies on the dollar!

Since we're strictly a publishing company, we've setup a special online Help Desk at **<http://www.MyClientHelp.com>**. There you will find a wide array of questions and answers to the most common questions our clients have. For example, did you know that asking the credit bureaus to delete some derogatory accounts can actually LOWER your score? You will learn many secrets like this from the Credit Secrets Bible and Help Desk. For more advanced, personalized assistance please check out our forum at **<http://www.CreditSecretsBibleForum.com>**.

One last note! Please don't forget to listen to the audio portion of this product. You can also read the audio transcript interview on the pages to follow. We appreciate your business!

Best of Luck...
*(although luck will have
nothing to do with it!)*

*Walter Ashboro
Consumer Publishing Group*

P.S. Be sure to learn about the "Special Phone Number" you can call to get the TRUTH about all those ads offering you a guaranteed \$5,000 to \$10,000 Credit Card with NO CREDIT CHECK (find out what's a rip off and what's not!) For details call our 24 hour Recorded Message at: 1-801-350-3999. Call right now!

His Credit Report has...

6 Unpaid Collection Accounts
9 Hard Inquiries
Not one mortgage...
...Not even a lousy car loan!

...Yet his credit score is 690

WHY!!!?

The answer is found in three words:

**ADVANCED
CREDIT
BUILDING**

It's true... what you don't know may not hurt you but it will lower your credit score! With your permission we'd like to share with you our never ending work in progress on a weekly basis. Fill out the form at this link and as usual your information will NEVER be rented or sold to anyone.

Opt out and we will vanish from your life like a shadow in the night!

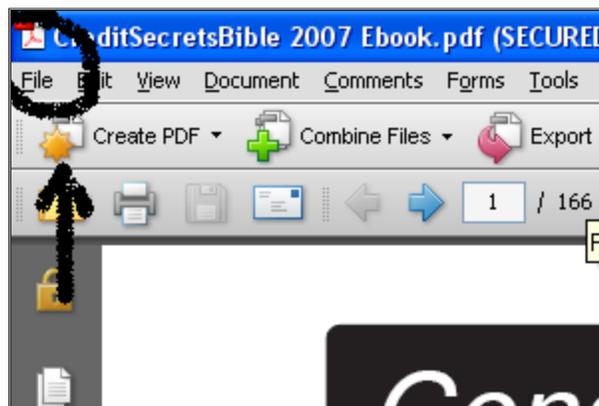
To enroll for free information, go to:

<http://www.CreditConditioning.com/free/>

**Hurry! Due to the "unique nature" of this offer it may be withdrawn or cancelled at ANY time!*

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[Make sure to include your receipt number.]

The CREDIT SECRETS Bible!

NEW INSIDER SECRETS TO HELP YOU CHANGE YOUR LIFE!

- The elite techniques <http://NationalCreditEducators.com> teach to help consumer's raise their credit scores up to 249 points in less than 90 days (*and how you can easily use them yourself for practically NOTHING!*) Page 31
- The "Special Phone Number" you can call to get the TRUTH about all those ads offering you a guaranteed \$5,000 to \$10,000 Credit Card with NO CREDIT CHECK (*find out what's a rip off and what's not!*)** Page 100
- Why a "perfect" credit report is not always the highest scoring credit report (*learn exactly why disputing some derogatory accounts can actually LOWER your credit score!*) Page 33
- How to make up to \$2,500 for every unauthorized hard inquiry that's placed on your credit report (*learn how to spot them, how to set the company up, and how to collect your cake!*)** Page 48
- "Startling courtroom testimony" on exactly HOW the credit bureaus work (*and why the credit system remains seriously flawed and consumer confidence in the system is declining despite new laws and regulations!*) Page 116
- The "KO" method to getting rid of debt collectors (*information so powerful they hope you never learn it because it literally stops them DEAD IN THEIR TRACKS!*)** Page 44
- Consumer Publishing Group's 2007 Customer Appreciation Newsletter (*over 10 different ways to have your student loan cancelled by the U.S. Government, how to legally get a new SSN, and much more!*) Page 145

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AN INTRODUCTION TO THE CREDIT MATRIX!

by Walter Ashboro!

Congratulations on your purchase of the Credit Secrets Bible! In the pages that follow you will discover that ordering this course was the best decision you've ever made, and that you will probably never again find a better value for your money. Remember, excellent credit is not just valuable in today's economy. **It will be priceless in the years and decades to come!** Let me explain why...

Only 40% of the population has excellent credit. I define someone with excellent credit as a consumer with a score of over 700 across all three bureaus. I call that 40% the “prime gap” because it’s the best scoring segment you can be in. For example, if you get an inquiry then your score probably won’t change. You get one late pay and it may drop a couple of points. **Minor blemishes in the 40% “gap” are very soft on your score.** That’s why it’s the best scoring model to be in, although if you’re not careful you can get dropped to...

The 60%. I call the 60% the “sub-prime gap.” This seems to be where all the crazy and unpredictable scoring models begin to come into play. I’m not saying there are two scoring models, the 40% and 60%. Then it would be easy to figure out the entire scoring system. If you’re in model A and this happens, the result is X. That would be too easy. **That is why there are probably hundreds of models.** The purpose of that is to keep you and I from being able to predict the entire credit scoring system.

The “sub-prime gap” is not a segment you want to be in because the scoring models can be highly unpredictable, and they’re designed to keep you in the 60%, and also bring your score down quickly if you make minor mistakes. Case in point: Henry, who has a score of 600 applies for credit. He loses 35 points off his score whether he’s approved or not. Whereas, in the “prime-gap” his score probably wouldn’t change at all. Another example: Jill’s score is 650. She falls behind on three of her credit cards and gets 3 late pays. Her score drops 30 points. She then brings them current and gets all 3 late pays deleted. Subsequently, her score drops another 20 points for a total loss of 50. **The scoring system in the “sub-prime gap” has multiple personalities.** These personalities or models are designed to keep the scoring system unpredictable and to keep you in the most competitive and profitable market for creditors.

Now more than ever is the time to understand “the credit game” and exactly what’s going on. I’m sorry to break the news to you but if you don’t have a plan for your credit

then the creditors do! **Their primary goal is profit, and one of the most profitable places to keep you is in the “sub-prime gap.”** The credit scoring system is designed for one purpose, and one purpose only - to maximize creditor profits. Of course, debt collectors and the credit bureaus are also making some cake but they just happen to be on the side lines watching the “system” they’ve designed.

One of the reasons I agreed to update this introduction is because I believe the credit reporting system is inherently corrupt because of who profits most from it. For years consumer advocate groups have lobbied for reform and in 2004 Congress (notice Congress is a much different word than Pro-gress) approved changes to the Fair Credit Reporting Act that placed new procedural requirements on the credit bureaus. **Not surprisingly, these changes have accomplished nothing in terms of accuracy of information.** The whole process is still unfair because consumers are guilty until proven innocent. In addition, regulators are not enforcing the new laws.

Needless to say, the credit bureaus are still up to their same old tricks. They still re-age accounts. They still refuse to investigate inquiries. They still allow debt collectors to place hard inquiries on consumer reports (which can lower a score up to 35 points) when the inquiry should be a harmless account review. They still reinsert deleted accounts without notifying the consumer as required by law. I could go on and on. **Meanwhile, the FTC knows exactly what’s going on and yet they’ve done nothing!** It appears we have the best government (and regulators) corporate money can buy.

We all know profit is their only motive. That’s just business. That’s also why I strongly suggest you never go into debt ever again (except for a home or business). Use your credit knowledge to go throughout life with GREAT CREDIT, which is a whole lot easier than going through life with bad credit. **If you feel you must finance a consumer item, a good rule of thumb is never go into debt more than 25% of your annual net income.** This means that if your net income (after taxes) is \$20,000 a year, your total combined debt should never exceed \$5,000. Again, this is only if you feel you must finance the purchase of an item or make a sound investment.

You ordered this package because you want to improve the quality of life for you and your loved ones. I respect you for that. **Now you've taken action and your next step is to follow through.** Taking action and utilizing the techniques in this course are obviously going to be much more important than reading it. Take whatever information you find useful with this course and use it to your advantage!

Let’s now talk about how you can most effectively use this course because everyone’s situation is different so let me address a few issues before you move forward.

One of the most common misconceptions people have about credit is this: ***“In order to raise your credit score you must delete all your derogatory items off your credit report as quickly as possible.”*** IN REALITY... Nothing could be further from the truth. It’s hard for people to understand this but a “perfect” credit report is not always the highest scoring. I have seen derogatory items deleted and watched credit scores GO DOWN. Yes, I said down! This is completely opposite to conventional wisdom. You don’t need to get everything off to raise your score 100+ points.

If your credit is bad, the most important thing you should do first is: Add positive accounts to your credit report to offset any derogatory items. Pyramid with secondary accounts (see the section on “pyramiding”). **For those of you who are very serious about adding primary accounts call our 24 hour recorded information line 1-801-350-3999 for more details.** Second, go after the incorrect reporting that’s hurting your score the most. For example, if you have a 6 year old charge-off (and after 7 years the item will be obsolete and be automatically removed) attack newer accounts. Focus on what’s most damaging to your credit score first!

Next, learn how to read all three of your credit reports. **If they start to look confusing and intimidating please be patient - it’s much easier than it sometimes looks.** Remember, the credit bureaus and creditors want you to throw your hands up in the air and give up. Another tip is don’t get your credit reports online! Either order them through the mail, or order them via telephone from each bureau directly, or call the Annual Credit Report Service. You’ll then get the “standardized” reports which I think are much easier to read and contain more information about each listing on your file.

Once you learn how easy it is you’ll have the skills to deal with any incorrect credit reporting for the rest of your life. **If you’re like many others, you’ll take this gained wisdom and help your friends and family.** If you decide to make a profession out of this process you’ll be paid well for delivering results and have the joy and satisfaction of knowing you proved you could do it yourself.

Whatever your situation is, realize that there’s no such thing as a “one size fits all” credit course. Certain parts of this course will address your situation, and others won’t. My goal is to provide you with a deeper understanding of the credit system, and the best way to utilize the newest techniques that will get you the results you want. I pray I’ve done the best job I could because I wrote this course for consumers just like you.

Warmest Regards,

Special Bonus Interview!

What you are about to read is a transcript from a telephone interview regarding credit. This transcript is provided for **informational purposes** only and is not a substitute for advice from a licensed professional. *We thank you, our clients, for making this interview possible.*

Terry The first thing you need to understand about the credit system is — **it's a system.** With any system the people that understand that system are at a tremendous advantage over the people that don't. The second thing you need to realize is that once you fully understand and apply the concepts in the *Credit Secrets Bible*, it'll probably be the highest paid work you'll ever do. For example, let's say to successfully build your credit to a score of say, 725. Let's say it takes you a total of 40 hours of work over the next 6 to 12 or even 36 months. The fact is, you're going to be around in the next 6 to 12 to 36 months anyway, right?

"The highest paid work you'll ever do!"

Dave I sure am.

Terry So let's say because of your credit score you're able to finance a home at just a 2% lower interest rate. **This is going to save you about \$100,000.00 over a 30 year term.**

Dave Wow.

Terry **If you take that \$100,000.00, divide it by 40 hours worth of work, you'll see that you made \$2,500.00 an hour for your time.** I think the biggest mistake is that consumers don't really understand that this will be the highest paid work that they'll ever do. So take another example, let's say you bought a car and you're able to save \$4,000.00 because you had better credit. **In this case, you divide the \$4,000.00 by 40 hours, you'll make \$100.00 an hour for your time.** People rarely, if ever, take this perspective when it comes to building their credit and it's unfortunate. Now the most important thing is that consumers have to put into perspective what it's worth to them. Now at this point we're just talking about saving money.

Saving money and making money with good credit!

Now let's talk about making money. An excellent credit rating can give you access to large amounts of cash. In many cases the cash can be interest-free

Leveraging your credit with business and investments!

for extended periods; sometimes as much as 12 months or more. Now imagine the money making opportunities you could take advantage of if you had access instantly to \$10,000, \$20,000, \$30,000 or \$40,000 within 24 hours just on your signature. What kind of opportunities can most people find that are very low risk with a very high return? When you know the secrets to building your credit fast you can take advantage of opportunities like this. And, of course, our biggest frustration in doing this audio is that we're going to run out of time. However, I'll talk fast as much as I can to give you as much information as quickly as I can because you can always rewind and go back over the material later. So there's mainly three types of people that the *Credit Secrets Bible* goes to and I'll go over those real quickly.

Dual approach: "Remove the bad, and add the good!"

The first is we have people (consumers) that have bad credit. These are people that need to learn how to raise their credit score quickly by first removing and correcting as many negative items in their credit report as fast as possible; and two, by learning how to add positive accounts to build their credit up as quickly as possible. And I want to emphasize that because one of the biggest things that people miss out on is they talk about credit repair, credit correction and it's all this emphasis on removing negative items. **It is just as important, if not more important, to learn how to build your credit fast. For example, if you have five bad accounts you can remove the five accounts. If that happens, then you have no credit.** It's just as important to learn how to get five positive accounts on there quickly...

The second type of people are people with high debt. These are consumers that have good credit but they're in debt over their ears. These people need to learn how to negotiate their debts and pay them off for as little as 27 cents on the dollar while preserving their credit rating; and preserving the credit rating is the part to underline there. And again, the second part of that is learning how to add as many positive accounts to their credit file as quickly as possible.

"When you understand how the system works, it's very easy!"

Third, these are the minority — these are consumers that simply have no credit and this is an easy class because basically they need to learn how to build their credit quickly. The average American out there has no idea how to build their credit fast. Again, it comes back to the system. When you understand how the system works, it's very easy.

So first, let's talk about the people with no credit and building up credit be-

“The credit scoring system is a risk based model!”

cause that’s going to apply to people who have high debt and need to preserve their credit and they need to reestablish credit or people that have bad credit. So first, let’s just talk about nothing but strategies for building credit. Today we live in an age that your credit score is going to determine more things about you than ever before and it’s only going to get worse. For example, the amount you pay for auto insurance will be affected by your credit score. That’s almost with probably 80% to 90% of auto insurers. If they don’t run your credit then you’re going to have to pay more. They’ll give you the option. Health insurance, in many cases. Homeowner’s insurance. It’s absolutely incredible. And then you get into the situation with employment and jobs and that sort of thing. So the credit scoring system, you have to understand, is a risk-based model.

Why paying off your credit cards in full each month gives you less credit!

The biggest fallacy in this country is I pay off my credit cards in full every month; therefore, I have excellent credit. Nothing could be further from the truth. It’s sad but you have to understand that, for example, metaphorically, if I am a doctor do I make more money when you’re healthy or when you’re sick?

Dave When I’m sick.

Terry Right. I make more money when you’re sick, if I’m a doctor. The sicker you are, the more money I make. If I am a dentist, do I make money when you have cavities?

Dave Yes.

I make more money that way. If I’m a banker and I’m loaning you money, the more in debt you are, the more money I make, provided that you can continue the payments. **So the most important thing that consumers have to realize is you want to make yourself look like a solid, financial risk...** Let’s take a guy who has no credit whatsoever. There’s two primary things that build up your credit rating. The first is what’s known as your **high credit limit**. The second is what’s known as your **debt-to-credit ratio**.

“The two primary things that build up your credit rating!”

Your **high credit limit** simply means the total amount of unsecured revolving accounts that you have in your name. For example, we exclude cars and homes because that’s secured debt [which is easy to get]. So credit cards — Visa, MasterCard, American Express, Discover, department stores — any type of unsecured credit, where it’s not secured by an asset — it could be a fingerhut

Your high credit limit shows how worthy you are for credit!

card, a department store card, etc. For example, to determine your high credit rating we have to figure out how many credit cards you have and what the limits are. So if you had five credit cards and they were each \$1,000.00, your high credit limit would be \$5,000.00. Now, obviously, an individual who has a high credit limit of \$10,000.00 or \$20,000.00 has a lot more credit worthiness than an individual who only has \$5,000.00. The average person out there — has to build that figure up as quickly as they possibly can. Most people out there — only have maybe \$2,000.00 if they add up all their credit cards. Again, you want to add up all the credit cards on your credit report...

“Your debt to credit ratio shows how much you use credit!”

Second thing is your **debt-to-credit ratio**. This is a figure that lenders look at and it has a lot to do with how much credit you’ll be approved for because it tells creditors how you’ve used credit. For example, the high credit limit will have a lot to determine in the process because it’ll tell lenders how much credit you’ve been approved for in the past, therefore, it has an impact on how much credit you’ll be approved for in the future. Debt-to-credit ratio means exactly what it says — total amount of debt in relation to credit. For example, if you had \$5,000.00 in high credit and you were \$2,500.00 in debt on that \$5,000.00, your debt-to-credit ratio would be 50%. You want to get that figure down. **You always want to have that figure about 10% to 30%**. Again, you don’t want it zero but you don’t want it at 80%. If you’re \$4,000.00 in debt and you have \$5,000.00 of high credit and you’re making the payments, it’s not the end of the world but you have an 80% debt-to-credit ratio. **That can show to lenders that you use credit frivolously**. So the most important thing is to get those accounts on there and keep a 10% to 30% debt-to-credit ratio.

“How you can add \$5,000 to your high credit limit and improve your debt to credit ratio!”

Now the credit card that we have which is very, very effective. It’s been around for years. What that credit card does is it allows people the ability, with no credit check, no security deposit, and no annual fee, to get a \$5,000.00 account. What this can do is it raises your high credit limit by \$5,000.00. So if you had zero credit cards you go from zero to \$5,000.00 in high credit. If you have \$5,000.00, you double it instantly. But more importantly, let’s say, for example, you have \$5,000.00 in high credit but you’re \$4,000.00 in debt. You have an 80% debt-to-credit ratio... So you get the credit card that we offer and it can add \$5,000.00 onto your credit. Your high credit limit now goes from \$5,000.00 to \$10,000.00. So we’ve doubled your high credit limit, which is incredible. But at the same time, more importantly, we’ve taken your debt-to-credit ratio and done what?

Dave Well, we’ve decreased it.

Terry We cut it half because you've gone from \$4,000.00 of debt on \$5,000.00 worth of high credit to \$4,000.00 in debt on \$10,000.00 worth of high credit. **So it reduces it all the way down to 40%.** Most consumers are very quick to judge and think, oh, it's not a Visa or MasterCard. You have to build up to that point and then you can get those cards easily... So it can be one the most powerful tools for building credit. [For more details call our 24 hour recorded information line at 1-801-350-3999].

Get your \$5,000 credit card today! For details call 1-801-350-3999.

There's a lot of other credit cards like that out there and, as you know, we've bought them all, they either don't report to the credit bureaus or to get them to report requires an act of Congress. And it's unfortunate. I wish we had two or three cards like that because we could really do a lot more for consumers.

So the first thing is, let's say you're able to get that credit card on your credit report. **Then what you want to do is you always want to keep a 10% to 30% debt-to-credit ratio.** So if you had \$5,000.00 in high credit, we want to see you owing \$500.00 to \$1,500.00 at all times and making those payments on time. Very, very important because banks like to give credit to people who use credit and that's just all you have to remember. **And with those credit cards, if you do that process of keeping that 10% to 30% debt-to-credit ratio, you want to make two phone calls a year.** In other words, you want to make two phone calls every six months and you want to call them up and ask them to raise your limit and you'll be surprised if you call up and you ask, and as long as they're making a little but of money off of you and your payment history is on time, almost every single time they will say yes.

Double your credit card limit with 2 easy phone calls!

Dave Really? With a good track record?

Terry Yeah. And if you do that every six months that means in three years you have six opportunities. And we've literally seen clients take a \$2,000.00 card and have it up to \$8,000.00 in 36 months. Now there's some other important things that people need to know to look like a solid financial risk. **Another important factor is the address that you use.** Sometimes people are out of town or for convenience they may use a UPS store, a Mail Box, Etc., to get their mail. That comes up in the credit bureau systems as not being a real address. That doesn't look good. That is held against you.

Simple secrets to getting "pre-approved" credit card offers!

Dave Even a post office box?

Terry Post offices boxes are bad. It's not the end of the world but if you want to have all the cards stacked in your favor, that's not something you want to have. You want a residential address.

"A home phone and a stable address are key!"

In addition, a lot of people these days are having their cell phone listed. For some people that's the only phone they have. That could be held against you. We have found that if you have a land line in your name listed at the address - you don't have to give out your address in the phone book - but **if you have a land line listed in your name at that residence, and it's a street address, it helps tremendously in building the credit profile.**

The other thing is you don't want to move. If you're going to be in a situation, if you're going through divorce, or you're going through problems, use your parent's address, or use a relative's address. Don't have that address jumping around. We've seen people (and this is a true story) with 700 credit scores, we'll see those individuals move and we'll see all those pre-approved credit card offers stop for about six months and then resume again. But it's very easy, when you look at the risk models that banks and lenders are using. If I gave you \$20 million and said, "Here loan it out on credit cards," you'd get pretty good at that over time. What happens if a guy loses his job? What happens if a guy gets divorced? His address usually changes. He moves. That shows instability so it's not a miracle but these are things that consumers can use (and you can use) to apply and just a little bit goes a tremendous way. So you don't want to change the address. You want to do everything you can to keep your address stable. [Insider tip: A simple letter to the credit bureaus disputing a previous address which is inaccurate can work in removing it! You can even dispute multiple addresses.]

Some consumers simply dispute damaging addresses off their report!

Dave You want to show stability.

Terry Exactly. **You want to show stability.** Being self-employed is another one. That one hurts the credit really bad. It's to people's advantage who are sole proprietors that they do become incorporated. Then when you're incorporated there's two main benefits there. One, you can actually put down that you work for that company. Rather than taking a draw you'll pay FICA taxes. You'll have unemployment if you do need it because you will be paying into it. And that's something you want to talk about with your accountant. People who are self-employed are discriminated against.

Why being self-employed hurts your credit report!

Dave Doesn't seem fair.

“Some consumers dispute and remove damaging employment information off their report!”

Terry It doesn't seem fair but you have to work the system to your angle and being incorporated is one more way. Now, if you go to get a mortgage that's going to be a different issue because if you're more than 55% stockholder it doesn't count. So basically you are self-employed in that case. It's not like you're working for a company and they hold it that way. So once you have that stuff on there again, it's a risk model. [Insider tip: Again, a simple letter to the credit bureaus disputing an inaccurate “self-employment” status can remove it from a consumers report. A recent pay-stub or a series of W-2's from an employer can also add helpful information to your report.]

Now there's something else that's very, very advanced that most people don't take into consideration when it comes to building up their credit. The first thing is once you get your profile to a certain point — you get the \$5,000 card on your credit report...

Dave And you get the limit raised on the credit cards.

“Dressing your credit report to attract the lenders and credit you want!”

Terry Yeah. You want to work on that. So pretty soon your profile starts to look a certain way and creditors come to you. Because most people don't understand, credit bureaus don't make their money by running credit reports, at least not the bulk of it. They make it by renting the lists of those people to banks to market their credit card offers. So, for example, if a woman is dressed a certain way she'll attract a certain demographic of the male population. Well, take that and apply that to a credit report. **If you dress your credit report a certain way you will get certain types of lenders coming after you.** [Insider tip: Your job title could affect your credit score. Be imaginative!]

Dave Interesting.

Terry **And once you get to a certain point you'll get momentum.** And again, that's where the debt-to-credit ratio and that stuff comes in. What you want to do is you want to take the easy business. So the stuff that's legitimately pre-approved, you take it. If it's got a high annual fee go ahead and take it if it's worth it to you. We see people take credit cards that are 30% interest. That's fine. If it adds \$2,000.00 to your high credit, take it. It all adds up.

Dave Do you have to make a purchase and make a payment for it to be listed on your credit report?

“Never apply for too much credit all at once. You’ll look credit hungry!”

Terry Good question. You do have to make a purchase and make a payment to get most credit cards onto your credit report. Just having the card isn’t enough. Go buy a candy bar. If it’s high interest and it’s a \$2,000.00 card just keep \$100.00 on it and make payments so you’re not getting killed by the interest. But it adds \$2,000.00 to your high credit limit. Let’s say you get three or four offers in a two-week period that are pre-approved. **What you want to do is apply for one, wait until you get it, then apply for the next one, wait until you get it.** That way if you do get declined for one — if there is a problem — you can catch it. Very, very important. Save those offers. Apply for them one at a time as you need it and always try to take the easy business. And be very careful when you deal with a car lender. Car lenders are probably responsible for messing up people’s credit more than any other entity out there because...

Dave I believe you’re right.

Terry You know because you come from the car background, as you said earlier. But the car business — a guy can walk on the lot and they’ll run out your credit report to 6 or 10 different people and they’ll pull all those inquiries. Those inquiries, as you know from the *Credit Secrets Bible*, those stay on there for two years, which get held against you because the lender looks in and says, this guy didn’t get approved. Why didn’t they approve him? They took a look at him and they didn’t approve and that gets held against you. Now this next technique here is one that not very many people know about. **The credit profile, your credit file is basically, many different layers.** One layer might be that you’re male. The next might be that you’re married. The next layer might be that you live in a certain ZIP code. Obviously, more affluent ZIP codes in the country, that does play a factor versus if you’re say, in Las Vegas where there’s probably a high rate of gambling problems and substance abuse and whatnot. So this technique plays on that. And again, very few people know about this. So you do all the right things. You’ve got your debt-to-credit ratio there, you’ve got the solid address, and you’re building stability.

How you can build credit fast by using the “advanced profiling” technique!

Well, what happens is we see that financial institutions will team up with various say, extra layers — it’s another layer to the profile. For example, let’s say we have people with a certain credit profile but then we find out they are a member of a certain trade or non-profit organization. Let’s say it has to do with accounting (or finance) or let’s say they’re environmentalists or they’re health oriented. I don’t want to give out the name of any organization but we first learned about this many years ago when there was an individual who didn’t really have much credit at all and he joined an organization — and this

was an environmentalist organization. It was \$10.00 a year and they give you a tree to plant in the ground and this and that. It's a great organization. He got a credit card offer in the mail and it was sponsored by this organization. Like you might see a credit card from the NRA if you're an NRA member, for example.

Dave Seems like every large company has their own credit card.

Terry Exactly. He got a credit card offer. This individual should have never been approved for this credit card. He got a \$5,000 MasterCard. The guy had one secured credit card on his credit report and was approved for that.

Dave Just because of his profile?

Terry **Well, it adds another layer.** Let's say we take a guy who's a 30-year-old. His debt-to-credit ratio is 30%. His high credit limit is \$10,000.00. He's been at his address for two years; his job for a year. That gives us a pretty good deterrent but if we find out that say, he's into mountain biking...

Dave Okay.

Terry For example, there was a client that we had who was (we've seen track records of this over the years) part of a financial services type organization. He was not a Certified Financial Planner, he was not a CPA but he belonged to that organization. You could've belonged to it. I could've belonged to it.

Dave Open members.

Terry He got a sponsored endorsed mailing for a credit card with that company's logo through that trade organization for a \$25,000 Visa card. And this was an individual whose high credit limit was probably, less than \$10,000.00. Again, this is not coincidence. It's very effective. **The same thing happens out of colleges.** And this is probably the most prevalent form that most people who listen to this audio program can relate with. It's not uncommon for banks — the big banks to show up at the college and say, here, sign up for our checking account, sign up for our credit card, whatever. We'll give you a bottle of soda, tickets, or this and that. Because they know that those people that are in the school system are going to be earning money more likely than the average person out there.

How colleges use this approach for students!

Dave Or do they think their parents are going to pay for it?

Terry Yeah. Exactly. We've seen that students build credit much faster than working folk and it's unfortunate. But again, these are angles that people can use to build their credit quickly to take advantage of them. Again, let's come back full circle. When you build up that credit you can have access to huge amounts of cash. **You can access \$25,000 of cash in 24 hours with no credit check, no co-signer and if you want (the interest rate's going to be high) but you can take 30 years to pay it back.** Again, that's the kind of thing that's used for short-term investments or business opportunities or that sort of thing.

"How to borrow up to \$25,000 in 24 hours with no credit check and no co-signer!"

The other thing now, because credit card marketing has gotten so competitive, is that we see, for example, let's say I have \$10,000 of debt with MBNA. Well, Discover card comes along and says, here, zero percent APR for nine months, right? And they say, we'll pay it off or they give you these balance transfer checks. Well, the other thing when you have excellent credit and you build up your high credit up to \$30,000 or \$40,000 or \$50,000 and say, for example, I have one client who just got through a mountain bike company a \$7,000 credit card.

Dave Okay.

Terry And that wasn't the amazing part. The amazing part was obviously this gentleman didn't have much credit to begin with and again, it was a profile. Mountain bikers are a demographic. They're very health oriented. It's a very kind of discretionary income, that sort of thing. But it wasn't so much that. This individual got \$7,000 and the cash advance fee was only \$50.00 but the most amazing thing is that the money was interest free for nine months.

"A \$7,000 credit card with virtually no credit!"

Now imagine if you had access to not \$20,000.00 or \$30,000.00 but just \$7,000.00 for nine months and you paid zero interest. If you thought about that one for a few days you could probably find a way, with very little risk and huge upside gain, that you could take that \$7,000.00 and make money. Look at that — where you're going to be. Not six months from now, not two years from now, but 10 or 12 or 20 years from now by taking advantage of those kinds of opportunities over and over because you did the work and you built up your credit. Another thing when it comes to annual fees. One of the things we say in our promotions is never pay an annual fee for any credit card ever again if your credit score is over 750.

Dave Why not?

Terry Again, if you're keeping the 10% to 30% debt-to-credit ratio, they're making a little bit of money off you, and they like you as a client, you can simply call up and act like you want to cancel the card. They'll always ask because they're in a department and they want to save those accounts. **Tell them you're going to cancel the card and nine out of 10 times they'll say, "Oh, we'll go ahead and waive the annual fee for you."**

"How to save up to \$100,000 or more in mortgage interest without refinancing!"

Another one that we talk about is how to save up to \$100,000.00 or more in mortgage interest without refinancing your home. It's amazing how many people don't know about this. There's two different things. Sometimes people get an interest-only loan and you've got to have good credit for that. **What people will do is they'll make a payment — they'll make their mortgage payment and then they'll make a separate payment which goes basically towards the interest or down on principle.** Now the reverse of that, again, this is normally for people that have good credit, is they will get a separate loan that does nothing but pay down against the principle to knock that down.

Dave Okay.

Terry And that's something that is one of the most effective things to do. But again, it's just like paying off a credit card. If you pay just a little more — and I wish I had the stats in front of me. But if you pay just an extra \$100.00 or \$200.00 a month — where you're at 10, 12 years down the road — I mean, that's like the whole bi-weekly mortgage thing. Bi-weekly mortgage everybody's familiar with. Of course, really what's happening there is you're making an extra payment per year. Rather than making 52 payments you're making 53 or 54 payments. But over a 30 year term, what that adds up to is you're making about 30 or 60 extra payments and, of course, those all end up going towards the principle, which more people need to take advantage of that. That's a real example of where a little bit of money goes a long, long way.

"How to substantially shorten the term of your loan!"

Dave And that shortens the term as well.

Terry Yeah. **And one of the other things is the secret to buying your first or second home with no money down,** which is a real interesting one.

Dave No money down?

“How to buy a home with NO MONEY DOWN!”

Terry All of the people selling these courses, it all — and it says, you know, no credit, bad credit, no money — **it all revolves around the same concept. That concept is that the seller carries the loan.** Plain and simple! Now there’s also another method called lease purchasing which is excellent way for the average consumer to purchase a home with very little money down. One of the most reputable guys in this field is Claude Diamond, and I think he’s got the best course on the market for doing this sort of thing.

Dave **What is the truth about the free government money?**

Terry That’s a strong appeal. Those were real big back in the early 90s and late 80s. The money is available but it is a little bit of work to get it and the two main important things people need to know is that one, you have to have an organization, in most cases, with a track record of what you’re...

Dave A non-profit?

Terry No, it doesn’t have to be non-profit necessarily but you have to — **you have to have a cause that you’re using it for.** It’s not like, “Hi, my name’s Joe. I need some money.” So you need to have an organization and something good that you’re going to...

Dave Do I have to write a grant proposal?

The truth about government grants and “free money.”

Terry Well, the second part. **The second part is having a professionally, well written grant proposal** and there’s actually businesses and all they do is actual grant writing. So those are the two main things. A lot of people are misled by that and buy these big, huge books and I think probably 1/10th of a percent of the people that buy those packages ever use them. And if they do, they realized the money really isn’t free at all after they consider the amount of work it takes to get a grant funded.

Dave Right.

Terry So let’s get on the topic as far as for people that have bad credit. Now the first thing when it comes to repairing credit is that individuals have to understand that — **the only information that can remain on your credit report is not necessarily what’s inaccurate. Not really what’s correct but what can be proved as such.** Now in the *Credit Secrets Bible*, as you know, we have

published many techniques other consumers have used to go and do that and there's some interesting stuff.

What banks and credit card companies don't want you to know about bankruptcy!

Now let's talk for a second about Chapter 7 Bankruptcy, which is kind of interesting. **There is actually a way you can actually build excellent credit after a Chapter 7 if you get into a worst-case scenario where that happens.** And the reason is (and we saw this years ago and we were really shocked about how quick people could build their credit after a Chapter 7) again understanding the bigger picture of the credit system. People who have excellent credit are a very prime market and that's who everybody is going after, because if you're a lender you basically make money putting people in debt. You make money off interest. That's your business.

Dave Right.

Terry So basically what we saw is if you have really great credit, if you're a 700-plus credit score, everybody and their brother is knocking you down. So what happens is everybody's focusing on these prime targets. So what happens then is there's been a whole surge that we've seen of other lenders that have said, "Hey, we've got all these people that have filed Chapter 7. They're bankrupt. Hey, they're debt-free." Right?

Dave They're debt-free now.

Terry They're debt-free but here's the other thing. **The hardest type of credit to get is unsecured credit. It also has the highest (we found) impact on one's credit score because it's unsecured and it's a higher risk for the lender.** So there's all these lenders we see going out and kind of going the other direction. Rather than going after all the prime people where it's highly competitive, they target people with Chapter 7 if they can get 12 to 24 months of good payment history reported. They make a good risk because one, they're debt-free and two (this is the big one) they're not protected by that bankruptcy law for another five, six or seven years. **So the key is with people that do Chapter 7 is that you start building your credit before you even go into it.** You don't have to put everything in the bankruptcy. Most people, they file bankruptcy, the depression that comes, everything else, it's usually involved with divorce and other, illness or loss, they don't do anything for three to five years. They don't do a thing. They just forget about it. But we see people that start building right away or preferably before.

Start building your credit before you file for bankruptcy!

Dave Even before?

Terry Yeah, because you could get a catalog card or trade line for \$5,000.00, get that on your credit report but don't include it in your bankruptcy. So I get people to do that now and then. I mean, we've seen people 36 months they're 700 credit score. It's just amazing. But it's not a miracle. When you look back and you really think about it there's no mystery to it. It's just understanding the system.

"Why consumers should avoid Chapter 13!"

Chapter 13 — that's a whole other one. In our opinion that's NOT one people should do because we find that it has almost the same impact on people's credit as a Chapter 7. Most of the people that do Chapter 13 — they end up going into a Chapter 7 anyway. So that's always one that should try to be avoided. My opinion is if you have to go BK just do it Chapter 7. Be debt-free. Come out the other side. Start building your credit right away, preferably before. [Insider tip: Hundreds of thousands of Americans can no longer qualify for Chapter 7 bankruptcy due to changes in the law and may be forced into harmful credit counseling and then Chapter 13. Keep in mind a large percentage of 13's end up going into 7 giving consumers 2 BK's!]

Dave That's interesting.

Terry **One easy phone call that'll slash your credit card payments in half.** Call up your creditor, tell them, "I can't pay. I don't want to file bankruptcy. Can I pay half?" You can tell them, "I can't make a payment this month. I'm calling you up." So many consumers don't communicate with their creditors. If you don't communicate, they get freaked out and scared. If you just call them up and say, "Listen, here's the predicament I'm in." And that's like the debt negotiation thing. **People have to set the stage for it.**

"One easy phone call that can slash your credit card payments in half!"

Dave Right.

"A good software program to manage your finances!"

So a good software program — it's free to try — to know what to pay on their debt and manage all that is Microsoft Money. You can get a free trial download by going to any search engine and typing "microsoft money trial". It's an excellent program. Having a budget. Getting all your numbers out and start tracking everything.

Dave Well, it sounds pretty nuts and bolts to me.

Terry **A couple of other things I want to touch on beyond the topic of credit. I also want to talk about the two secrets that late night infomercial gurus don't want you to know about making money with tiny classified ads.** [I would have saved thousands of dollars if I'd knew these two important secrets years ago!]

Two things they don't want you to know!

Dave I've seen them.

Terry It makes me absolutely sick. There's two things they don't want you to know and I want to bring this up. **The first is market density.** How many people (in your demographic) are picking up the newspaper looking to buy your little widget that you're selling? You see people that buying these packages on late night TV. They have good intentions and they run an ad and it doesn't work and they're being led to failure, basically, because in a newspaper you have a very low market density. Everybody picks up the paper. We don't know what sections they read. **The other thing, equally as important, is the mail order responsiveness.** Okay. Some people buy clothes, say women. Most women love buying clothes.

The concept of market density and responsiveness!

Dave They do. They do.

Terry Some women buy clothes by mail.

Dave Yes, they do.

Terry That's a totally different demographic. There's people that buy vitamins at the store at GNC or whatever and then there's people that buy vitamins through the mail; two totally different animals. **So you need market density, mail order responsive.** All these people on late night TV selling these packages on how to get rich running tiny ads and the percentage of people that are buying an ad in a newspaper and selling a mail order product, it's not a mail order medium, for the most part.

Dave Makes sense.

Terry We get a lot of people that call up and ask us about this stuff so I'm going to talk about that. **The other one is this infamous stuffing envelope thing.** The one way to actually get paid to stuff envelopes at home and the real truth about all those easy work, excellent pay, get paid to assemble products... **Well, getting paid to stuff envelopes — the only legitimate way to do**

The one legitimate way to get paid stuffing envelopes!

that is to be in the direct mail business and get paid to sell information by mail. We've had mailings where we've mailed a thousand letters and we've made \$2,000.00 in profit after all the dust settled. Well, we made \$2.00 per envelope. We did essentially get paid to stuff envelopes but there's no company that's going to pay you to do that, which takes us into the work-at-home companies. This has been going on for 20, 30 years now. These companies that tell you that they're going to pay you to make baby booties at home and these ads run all over the country... It's a complete scam. **Listen... If the company had an opportunity to make widgets at home why wouldn't they just hire somebody locally?** Why would they ship the product three times instead of shipping it once? Because they have to send the materials to the guy or gal sitting at home assembling the materials. Then that customer (the person assembling) has to take the finished product and send it back to the company and then the company has to ship it to the customer.

Dave Seems kind of cumbersome.

Terry And it just drives me insane because we get clients that call up who get ripped off for this stuff day after day after day after day. It continues to go on because these companies will set it up to look legitimate. But you know what? It has a strong appeal to folks. Make money working at home. And there's so many people looking to do that and it continues to go and the government can't stop them all. It's really unfortunate.

Dave Yes, indeed.

Terry Back to credit for a moment before we wrap this up. **We try to advocate that credit (if you're going to use it) shouldn't be used for consumer items.** It should be used for things like education, medical emergencies or really for making money. When you have a 700-plus credit score you can go to a development over here, you can buy a 2,000 square foot home with \$500.00 down and get a no-doc loan. **No income verification. No nothing.** It's just absolutely amazing. **Apply the techniques slowly over time and where you're going to be is night and day.** That's basically it. Unfortunately we're out of time. We could go on. I have 20 other things here that I wanted to talk about but...

Dave No problem. I appreciate your time. Bye now. [End of recording.]

FREQUENTLY ASKED QUESTIONS

Q. On page 11 you talk about leveraging credit through an investment or business. Can you give a few examples?

A. Sure. What other consumers have done is used their credit to purchase an investment property such as a fixer-upper or foreclosure. Other types of investments could be in automobiles, art, antiques - items that gain more value over time or items that can be bought wholesale and then sold retail. One example would be an entrepreneur buying a large truck and starting a moving business. Use your imagination!

Q. On page 12 you talk about why paying credit cards off in full each month gives you less credit. The concept seems so contrary to what I've been taught. Can you back that up?

A. Yes. According to MyFico.com who developed scoring software for the major credit bureaus, here's what they had to say in one of their free online booklets: "...having a small balance without missing a payment shows that you have managed credit responsibly, and may be slightly better than carrying no balance at all." That's right from the horses mouth.

Q. If my debt to credit ratio is over 30% what's the fastest way I can reduce it?

A. Easy. Get approved for our \$5,000 credit line by first calling 1-801-350-3999. This account adds \$5,000 in unsecured credit to your high credit limit. If that's not enough unsecured credit to get you below 30% there may be other options. Call anyway. At that point you can then begin budgeting or negotiating to pay down other debt.

Q. How do I tell if a "pre-approved" credit card offer is legitimate and whether or not I should apply?

A. Read the "fine print." Make sure your name and address was obtained from one or more of the credit bureaus (it should list that). You can also check your credit to see if the company has done a promotional inquiry on your report. In addition, never apply unless you're 95% sure you'll get approved. If your scores are below 600 even banks that cater to consumers with bad credit (also known as the "sub-prime lending market") will probably decline your application. So get that score up by removing bad items and adding good ones!

Q. What about phone disputes?

A. Phone disputes are an excellent way to get items removed quickly. However, each bureau is different. Make sure the dispute is factual. It also doesn't hurt to gain a little sympathy from the person on the other end. If you're in a bind, explain that to the operator and ask for their help. Example: You're going to be evicted in 4 weeks and you need to qualify for a loan. If the account is not deleted you don't know how you'll keep a roof over you and your kids. But be honest about the situation. You don't need to lie. We are all human and if you're authentic people recognize that and you'll get better results.

Q. I have good credit. Should I still add primary accounts to my credit report?

A. If you have a triple-A credit rating, it never hurts to get more credit! Primary accounts are like gold. In the event you decide to close an account (or a creditor goes out of business), you'll have a backup account to offset any changes.

WHAT YOU NEED TO KNOW ABOUT THE “VANTAGESCORE” AND THE “FICO EXPANSION SCORE” ...

For decades lenders have been utilizing your main FICO Score (also known as Classic Fico) to determine if you are credit worthy. However, the three major credit bureaus, Equifax, Experian and TransUnion have joined up to introduce a new scoring system called the VantageScore. With the new VantageScore, your credit score will look like a grade school report card. I am not joking! Ranging from 501 to 901, the 900's are an A, 800's a B, 700's a C, 600's a D, and 500's an F. Notice how much more broadly the numbers spread is with this new score (more on that later).

Now, because of the growing market of credit challenged consumers (and the fact that MyFico's market share is being threatened by the VantageScore) the Fair Isaac Corporation decided to develop their own new scoring system called the “FICO Expansion”. This score is based upon recurring items that are not traditionally reported to credit bureaus, such as rent, utility, payday advance, insurance, day care, telephone, and child support payments. Many companies have sprung-up touting the benefits of building this score and paying them to help you do it. Keep your pockets closed until you've finished this chapter, please!

MORE ABOUT THE “FICO EXPANSION SCORE”!

According to MyFico, their Fico Expansion is an alternate credit scores designed specifically to help lenders that fail to receive a traditional Classic FICO score due to nonexistent or "thin" credit histories. This new expanded score is separate and distinct from your regular Classic Fico. What do they say these new expanded scores will accomplish for consumers and businesses?

1. “The new score helps lenders better serve those who are typically treated like second class citizens because it uses alternative data sources, thereby allowing lenders to more confidently extend credit to consumers that are typically excluded from the traditional credit-granting process due to insufficient credit histories” (i.e. consumers who have not built up their Classic Fico Score.)
2. “It can also help consumers gain access faster to traditional credit products like credit cards, car loans, or home loans from reputable lenders by evaluating financial relationships that are absent in credit bureau reports” (if a consumer can't or doesn't know how to build their Classic Fico Score, why make it easier for them to get credit? They need education, not credit!)
3. “It's a credit risk score. It accurately predicts the likelihood that a consumer will become seriously delinquent in the 24 months following scoring” (we are unaware of any independent data which supports that this alternate scoring will accurately predict anything except more services to sell you like expanded scores, monitoring, and reporting services). This score is a complete joke until banks and lenders start using it - if they ever do.

MORE ABOUT THE “VANTAGESCORE”

Why another score? With the Classic Fico consumers often find point discrepancies in their scores. The credit bureau industry wants to solve that! According to them, the VantageScore was created to produce a model that scores consumers consistently across all three companies. This is just plain baloney because when asked, will there be variations from company to company, the industry re-

sponded, "Differences in scores will occur when the underlying data content is different". Obviously! The contents of your credit report will always vary from bureau to bureau. Therefore, the underlying data on all three of your credit reports won't be the same which will create inconsistencies. They have not solved the very thing they claim they have solved! In addition, consumers with a VantageScore of 720 (average) will be more prone to think their credit is good (misled because a Classic Fico of 720 is excellent) which will probably reduce consumer disputes. After all, think about it - why would they change the numbers? Less disputes, and they make the "cake" off scoring revenue. A win-win for the credit bureaus!

Want the truth? Here's why they created the VantageScore: Money. The big three credit bureaus are trying to steal market share from the consumer credit scoring market - more specifically the Fair Isaac Corporation who designed and is paid royalties from the Classic Fico Score. What's at stake? An industry that's worth \$5 billion dollars. This is why for the last 30 years the national credit bureaus have systematically (and methodically) destroyed the credit reporting industry. Did you know there used to be over 2,500 local bureaus, assisting consumers in their own towns? Now there are just a handful. Recent studies have shown that up to 70% of credit reports have some type of error, many serious enough to cause turn-downs for credit, housing, or even a job. Scoring is the last thing credit bureaus should be worrying about. They should be doing their job: providing accurate information!

THE SUPPORTERS CONTINUE TO RANT...

Supporters of these new scores claim that without the use of them, lenders must process their credit applications the old fashioned, time-consuming, and costly way. Each applicant must provide documents such as copies of rent and utility payments, verification of employment history and home address, and others. Even if their applications are approved, they often pay higher interest rates because, with little or no credit history to consider, lenders have difficulty assessing credit risk accurately. If they have little or no credit history they probably shouldn't be buying a home. Why not start with a good course on building and managing credit responsibly!

According to one popular lending website, "As many as 50 million consumers -- especially new immigrants, young people and women who have been recently divorced or widowed -- aren't in the credit bureaus files because they lack traditional credit scores. As a result, they may find it difficult to establish their credit worthiness and may be shut out of today's credit economy. They may have difficulty buying a house, obtaining a credit card or gaining approval for other financial transactions." This sounds like something you'd hear from a group of bankers! Education is not as profitable as finding more creative ways of putting more consumers into debt.

WHAT SHOULD CONSUMERS DO?

Build and manage their Classic FICO Score. Getting into credit bureau files is very simple. Adding new trade lines is extremely simple. We all know the main problem with the credit bureaus is NOT scoring discrepancies... It's incorrect and incomplete data on credit reports!

When MyFico introduced an update of its own scoring system in 1999 (called NextGen FICO), most creditors stuck with Classic FICO. Until these new scores gain widespread acceptance and popularity (which they may never do) they're a complete waste of time and should be completely ignored.

If your credit is horrible, we'll discuss how FACTUAL disputes done correctly will get you the best results in raising your Classic FICO Score. If you have no credit whatsoever, this course covers several ways to get new accounts reported to your credit file to build your Classic FICO Score.

USE THE SAME “3-STEP SYSTEM” SOME ATTORNEYS CHARGE \$795 FOR TO REPAIR YOUR CREDIT YOURSELF QUICKLY AND EFFECTIVELY FOR FREE!

What’s the missing link when it comes to having derogatories removed and building your credit score? **Leverage.** Getting enough leverage against your creditors, the credit bureaus and debt collectors is key. It’s also one of the most common ingredients missing from most credit repair courses. **The best way to have the leverage you want is being in a position to sue them.** It’s the most powerful negotiation tool out there. Rarely will you need to sue (and if you need to, you don’t have to.) Having the option does give you a better position for negotiation.

CONSUMER PROTECTION LAW AND YOUR RIGHTS!

In this chapter I’m going to show you how to recognize and document the most common violations of the Fair Credit Reporting Act (FCRA) and the Fair Debt Collections Practices Act (FDCPA). **I’m also going to teach you a whole new way of looking at your credit report and the items reported on them.** By recognizing and disputing incorrect reporting (instead of generic “not mine” disputes) you’ll have the best chance of getting the results you want! First you’re going to need your reports.

THE ONE “GOVERNMENT SPONSORED” SOURCE TO GET A FREE COPY OF ALL THREE OF YOUR CREDIT REPORTS!

You can request a free copy of your reports by calling the Annual Credit Report Service at 1-877-322-8228. There is also a special form in the pages to follow you can fill out and mail to get your free reports. You will get each bureau’s “standardized” report. If you order your reports online, you will not get these standardized reports, and you’ll be inviting someone to steal your personal information such as your SSN, date of birth, or credit card number. It’s not worth it! In addition, the standardized reports are much easier to read, and this chapter is based off using those reports.

THE ONE PLACE TO GET YOUR SCORES THAT WON’T LIE...

Another place to get all three of your credit scores is from a mortgage lender. **Mortgage lenders can pull what’s called a “tri-merge” report.** However, the major drawback is you will get a hard inquiry on your credit report which can lower your scores. These reports can be a little tough to read unless you’re used to them. The only time consumers should run a tri-merge is when they’re serious about financing a home in the next 60 days. Other than that, you don’t want the inquiry!

WHY TO AVOID “FREE CREDIT REPORT” SERVICES!

Most free credit report services give you the first 30 days free and then nail you with some type of monitoring fee. Please don't get your reports from one of these services. Their reports are usually missing critical data that you're going to need in order to factually dispute derogatory items off your report. And, if you forget to cancel within the 30 day “trial” period, they usually hit your credit card with some nonrefundable fee. It's not worth it. Your credit is much more important than that.

HOW YOU CAN GET FREE IDENTITY THEFT PROTECTION!

If you feel you could be the victim of identity theft now or in the future, you can place a “fraud alert” on your credit file and get a free copy of all three of your reports. After you've placed a fraud alert on your file, you can simply write each bureau and request your free reports. Make sure you provide plenty of documentation to prove your identity. However, it's recommended you only do this if in fact you have been or are the victim of identity theft (or have reason to believe you could be soon). Don't just do this for the free reports. Why? Once a fraud alert is placed on your credit file, it's much more difficult to obtain new credit until the alert is removed.

This alert accomplishes several things. First, for a period of not less than 90 days, for any new credit to be approved, the creditor must first contact you and obtain authorization (you will need to provide the credit bureau your telephone number). If someone else tries to obtain credit in your name, you'll be first to know. **Not only can you extend this fraud alert for 7 years, you can also remove it at any time.** Save your money on ID theft insurance which provides little more than a false sense of security.

PROTECTING CREDIT WHEN “BACK IN THE CHIPS”!

Many consumers also use this technique after they've built up their credit as a way of monitoring and protecting their high score. After all, the potential for ID theft with excellent credit is much greater. Should you find yourself in the market for some type of investment that requires credit, you can simply write all three bureaus and have the fraud alert removed. If you would like to place a fraud alert on your credit file simply call Experian at **(888) 397-3742**. For Equifax, call **(888) 766-0008**. And for TransUnion, call **(800) 680-7289**.

THE BEST PLACE TO GET YOUR CREDIT REPORT & SCORES!

If you don't qualify for a free report, then get your credit report and/or credit score from each credit bureau either by phone or mail. Again, if you order your reports online, you

won't get the standardized version. The bureaus may also require you to enroll in additional services like credit monitoring. In addition, you will have limited access to your credit file (sometimes as little as 30 days). You can contact the bureaus here:

EXPERIAN

P.O. Box 2104
Allen, TX 75013
(888) 397-3742
(order score &/or report)

EQUIFAX

P.O. Box 740241
Atlanta, GA 30374
(800) 685-1111
(order score &/or report)

TRANSUNION

P.O. Box 2000
Chester, PA 19022
(866) 726-7388
(order score &/or report)

THE “4TH LARGEST” NATIONWIDE CREDIT BUREAU AND HOW IGNORING THEM COULD COST YOU A FORTUNE!

I will briefly mention the “4th largest credit bureau”, which is **Innovis Data Solutions**. Credit card companies buy lists of consumers who meet their lending criteria (this a common practice known as “pre-screening”) from the credit bureaus and Innovis currently offers a service that helps these lenders CLEAN their list prior to mailing pre-approved credit card offers. Therefore, any adverse information on a consumers Innovis file (accurate or not) could prevent them from getting pre-approved credit offers in the mail! **For instructions on getting a copy of your Innovis report, call 1-800-540-2505.** If there are inaccuracies on your Innovis report, you can dispute them the exact same way you would if you're disputing with the big three credit bureaus.

A “PERFECT” CREDIT REPORT IS NOT ALWAYS THE HIGHEST SCORING ONE...

Let's talk about credit scoring for a moment because this is a very important subject. If your FICO score is in the 500's, or even 600's, we want to see you get into the 700's and as quickly as possible. Does this mean getting all derogatory information off your credit reports? Not necessarily. **The biggest credit myth out there is that a “perfect” credit report is always the highest scoring.**

The reason a “perfect” credit report is not always the highest scoring is because some derogatory accounts can actually raise your credit score, or having them deleted can actually lower your score more than just leaving them reporting. For example, if you had a \$5,000 charged-off account - paid in full - the balance, paid status and payment history could account in the scoring of your file. That's why deleting some derogatory accounts can actually lower your credit score!

WHO RULES THE SCORING SYSTEM...

The credit scoring system is designed to maintain and increase creditor profitability. **The only way these scores would be helpful to consumers is if the model remained fixed.** Then we would be able to figure out the entire model. Some have suggested there are 10 to 100 different models a consumer can fall into. For example, if someone has a lot of late-pays they may fall into a late-pay model. When the consumer is then able to get those late-pays removed, their score does not rebound to its previous level. In some cases, it can actually temporarily go down!

Another example would be someone with a high score of 720. They apply for credit and get a hard inquiry and their score remains unchanged. Then someone with a low score of 600 gets a hard inquiry and their score drops up to 35 points. This multiple model based system makes it impossible to predict with 100% accuracy how much your score will change in any given situation. It's important to understand this going into the process and to keep checking your scores as you make improvements!

REVIEWING YOUR CREDIT REPORTS AND DETERMINING WHAT TO DISPUTE...

First, you need all three of your reports. Start out by examining the derogatory items. Look for items that are missing the name of the creditor, account number, balance, etc. Some items will naturally be missing these things like an account that was never paid won't have a date of last payment. It should at least say N/A, however. If it's blank, the creditor did not report the item properly because it's not complete. **You'll then want to look at each derogatory across all three credit reports to find inconsistencies.** If you find different dates, balances, or any other inconsistencies on derogatory accounts consider contacting the original creditor for documentation.

HOW TO MOST EFFECTIVELY DISPUTE

Most people dispute all the negative information they can find in their credit reports. Very often a few items get deleted that way. But the problem is what if the item gets verified? The bureaus can reject any further disputes that are similar as "frivolous" for up to 12 months! That's why factual disputes are best. If your disputes are factual and the bureau does not correct or delete the item, they've now violated the FCRA. **Now you've got some leverage.** Without any violations, you'll have no leg to stand on and you'll be blowing hot air by filing worthless complaints to regulators (who won't do anything to help you anyway).

Again, what's most important here is to try and make your disputes factual. Also be careful what you ask for (only ask for correction or deletion when it will most likely benefit your score). Believe it or not, most of the items on your credit report will not be accurate! They'll either be incomplete or contain errors. **Keep in mind there are some negative items which have no effect on your score and in some cases actually increase your score!** Like older paid accounts with no derogatory marks. The negative items which lower your score the most are your primary target!

1.) MISSING CREDITOR NAME, ACCOUNT NUMBER, ETC.

If deletion of an item is desired and you can find no other factual errors, then dispute the missing data with the credit bureaus. Example: "This listing is incomplete. It's missing the date of last payment. The creditor is [name] and the account number is [account number]. Please delete it." If you can point out more than one error, don't do it. One at a time. If the credit bureau corrects one error, at least you have another legitimate reporting error to dispute and potentially get deletion.

The credit bureau may just correct and update the item. If that happens, get documentation from the creditor to verify the bureau has updated the item correctly. **In some cases, the creditor will have no record of the account and the credit bureau didn't actually update anything (FCRA violation).** It doesn't hurt to call each company who is reporting a derogatory item on your report and check to see if they have a record of the account. If they don't the likelihood is the account will not get verified.

Ask the creditor for documentation so you can follow-up with the credit bureau, if necessary. "The creditor has no record of my account. See enclosed copy of letter from creditor. This account could not have been updated. Please delete it." If the creditor will not provide anything in writing, get the name of the person you spoke with, their phone number, and provide that information to the credit bureau.

2.) INCORRECT BALANCES

This is most common with collections because some debt collectors want to inflict as much damage as possible to your credit score in order to persuade you to pay them. **Look for balances that are higher than the "high balance."** Obviously, that's a mathematical impossibility but it happens. If the account has been sold or transferred to another lender or collector, the balance on the original account should be ZERO. If the account is lowering your score, then ask for deletion based on the strongest factual error you can find.

Sometimes a positive account is transferred or sold to a second lender, but the original

lender is still showing an open account with a zero balance. If there are no serious derogatory notations on the account, why say anything? If the account is a paid charge-off or paid-collection, you might just want to leave it on your credit report as long as it's being reporting correctly. Removing accurate neutral items can sometimes cause your score to drop!

3.) INCORRECT CREDIT LIMITS

Let's say you got approved for a \$10,000 credit card. But your credit report shows the account has a credit limit of \$100. That's because some banks report your 'highest balance' as your credit limit. If you're rebuilding your credit this is suicide for your credit score and these banks know it. The only reason for this is to prevent consumers from building up their credit scores and getting additional credit at a lower interest rates. This helps creditors keep some percentage of consumers stuck in sub-prime status. That's more profitable for the creditors and the bureaus make money either way.

Even the Federal Trade Commission is well aware of this business practice but has done nothing about it. Possible solution? **Try mailing a copy of your statements to the credit bureaus and ask for complete reporting of the credit limit.** If they refuse, keep mailing them every month until they comply. If all else fails, charge as much as you can on the card and promptly pay it back.

On a side note, I've seen collections reported with a "credit limit" too. How can a collections account have a credit limit? This may inflict more damage to your score because not only does the "date assigned" factor into your scoring, but the "credit limit" may also as well. That's another example of incorrect reporting that can be factually disputed. Demand deletion. In an ideal world it's the responsibility of the credit bureaus to catch these kind of errors - not yours.

4.) DELINQUENCY/LATE-PAYS AFTER CLOSED

If the account is closed or charged-off, there should be no delinquencies after the closed date. If the closed/charge-off date is not listed on your credit report, you'll need to write the creditor. Supporting documentation can mean the difference between deletion and correction. With or without documentation, factually dispute the late-pays after the closed date. If the account is a derogatory one and it's unpaid, then demand deletion. Also keep your eye out for "delinquencies for \$0" and incorrect notations like "\$4,506 charged-off, \$123 past due." Amazing, isn't it! But it gets worse...

You'll also want to look for **undated late-pays**. If there's no date, how do you know

they're accurate? Write the credit bureau and ask them, "Please provide an itemized list of the date of all late pays for account numbers [xxx], [xxx], [xxx]. Thank you." Contact the creditor. If the creditor can document the late-pay dates make sure they match the dates the credit bureau provides. If the late-pay dates are after the closed date again, ask for deletion of the item with the credit bureaus.

5.) INCORRECT ACCOUNT TYPES

Another common reporting mystery you'll see is when a charged-off collection account type is as an "open account." How can a charged-off account be open? It should say "closed account," "charged-off," or have no account type at all. If it's a paid collection that's older than 2 years from the date assigned, you might as well leave it on. Removing it could actually lower your score. If it's unpaid always go for deletion!

Some incorrect account types can be good for your score. For example, a secured car loan getting reported as a revolving account. If you're building your credit that would help! If you have a ton of unsecured credit you may want to have that corrected. Showing a variety of credit (i.e. unsecured, secured, mortgage, etc.) helps "round" out your credit file and increase your score. Another example: The double reporting of a positive account. It happens. Why say anything?

6.) DATE OF LAST ACTIVITY

You'll be hearing this term again and again, abbreviated as DOLA. This is a time stamp of when the account was last permanently delinquent. Let's say the DOLA is January, 2000. Most items will stay on your credit report for 7 years, or until January, 2007. However this date can change if the date is "re-aged" or moved forward. **If you find re-aging - which is incorrect reporting - you can get deletion!**

Re-aged accounts look newer and thus more resalable to some third parties (since the account is newer it's also more damaging to your credit score.) **Check the DOLA on each of your derogatory accounts, across all three bureaus.** They should all be the same date. If there's any substantial difference in any of the dates, there's probably re-aging going on. Remember, only Equifax reveals the DOLA. You'll have to figure the other two out on your own or contact the creditor. More on that in the FAQ's.

THE CREDIT BUREAU "CHECKMATE" TECHNIQUE

Here's one example: A charge-off reported to all three credit bureaus. One bureau reports the DOLA as February, 2000. The second reports it at March, 2000. The third,

February, 1996. There's a 4 year difference and naturally you want the oldest DOLA to be correct. In this case two credit bureaus probably re-aged the account because reverse re-aging is extremely rare. First contact the creditor and ask them to document the DOLA. If the DOLA turns out to be February, 1996, then dispute the two newer DOLAs. "I dispute [name of company], account number [xxx]. The date of last activity is incorrect. Delete this item." Let's say both bureaus verify the account as accurate. Sometimes all they do is an internal verification and they don't even contact the creditor. If you have documentation from the creditor, you can redispute those same items with a copy of creditor documentation showing the DOLA. If the bureaus don't delete the re-aged accounts, you could sue them both! Again, it goes back to leverage...

7.) DATE UPDATED OR VERIFIED (DU) DISCREPANCIES

Whenever an item comes back verified, don't always believe it. Credit bureau employees are under tremendous pressure to finish disputes quickly. All three credit bureaus have a different name for this listing. Experian calls it the "Date Verified." Equifax calls it the "Item as of Date Reported." TransUnion calls it the "Date Updated." Since they all refer to when the account was updated we'll call them the date updated, or DU. **Whenever an item comes back verified as accurate, these dates should reflect the month and year in which the verification was done.** Many times, these dates don't change and they should, if, in fact the credit bureau properly verified the item.

Example: You dispute an account in July, 2007 - and ask for deletion. The DU is listed as March, 2006. The bureaus investigation verifies the item as accurate. The DU remains at March, 2006. Nothing was updated and there was no real investigation on that item. Follow-up: "On [date] I disputed [account name], [account number]. You verified the item as accurate. The [whatever the DU is named for the bureau in question] did not change. No investigation was actually done. Delete the item." Many items get deleted this way because you now have proof of an FCRA violation!

BANKRUPTCY ISN'T A SCORE KILLER, HERE'S WHAT IS...

Another common myth many consumers share is that bankruptcy is an absolute score killer, and if you file you're doomed for 7 years. Nothing could be further from the truth. **It's not so much the bankruptcy that lowers the credit score, but the inaccurate listings of the items 'included' in bankruptcy.** There's really no point in disputing the actual bankruptcy unless you're able to get all the items included deleted. The credit bureau can just go down the list and verify the items included and they'll know it's your bankruptcy!

If there's a scoring model for post-bankruptcy, it would be this: after your bankruptcy, don't get any late pays and any derogatories of any kind. Most people don't know this, but when all of your 'included' items get reported accurately it's really not difficult to reach a post-bankruptcy FICO score of 700+ within 2 years and get a great interest rate on a car and home. But, you've got to remain as "clean as a whistle."

CHECK 'ACCOUNTS INCLUDED' IN BK

Grab your report and find the bankruptcy listed. After the bankruptcy, accounts that were included should be labeled as included. If you don't recall which accounts were supposed to be included, get a copy of your bankruptcy filing at the courthouse. There may be a collections or a charge-off that was never reported as included. Very important! If an account that was included is not listed as such - and it would benefit your score to have the account included - contact the creditor and the credit bureau and provide documentation if needed. If a non-included account is reported as "paid as agreed" with no balances or derogatories, then don't touch it. That negative (or neutral) account would probably score worse if included in bankruptcy.

CHECK BALANCES

Furthermore, all accounts included in bankruptcy should be a zero balance or N/A. If any balance shows, then the account was not updated and it's lowering your score. Dispute it. Ask for deletion, because the less items included in bankruptcy, the better. If the credit bureau updates the item and reports it correctly, then fine.

DATE OF LAST ACTIVITY (DOLA)

The date of last activity or DOLA is one of the most important elements of any derogatory listing. That date determines when the seven-year period ends and the listing becomes obsolete. Of course, when the listing becomes obsolete, the credit bureaus must delete it. Equally as important is the newer the account, the more damage it does to your score. If the DOLA is changed illegally, this is known as "re-aging" an account and it happens all the time. The DOLA should be no later than the filing date. If the DOLA is after the filing date, then ask for deletion.

PUT THE BURDEN OF PROOF ON THE CREDIT BUREAU

Here's an example of how to place the burden of proof on the credit bureau: "I was declined for a mortgage due to my low FICO score and I need to buy a home [or whatever, be honest]. I filed for bankruptcy on [month/year] and you continue to report outstanding

balances and delinquencies for the accounts that were discharged. Please correct your reporting and delete all balances and verify that all discharged accounts are aged accurately, with no late payments after the filing date.”

DISPUTING ITEMS INCLUDED IN BK AS ‘NOT MINE’

This is one of the worst things consumers can do, unless the bankruptcy does not belong to you, or the discharged account is sold and the creditors name changes. First, if the BK is yours, saying it’s not is a lie. It’s possible that an accurate ‘included’ item in bankruptcy will get re-aged, show a balance or just not report any longer as discharged. If you’ve said the item was “not yours” in the past, the credit bureau could use that against you later, especially in court. **Plus, verifying that the account is yours is extremely easy. Verifying specific facts (i.e. balance, dates and account type) are not as simple.** This causes the creditor to have to work, and if they decide not to respond to the credit bureau’s investigation, the item gets deleted. If erroneous information is verified, you can legitimately follow-up with more disputes.

ATTORNEY’S \$1,500 SECRET TO REMOVING PUBLIC RECORDS

Credit bureaus verify public records through third-party database companies, not through the courthouse where the document is filed. These companies compile the information as public record and sell it. We have yet to see any of the credit bureaus reveal the names and addresses of these third-party companies. If they did these companies would get flooded with disputes, complaints, lawsuits, etc. Instead the credit bureaus always list the courthouse as the furnisher, which is impossible.

So, first dispute the listing (look for incorrect reporting). If it gets deleted, then you’re done. If it gets verified within 30 days, then mail a follow-up letter asking for the method of verification. **The credit bureaus must respond to this request within 15 days by providing the name of the furnisher and their contact information.** You can then mail another follow-up such as, “I called my courthouse and they informed me they don’t furnish records to credit bureaus. You had 15 days to provide me the furnishers contact information. You failed to do so. You have broken the law. Delete the item immediately.” If they don’t respond within the 15 day time limit - or claim they’re not required to - they have violated the FCRA a second time. More potential leverage!

DEALING WITH JUDGMENTS & TAX LIENS

Judgments are most often the result of unsecured credit card debt. Sometimes the judgment is from the original creditor, but more often the creditor sells or transfers the debt

to a collection agency or attorney debt collector. **If you attempt to dispute judgments - or liens - off your credit report, try and do it factually.** Check for incorrect amounts, dates, etc. Try and drum up a few FCRA violations against the credit bureaus to use as leverage if the judgment comes back verified. You can also ask for the method of verification as described earlier with bankruptcies and use that technique.

If that doesn't work, you can negotiate a settlement, especially as they get older. After all, what's the likelihood of collecting on a judgment? Extremely low. However, if the judgment holder has reason to believe you're seeking a home loan, they'll be much less likely to settle. **Review your state's statute of limitations (SOL) for judgment collection.** If the SOL has expired and can't be renewed, settlement arrangements may be easier because the judgment holder may be barred from further legal action.

As for tax liens, the likelihood of collection is extremely high! If you own a home, they'll eventually get a piece of it. Then they'll find out where you work and garnish your wages. When they find out where you bank, they'll levy your account. Keep in mind the IRS and state tax authorities will work with you to setup a payment plan. The worst thing to do is not communicate and think the problem will just go away. It won't!

FINDING FACTUAL ERRORS IN CHARGE-OFFS

For best results, again... Make your dispute factual. Check the balance. Sometimes you will need to write the original creditor for an account statement to see if the balance is correct. **If the account has been sold or transferred, the past-due amount should be zero.** If this is the case, you'll want to ask for deletion first (incorrect balance). If the account gets corrected then try and identify other incorrect reporting.

Look for incorrect late-pays after the date of charge-off. If the dates are not listed, call the credit bureau and ask them. You can even do a phone dispute right on the spot and ask for deletion. Look for undated late-pays as, they can also be sufficient grounds for the deletion.

And last but not least, look at the date of last activity or DOLA. It's very important that the account has not been re-aged! The more recent the charge-off appears, the more it will lower your score and the longer it will stay on your report.

HOW TO DETERMINE IF ACCOUNTS ARE AGED CORRECTLY

The FCRA allows creditors to charge-off an account 180 days after the date you were first permanently delinquent (a.k.a the date of last activity or DOLA). Partial payments do

not count, as the account is still delinquent. At that point the “aging process” begins. Once the account has matured for 7 years, it becomes obsolete and should automatically fall off your report.

However, some accounts are re-aged, meaning the date you were first permanently delinquent or DOLA is pushed forward. Again, this increases the time it takes for the account to fall off your report. It also makes the account look newer, which lowers your score even more. If the credit bureau verifies a re-aged DOLA as accurate, both the credit bureau and the creditor have violated the FCRA.

Here’s what the Federal Trade Commission has to say on the subject: “If you report information about a delinquent account that's placed for collection, charged to profit or loss, or subject to any similar action, you must, within 90 days after you report the information, notify the CRA [credit reporting agency] of the month and the year of the commencement of the delinquency that immediately preceded your action. This will ensure that CRAs use the correct date when computing how long derogatory information can be kept in a consumer's file.”

Example 1: A consumer becomes delinquent on March 15, 1998. The creditor places the account for collection on October 1, 1998. In this case, the delinquency began on March 15, 1998. The date that the creditor places the account for collection has no significance for calculating how long the account can stay on the consumer's credit report. In this case, the date that must be reported to CRAs within 90 days after you first report the collection action is March 1998.

Example 2: A consumer falls behind on monthly payments in January 1998, brings the account current in June 1998 [5 months later], pays on time and in full every month through October 1998, and thereafter makes no payments. The creditor charges off the account in December 1999. In this case, the most recent delinquency began when the consumer failed to make the payment due in November 1998. The earlier delinquency is irrelevant. The creditor must report the November 1998 date within 90 days of reporting the charge-off.

Example 3: A consumer's account becomes delinquent on December 15, 1997. The account is first placed for collection on April 1, 1998. Collection is not successful. The merchant places the account with a second collection agency on June 1, 2003. The date of the delinquency for reporting purposes is "December 1997." Repeatedly placing an account for collection does not change the date that the delinquency began.

Example 4: A consumer's credit account becomes delinquent on April 15, 1998. The consumer makes partial payments for the next five months but never brings the account

current. The merchant places the account for collection in May of 1999. Since the account was never brought current during the period that partial payments were made, the delinquency that immediately preceded the collection commenced in April 1998 when the consumer first became delinquent.

These examples also apply to items included in bankruptcy, whereby the date of permanent delinquency is not the date of discharge, but usually many months prior. Sometimes even years. **Check the dates!** Very important. Derogatory accounts must be reported according to the date of permanent delinquency or DOLA and not according to the date the account was sold, transferred or discharged. If the account charges-off, settling or paying the account afterwards should not change the DOLA.

HOW DO I DETERMINE THE DOLA?

With Equifax it's easy. They list it as the Date of Last Activity. However, Experian and TransUnion do not provide DOLAs in their consumer reports. Think about that. Two out of three credit bureaus do not provide you with one of the most important dates to the scoring of your credit file! There are two ways to estimate them. Let's say you have an Experian account listed as a "Charge off as of Jan 1999." If you count back 6 months you can get an approximate DOLA. In this case it would be June or July of 1998. For TransUnion look for the "estimated date this item will be removed" and count back 7 years.

There are also two other ways to get the DOLA. The most accurate way is to contact the original creditor. Get the DOLA in writing, if possible! Next, contact the credit bureau and ask them for the DOLA. The creditor is required to report it to the credit bureau, and the bureau is required to keep complete and accurate records. If the bureau won't give you the DOLA, write to them and demand it. Re-aging is a very serious issue and when you have documentation in hand and an inaccurate DOLA is verified - now you have some leverage!

THE ONE EXCEPTION TO THE DOLA

You're not going to believe this. There's one exception here and that's with collections. Fair Isaac rates collections by the "date assigned" or "date opened" and not the DOLA. So, you can have a 6 1/2 year old collection "reassigned" to a different collector. Now the clock on that account has refreshed! This is incredibly damaging to your credit score. That's why if you get a collection notice you should always respond immediately before they report the account to the bureaus. You can either dispute the account (if it's not yours) or use the 'KO' method described later in this course.

HANDLING COLLECTION AGENCIES

With derogatory collections always go for deletion. Collection agencies are subject to the Fair Debt Collections Practices Act. Under the FDCPA you can dispute the validity of a debt (or a portion thereof) and/or request validation. If the account is not yours, simply dispute it. “I dispute this account. It’s not mine. Please update your records.” If it’s been reported to the credit bureaus, ask for deletion. If you don’t want them to call you, then tell them so. There’s no reason to ask for validation.

If the account is yours, there’s also no reason to ask for validation. If I say the sky is blue and you say the sky is black, now there’s a controversy. *What color is the sky?* If I say you owe me money, and you ask for validation - again, that creates a controversy. *Can the creditor verify the information?* In law, that’s what’s called a traverse. If I say you owe me money you should say, “Who are you?” Asking for validation implies the collector has the legal right to collect the debt. That can be used against you later in a court of law if you’re sued. If you want some leverage there are plenty of FDCPA violations to go around!

Here are some examples: **Threats to call you everyday until the debt is paid or contact your family, neighbors and employer about the debt.** Threats to have you imprisoned or criminally charged. If you’re behind on a car payment, the threat to report a financed vehicle as “stolen” or seize the car or other property where such actions are limited by state law. Another common threat is that the debt collector will “turn the account over to our legal department” when the collector has no such department. **And since most debt collectors are not licensed to practice law, they cannot legally recommend litigation.** Other commons violations include mailing correspondence that looks like it’s from an attorney or a court of law - when it’s not - and calling before 8 am or after 9 pm, or calling repeatedly between those hours to annoy you.

THE DEBT COLLECTOR ‘KO’ METHOD!

Since collection agencies are a real big problem these days, we’ve decided to release this first-time published technique. The whole point of the validation process is to get all of the collection agencies to go away. This, of course, doesn’t always happen. Then you’re often stuck playing letter ping-pong until one of you gives up. That’s why the ‘KO’ method usually makes more sense. First you don’t traverse and get into any arguments about what sufficient validation is, who did the validation, etc. It’s simple...

Tell the collection agency that you don’t want their business. A collection notice is an invitation. Some stranger comes to your door and says, “I have been hired by Jim next door to collect the \$10 you owe him.” And you say, “That’s great but I don’t want to do

business with you. If you want to force me to do business with you under threat of harm (negative reporting to the credit bureaus), that's attempted extortion. I will treat it as such if you don't stop coming to my door." And, negative reporting to the credit bureaus is a form of collection activity.

The most common myth about collection agencies is they have the legal "right" to collect a debt. Baloney. **Are you aware of any private company who has the right to force you to do business with them?** And that if you don't accept their invitation they can damage you financially? The only way anybody can force you to do anything is if there's a law or statute that gives them the authority or if there's a written agreement between the parties. The former doesn't exist and the latter exists on rare occasion. That's why they use threats and intimidation. They have to!

Example: I'm speeding down the freeway and the police turn their lights on. If I don't stop, what will happen? The police will force me to stop. Why? Laws and statutes. Are debt collectors "debt" police? Of course not. **What written agreement, law or statute gives them the authority to force anyone to do anything?** The only exception is if the debt collector is specifically named in the contract you signed with the creditor (and they can produce a copy of the original contract), which is rare. You'll typically see that situation in the close-ended financing of furniture, high-ticket appliances, business equipment, etc.

Collection agencies are private businesses who rely heavily on threats and intimidation (a.k.a coercion). They also rely heavily on reporting derogatories to the credit bureaus. Bottom line: "Show me evidence we have a written relationship that obligates me to do business with you. If you can't, get off my credit report and don't contact me again." It's really that simple.

ATTORNEY DEBT COLLECTORS

Attorney debt collectors can be much more aggressive when it comes to lawsuits than ordinary collection agencies. Also known as "junk debt buyers" or JDBs, they typically purchase charge-off debt for less than 10 cents on the dollar. The business is so lucrative, the industry is absolutely exploding with attorneys. These lawyers can afford to be very sloppy because they are suing consumers who rarely know the law (and rarely even show up in court for that matter). JDBs enjoy collecting old charged-off credit card debt because interest has accrued over the years, making the amount they can claim as owed enormous. The older the debt, the easier it is to illegally inflate the amount owed as well.

Don't ignore them, especially if you own property. Treat them the same as you would a non-attorney debt collector. If the account is not yours, dispute it as such. "Not

my account. Please update your records and do not call me.” If it’s your account, you can treat things the same way you would with a collection agency. “I don’t know who you are. I am not interested in doing business with you. Unless you can show me a written relationship between us, cease and desist all collection action.” JDB’s are also subject to the FDCPA, so try and get leverage on them through some violations. If they sue you now may have a counterclaim you can use against them. In addition...

THE “SOL” TECHNIQUE TO PREVENTING A LAWSUIT

Check your states statute of limitations (SOL) on written contracts because if it’s expired the debt collector can’t pursue legal action against you as long as you raise the SOL as a defense. **One ambiguity with SOLs is from what date does the time period start?** From the date of last activity or DOLA? From the date the debt was sold or transferred? Generally, the clock starts ticking from the date you made your last payment to the creditor. If you find the SOL has expired, notify the JDB in writing to try and prevent a lawsuit. We have provided a sample letter on the pages to follow.

A QUICK NOTE ON THE ‘VALIDATION’ TECHNIQUE

Sometimes debt collectors ignore the ‘KO’ method, most likely because they just don’t get the concept or don’t think you are capable of suing them. In some instances where the ‘KO’ method could be (or has been) ignored, try this: Contact the creditor and see if they have any record of any past due accounts in your name. If they don’t, tell the debt collector that you have contacted the creditor and they can’t validate the account. Then, ask the debt collector to validate the account or cease collection activity.

I HAVE BEEN SERVED WITH A SUMMONS, WHAT DO I DO?

Don’t ignore the summons. A court complaint is an act of war. When someone declares war on you and your property, don’t you think you should defend yourself? **You really only have two options. Fight or surrender.** Most just settle, and that’s fine. Keep in mind judgments are hard to collect, so if you’re going to settle out of court shoot for 20 to 25 cents on the dollar. For you fighters out there, check your state laws. Has the collection of the debt expired under your state’s SOL laws? If so, you can file an answer and motion to dismiss on those grounds.

You’ve heard the saying, “The best defense is a good offense.” A good offense in a courtroom is a counterclaim. **This is where you sue them back.** But you must have grounds to countersue. Has the debt collector violated any state laws that govern the collection of debts? Were you served properly? If you need clarification on these issues, please contact a licensed attorney. For obvious reasons we cannot explore this topic in

great depth here.

REPOSSESSIONS

A repossession occurs when you purchase a car, finance a portion of it, but don't finish paying off the loan. The creditor then sells the car, but if the amount brought at sale does not cover what you owed on your loan there's a "deficiency". If you haven't been sued, and you just want the item removed, check the item for factual discrepancies or errors (as mentioned before) and dispute them with the credit bureaus. **Remember, only dispute one error per item at a time.** If you get correction on the first error, you still have a chance of getting deletion on the second.

If you are being sued, you must consult an attorney to determine what defenses you may have and the likelihood of their success in light of your circumstances. Keep in mind, defenses that are good against the dealer are also good against the company which purchased your contract.

UNAUTHORIZED INQUIRIES

As you may already know, there are two types of inquiries: soft and hard. Soft inquiries don't affect your credit score. The bureaus will even tell you that right on your credit report. **Hard inquiries can remain on your credit report for up to 2 years, but Fair Isaac only takes into account hard inquiries during the last 12 months.** Hard inquiries typically occur when you apply for a "firm offer" of credit or insurance.

HARD INQUIRIES...

First, let's talk about debt collectors. They routinely place hard inquiries on consumer credit reports. Credit bureaus are responsible for this as they set up the collectors subscriber account to inflict maximum damages. **Remember, the credit system is not designed to benefit the public, it's designed to keep a certain percentage of the population in "sub-prime" status.** That's a bold statement, but why else would collection accounts be scored from the date "assigned" and not the date of last activity? Collection accounts can be passed around and reassigned for decades! Why else are debt collectors allowed to place hard inquiries on your credit when they don't issue credit or insurance? If this isn't a system where the odds are stacked against most consumers - I don't know what is.

A collection agency does not offer credit or insurance; therefore their inquiries should be scored as soft and not affect your credit score. **It should be no surprise that the FCRA actually allows collectors to place hard inquiries on your credit.** It's bad enough

having a new collections reported, but a hard inquiry can lower your score up to 35 points. And, if you get an old collections deleted but a new one remains on your file, your score may not change at all. That's why it's best to target the most score damaging items first. You can then come back later and pick at the small stuff.

REVIEWING YOUR HARD INQUIRIES...

If you don't recognize an inquiry, you may be the victim of identity theft. **If you see a collection inquiry, they're checking you out.** If an inquiry should be an account review but gets misclassified as a hard inquiry, then you may be able to fix it. If an inquiry was done without a permissible purpose you can ask for and collect damages of up to \$1,000 (note: \$2,500 in California). If you think an inquiry is unauthorized contact the creditor or collector and ask them for their permissible purpose. "As per [credit bureau], I am not aware of applying for credit with your company on [date]. What was your permissible purpose?" Many times they will write back and put their foot in their mouth by admitting they didn't have one - or claiming they did when they really didn't.

Mortgage broker inquiries are common, even when the broker did not process your application! They must send you an approval/denial letter and state that you did not put the application on hold. **If not, they had no permissible purpose.** Write them and ask for damages of \$1,000 (or \$2,500 in California). You can also threaten to file a complaint with the state agency they got their license from. Keep in mind, each inquiry counts (all three or six if you're a couple) so you could be looking at substantial damages. That means it will be much easier to settle out of court if the situation ever makes it there.

LATE-PAYS

The older the late-pay, the less damaging it is to your score. **So target your newest late-pays!** The most common way to get them deleted is to call the creditor and tell them there was trouble with your mail delivery. Some creditors will forgive one late pay, no matter what the reason, just as a matter of good business. Mortgage late-pays are a bit more difficult to deal with, probably because banks want to make it harder for consumers to refinance with another lender.

If you have multiple late-pays and the account is maxed (and has not charged-off) you may want to consider using that as a negotiation tool. In other words, if you bring the account current you require the creditor to delete the late-pays. Otherwise what incentive do you have except charge-off? At that point the charge-off is not going to do much more damage. But, if you can save the account and have it benefit your score, by all means give it a shot.

ASK FOR WHAT YOU WANT, BUT NOT TOO MUCH!

If the account has been re-aged, or has already matured for 7 years and is obsolete, or if there are any other factual reasons why the account should be deleted - **dispute one factual reason at a time**. If you get correction you can dispute again for another reason and get deletion. If you throw all the reasons up on the board and get correction, it's over. Keep it simple and don't confuse the credit bureau. If you just want correction then ask for it. If you want deletion, demand it nicely!

REVIEWING THE INVESTIGATION RESULTS

Often the credit bureaus will provide incorrect investigation results. "Account deleted" but it's still on the new credit report they sent you. "New Information Provided" but nothing about the item has changed. Make sure you carefully review the results of the update report and if you discover incorrect results, ask for the corrections or deletions you originally wanted. Include a copy of their results and redispute. Many times you'll get what you ask for!

It's also important to keep your credit reports and creditor documentation for at least 7 years. If any negative listing were to reappear or get re-aged you can refer back to past documentation. Your investigation results are your best evidence of your disputes and may be needed at a later date if you need to dispute or sue.

INCORRECT NAMES, ALIASES, ADDRESSES, SSNs, ETC.

Some personal information may be accounted for in Fair Isaacs scoring model. Nobody knows for sure, but we feel the date your addresses are reported is critical. We've received feedback from numerous clients that when they move, all of those pre-approved credit card offers that used to come in the mail stop for about 6 to 12 months. A new address could signal a medical illness, divorce, change of employment or some other potential for instability which could make you more of a credit risk.

If your address changes every 6 months, obviously you don't look as stable as someone who has moved twice in 16 years. **It is for this reason you should have as few addresses as possible.** It's best to have any addresses that are in between your current address and your oldest address deleted. The best way to do this is to write the bureaus and request deletion. If they tell you to contact the company who furnished the address (FCRA violation), tell them that's their job. In addition, Private Mail Boxes can show as a commercial address, so avoid using these types of services.

ARIZONA CREDIT GURU'S \$500 "INSIDER METHOD" TO CORRECTING A MERGED CREDIT FILE!

First, identify if your credit file has been merged with someone else. The best way to identify is call the credit bureau and ask if there are any other sources of information linked to your account. It could be a spouse, ex-spouse, relative or a complete stranger. **If so, request the files be separated.** Their computers contain a field called "Additional Sources of Information." That field should be blank. Once those additional sources of information are deleted, everything associated with that source should drop off your report. If the credit bureau is not helpful then have a mortgage lender pull a tri-merge credit report. That will usually list the additional source of information. You can then you can dispute it with the credit bureaus.

HOW MANY NEGATIVE ITEMS SHOULD I DISPUTE?

If you are disputing the items factually, there is no limit. When I say factually, I am talking about incorrectly reported accounts (i.e. balance, DOLA, etc.) There's nothing like a factual dispute and it's so easy to find incorrect reporting! Remember, if a derogatory item has several errors, only point out one at a time. This way, if the bureau corrects the error you can dispute again and have a second chance at deletion.

HOW SHOULD I SEND MY DISPUTES?

To the credit bureaus? If you want leverage you must document your results. That means knowing when your letter was delivered. Keep it simple and use **U.S. Postal Service Priority Mail, Confirmation of Delivery.** Never ask for a signature or your mail will probably get refused (and you'll be out the postage). It's the credit bureaus way of cutting down on disputes, since most credit courses recommend Certified Mail, Return Receipt Requested. To the debt collectors and JDB': Priority Mail, Signature Confirmation. To old creditors? Call them or just use First Class mail. :)

HOW CAN 2 CREDIT BUREAUS VERIFY, AND 1 BUREAU CORRECT?

Their verification procedures are not designed to assure maximum possible accuracy. Just read the startling senate testimony later in this course. **The credit reporting system is designed to maximize creditor (and credit bureau) profits.** The credit bureaus don't make more money by selling more accurate information. They make less! We don't need to pass judgment unless they break the law and violate our rights. It's just important to understand that they are profit-motivated like any other corporation. A lack of regulatory enforcement is one of the main reasons they get away with being sloppy.

WHEN CREDITORS, DEBT COLLECTORS, AND THE CREDIT BUREAUS REFUSE TO CORRECT INACCURATE REPORTING

If your dispute was factual, documented, and a violation of the law has occurred - now you have leverage against the creditor, debt collector and/or credit bureau. I'm not about to insult your intelligence by telling you to write complaint letters to the Federal Trade Commission (FTC) or Attorney General. Though widely promoted in other courses and on the internet, it's a complete waste of time (you know this if you've ever tried it). Your complaints will fall on deaf ears! The "regulators" already know exactly what's going on. The fact that massive regulatory enforcement has not happened against the credit bureaus should be proof enough the system serves corporate interests first. To their credit, the FTC does go after abusive debt collectors on occasion. Bravo!

LEGAL ASSISTANCE FOR "PENNIES ON THE DOLLAR!"

The best place to get free or deeply discounted "triple-A" rated legal assistance is by becoming a member of a legal benefits plan! You'll enjoy access to thousands of attorneys nationwide who provide FREE consultations, FREE letter writing, FREE phone calls on your behalf, FREE will preparation, FREE contract and document review and more peace of mind! A credit card, debit card or active checking account is required to enroll. **Consumers can enroll with no long-term commitment for about \$26 a month, depending on your state of residence.** To enroll go to <http://www.pre-paidlegal.com>!

WHAT TO DO IF YOU'RE THE VICTIM OF IDENTITY THEFT...

This really depends on your personal situation and how quickly you need to clean up your credit report. **The first thing to consider is, was the theft in the past, or is it happening now?** Either way, you're going to need to contact both the creditor and the credit bureaus. If it's an old account, I would write the creditor, and tell them, "I have no record we have ever done business before, so I am disputing account number [xxx]. Please delete this account from my credit report. Thank you."

If the theft is current, as in you see new accounts that have been recently opened or utility or rental inquiries... Act fast! **You may want to consider filing fraud alerts on all three of your reports.** Next, submit an ID Theft Affidavit (included later in this section) to the creditor and credit bureaus along with a written dispute. "Account number [xxx] is the result of identity theft. This is not my account. Please delete it. I have attached a notarized ID Theft Affidavit." Some creditors and credit bureaus will ask for a police report, but no creditor or credit bureau can force you to get one since no law requires it. And, in most

cases you don't even know who stole your identity, so what can the police do? If the fraud is causing you economic hardship, you may want to also consider applying for a second SSN.

BONUS SECTION

Samples of incorrect reporting!

HSBC BEST BUY		Balance:	\$0	Pay Status:	>120 Days Past Due<
90 CHRISTIANA RD NEW CASTLE, DE 19720-3118 (302) 327-2000		Date Verified:	10/2004	Account Type:	Revolving Account
		High Balance:	\$6,282	Responsibility:	Individual Account
		Past Due:	\$0	Date Opened:	11/1995
				Date Closed:	09/1999
Loan Type: Charge Account					
Remarks: Transferred to another lender					
>Maximum delinquency of 120+ days in 10/2004 for \$0<					
Estimated date that this item will be removed: 08/2006					

This account was transferred to another lender and the balance is \$0. Good. Here is an example of a delinquency of \$0. How can anyone be delinquent for \$0? Notice the date closed. The delinquency of \$0 is 5 years after the closed date! Notice the "date verified." TransUnion verified this account as accurate on 10/2004, and that's just when the delinquency for \$0 started. Amazing. The date closed is 09/1999 (which is not the DOLA). Go back 6 months and that brings us to a possible DOLA of 03/1999. Add 7 years to that and you have 03/2006. But the estimated date the item will be removed is 08/2006. There may be a little re-aging going on with this account. There are FOUR potential errors here: 1) delinquency of \$0, 2) delinquency after closed date, 3) TransUnion verified the item at the same time the errors were reported, and 4) possible re-aging (check with the original creditor). Always hit them one at a time and check the account across all three bureaus for inconsistencies!

SHERMAN ACQUISITION		Balance:	\$7,877	Pay Status:	>Collection Account<
PO BOX 10497 GREENVILLE, SC 29603-0584 (866) 464-1183		Date Updated:	01/2005	Account Type:	Open Account
		High Balance:	\$6,282	Responsibility:	Individual Account
		Collateral:	12 HOUSEHOLD BEST BUY	Date Opened:	01/2002
		Past Due:	>\$7,877<		
Loan Type: Factory Company Account					
Remarks: >Placed for collection<					
Estimated date that this item will be removed: 12/2011					

First, notice the balance, and then the high balance. How can the high balance be lower than the balance? I understand the past-due balance matches the balance but if this debt collector owns the account, the high balance should match. It's an "open account." Whose account is it? The original creditor has charged-off the account. If we assume the account belongs to the debt collector, that would further substantiate the high balance should match the balance. If we assume the account reflects the creditor, it should be a "closed account." The date opened (when the account went to collections) is 01/2002. That's 9 years after the estimated date the item will be removed! There are 4 potential errors here: 1) incorrect balance, balance is higher than the high balance, 2) incorrect high balance, high balance is lower than the balance, 3) open account inaccurate, and 4) possible re-aging (check with the original creditor). Again, hit them one at a time. See how easy it can be?

WHY 94% OF ALL CREDIT BUREAU DISPUTES ARE “RED-FLAGGED” AND THE ONE SECRET YOU CAN USE TO AVOID FAILURE!

Picture in your mind for a moment... You own a credit reporting agency, and every day you literally receive “truck loads” of mail. **Thousands of envelopes which must be examined, opened, recorded and processed; this in turn requiring thousands of computer entries and hundreds of employees.** There’s just one problem. You, as the owner of a credit bureau, don’t make any money dealing with all this mail!

So, you develop some rules to make your business more efficient. First, all mail that requires a signature gets refused. Second, all letters that appear to come from a credit repair organization - you toss in the garbage! Third, all letters that look confusing you return back to the consumer as frivolous. **Then you put the remaining dispute letters into two piles.** Disputes that look like they’ve been copied out of a credit repair book are put into the “boiler plate” pile. And disputes that look to be authentically written by the consumer get put into the “original” pile.

Now, the first pile containing “boiler plate disputes” gets assigned to a department, whereby the CRA employee simply translates the dispute into a two-digit code. **The job of most credit bureau “investigators” (despite their title) is solely data entry!** That’s it. And as an experienced credit bureau owner, you understand that 90% of consumers who use a “boiler-plate dispute” simply give up after the items are verified as accurate. So why take these disputes seriously at all?

The second pile of disputes, which appear to be authentically written by the consumer and appear to be factual - you take more seriously. Not a bunch of “ranting and raving” about laws, procedures, court rulings, and the like. **Just short, simple and concise.**

The consumer who writes his or her own “original” dispute letter is much more likely to take the process seriously. And they’re much more likely to send follow-up letters and sue for FCRA violations. That spells more trouble!

Were you aware that dispute investigators at the big 3 credit bureaus work under a quota system whereby each “investigator” is expected to process all the disputes of an individual consumer in less than a few minutes? **To get the best results possible, make your dispute letters look and sound original.**

THE BEST TIME OF YEAR FOR CONSUMERS TO DISPUTE THE CREDIT BUREAUS!

The best time to make dispute requests is during the busiest time of the year - **after Thanksgiving and before New Year's Day**. During these busy times there's a better chance that the credit bureaus fall short on resources to comply with the time requirements of a consumers request and will either be forced to delete or correct the contested items! As per the FCRA, credit bureaus have 30 days from the date of receipt to complete their investigation. If they don't complete their investigation in a timely manner make sure you follow-up and tell them!

HANDLING THE REINSERTION OF PREVIOUSLY DELETED ITEMS

If an item that was previously deleted is reinserted back on your credit file, the FCRA requires the credit bureau notify you not later than 5 days after the date of reinsertion. That's the law! Do they notify anyone? I've never seen them. Why not dispute the reinsertion? "On [date] you reinserted the following previously deleted account: [name of account] - [account number]. You were required to notify me within 5 days of doing so and you didn't. Please delete this item." Notice I didn't ask for proof of delivery? If I know they didn't notify me, why ask for documentation they did?

KEEPING THINGS SIMPLE WITH COLLECTIONS

The internet is plentiful with sample dispute letters, but have you really thought about the message they're sending to the creditor, debt collector, or credit bureau? "I do not owe you anything. In accordance with section 809 provide me validation." Why ask for validation if the debt isn't yours? "Provide me a copy of your bond." They're not required to by law! "Please inform the credit bureau I have disputed this debt." What good does that do? If you want deletion, just ask for it. "I dispute account number [xxx]. It is not my account. Delete it." That's it! If it is your account...

Does the debt collector have the legal right to collect it? Probably not. They have the right to freely think they have the right, but that's a rebuttable presumption. For example, "I don't want your business. Please return your business to whoever asked you to complete it. Thank you." You don't need to get all fancy. You do need to use the wording that makes the most sense to you. Whatever you do, don't copy the letters in this course word for word. Why? They may get flagged as coming from a credit repair course and considered "frivolous" even though ours are pretty generic. Keep in mind, this publication is used by thousands of people! All I'm saying is just mix things up a little to add some flavor. There's nothing complicated about all of this.

THE SIMPLE ROAD WITH THE CREDIT BUREAUS

Credit bureaus are well known for flagging certain catch phrases. “As you know, the Fair Credit Reporting Act requires you to maintain reasonable procedures...” This phrase is straight out of a dozen credit courses. Get to the point. If you’ve written a collection agency and turned down their business, here’s what you can write to the credit bureau: “Account number [xxx] is disputed.” You can get a little more specific: “This account was the result of identity theft.” Or, “This account was incorrectly billed to me. See attached letter from creditor.”

They also don’t need your paralegal services. There’s no point in sending them copies of the FCRA. You’re not talking to a bunch of attorneys. That’s why in some cases it’s important to contact the creditor while you’re disputing. If the account is verified and remains incorrectly reported you can redispute with backup documentation from the creditor to prove your case. If the bureau refuses to consider the documentation now you have some leverage. Pay a local attorney a few bucks to write them a letter stating an FCRA violation has occurred and their cooperation is recommended. You get the idea.

MAKING CRAZY AND EMPTY THREATS

Imagine all the crazy threats these companies see. “I’m going to report you to the FTC, Attorney General, etc.” How about the infamous, “I am going to sue you in federal court.” If you really were prepared and had the intent to sue you would be smart enough not to give them any warning. **Don’t waste your time with nonsense like this.** Your letter will simply get laughed at.

MAKE SURE YOUR DISPUTES MAKE SENSE

Don’t say, “I demand you respond within 30 days and provide me, in writing, copies of...” And in the last paragraph say, “Cease and desist all communication.” This creditor or collector is going to shake their head and be very confused. You’ve also lost all of your leverage because you can’t sue anyone when your letters are confusing.

Be more specific. “Please provide me proof we have a written relationship to do business for account number [xxx]. If you don’t provide this proof within 30 days I will assume this matter is settled and thereafter you will cease all collection activity and delete all derogatory reporting.” There are tons of sample letters in this course so enjoy!

SAMPLE LETTERS

For obvious reasons, you don't want your letter or dispute scribbled on a post-it-note. It needs to be written on 8 1/2 x 11" paper. On the left, print a heading with your name, address, city, state and zip code. Below that, list the creditors, debt collectors, or credit bureaus name, address, city, state and zip code. Below that list the date. If it's a collection account or letter to a creditor, list the account number under the date. If it's a credit bureau, list the "report number." Here's an example:

CREDITORS/COLLECTORS

(Your Name)
(Address)
(City, State & Zip)

(Creditor or Collector)
(Address)
(City, State & Zip)

(Month) (Day), 200(X)

Re: Acct # (XXX)

To Whom It May Concern,

TEXT

Sincerely,

(Your Name)

CREDIT BUREAUS

(Your Name)
(Address)
(City, State & Zip)

(Credit Bureau Name)
(Address)
(City, State & Zip)

(Month) (Day), 200(X)

Re: Report # (XXX)

To Whom It May Concern,

TEXT

Sincerely,

(Your Name), (SSN), (DOB)
(Previous Address)

LETTERS TO THE CREDIT BUREAUS

NOTES: Remember to include a copy of your drivers license, or state issued ID, or U.S. passport, and a copy of your SSN card, or paystub, or W-2 or a recent utility bill. Just 2 forms of ID are required. Make lots of copies of them! Also, very important: Everything in '[' is for you to fill in and everything in '(' is commentary and is not to be included in your text. Keep in mind, if we were to include every conceivable letter that could be written this course would be 500 pages. These examples are here to teach you how to create your own letters.

FREE CREDIT REPORT GUIDELINES (FROM EACH BUREAU INDIVIDUALLY)

TEXT: "I am writing for a free copy of my credit report. Please mail me your current guidelines on how to qualify for a free report and if I qualify I will request one. Thank you." (Notice no laws quoted here.)

PURCHASE CREDIT REPORT FROM ANY BUREAU

TEXT: "I am writing to purchase my credit report. Please find enclosed \$___. I have enclosed copies of (whatever documents you've copied to verify your identity). Thank you."

FRAUD ALERT & FREE REPORT (FROM EACH BUREAU INDIVIDUALLY)

TEXT: "I have called your automated system and have placed a temporary fraud alert on my file. Please send me a free copy of my credit report. If any creditor needs to contact me they can call [telephone number]. (Notice no laws quoted here.)"

FRAUD ALERT REMOVAL LETTER

TEXT: "I am writing to remove the fraud alert from my credit file. I have enclosed copies of the documents you need to verify my identity. Thank you." (Notice no laws are quoted here.)

NOTICE OF EXTENDED FRAUD ALERT

TEXT: "I am writing to place an extended 7-year fraud alert on my credit file. Enclosed are copies of documents which will verify my identity. Please call me at [telephone number] if you have any further questions. Thank you." (Notice no laws are quoted here.)

INCOMPLETE REPORTING OF CREDIT ITEM - MISC.

TEXT: "Please find attached a copy of my credit report. I have circled the [whatever item is missing]. This listing is incomplete. Please delete the entire item." (Notice we don't ask for correction here but you could if it were a positive item.)

TEXT: "I am writing to dispute the following account: [name of account], account number [xxx]. This listing is missing the [whatever item is missing]. Please delete the item."

TEXT: "You are reporting an incomplete item. It's missing [whatever item is missing]. The account name is [name of account], account number [xxx]. Please delete it."

TEXT: "On [date] you updated a listing with new information. However, according to the documentation I have attached from the creditor the [whatever was missing and updated] is incorrect. This means you didn't contact the creditor. Delete this item immediately."

TEXT: "On [date] you updated a listing with new information. However, the listing is still incomplete. I am asking for immediate deletion." (Notice we don't ask them to update the listing.)

INCORRECT BALANCES - MISC.

TEXT: "I dispute [name of account], account number [xxx]. The balance is incorrect. Please delete." (Notice we don't tell them the account was sold or transferred and that the balance should be zero.)

TEXT: "I dispute [name of account], account number [xxx]. The balance is incorrect. It should be reported as \$0. This account has been paid. Please correct." (For a positive account only!)

TEXT: "I am writing to dispute an account that's showing a balance that's higher than the high balance. Enclosed is a copy of the report with the item circled. Please delete it."

INCORRECT CREDIT LIMIT DISPUTE

TEXT: "The credit limit on my [account name] card, account number [xxx] is inaccurate. A credit limit is not what I've charged on a card. That would be my high balance. Please report the credit limit accurately as \$[xxx]. Enclosed is a copy of my last billing statement to verify my claim. Thank you." (Notice we don't ask for verification from the creditor since the creditor will just verify the high balance.)

CREDIT LIMIT ON COLLECTIONS DISPUTE

TEXT: "I dispute [name of account], account number [xxx]. This listing is showing a credit limit of \$[xxx]. How can a collections have a credit limit? I demand deletion." (As you can see this is not rocket science.)

TEXT: "I dispute [name of account], account number [xxx] because of the following fact: A collection account cannot have a "credit limit." Your procedures have allowed this since [date reported or opened] and this has been highly damaging to my credit score. Please delete the item." (Notice the mention of financial damages. It never hurts to ask for a little sympathy.)

DELINQUENCY/PAST-DUE AMOUNTS AFTER CLOSED OR CHARGE-OFF

TEXT: "I dispute [name of account], account number [xxx]. This account was closed on [date] however it's showing delinquent activity after the closed date. Your procedures have allowed this since [date closed or charged-off] and this has been highly damaging to me. I want this account deleted."

UNDATED LATE-PAYS ON DEROGATORY ACCOUNTS

TEXT: "The following listing is incomplete: [name of account] / [account number]. I am disputing this account due to the fact that it's listing an undated late pay. Please delete it." (Or try this next one.)

TEXT: "The following accounts are incomplete: [list the names and account numbers of 2-3 of your worst undated latepay accounts]. Please provide a complete and itemized listing of the dates for these accounts. I am having trouble getting them from the original creditor."

INCORRECT ACCOUNT TYPE

TEXT: "I am writing concerning the following account: [account name] / account number [xxx]. I am disputing the account type. It's inaccurate. A charged-off or closed account cannot be an "open account". Please delete it." (Obviously, if the account is not charged-off or closed it is an open account and the reporting would be correct.)

DATE OF LAST ACTIVITY

TEXT: "Please verify with the creditor the date of last activity for the following account: [account name] / [account number]. Thank you."

DATE UPDATED/VERIFIED (DU) DISCREPANCY

TEXT: "On [date] I disputed [account name], account number [xxx]. You verified the listing as accurate. However, the date verified or date updated did not change. It appears no creditor investigation was actually done. Delete the item immediately.

ITEM NOT INCLUDED IN BANKRUPTCY

TEXT: "Upon reviewing my credit report, the following account is inaccurate: [account name], account number [xxx]. This account should be included in bankruptcy. Please update your records." (Note, use this as a last resort if nothing factual about the item can cause deletion. Always go for deletion before you ask for a derogatory item to be included in bankruptcy! You may need to contact the creditor and ask them to update their records as well.)

INCORRECT BALANCE ON AN ITEM INCLUDED IN BANKRUPTCY

TEXT: "The balance for account number [xxx] is inaccurate. Please delete this item." (Notice we didn't mention the item is included in bankruptcy. If that doesn't get deletion or correction try this...)

TEXT: "The creditor refuses to update the balance for account number [xxx]. It still remains inaccurate. Please update your records to show a zero balance since the account was discharged in bankruptcy. Thank you."

DATE OF LAST ACTIVITY (DOLA) FOR ITEM INCLUDED IN BANKRUPTCY

TEXT: "I am disputing the date of last activity for account number [xxx]. It has been re-aged. Please delete this item." (Notice we did not ask for correction.)

DOLA FOLLOW-UP TO VERIFICATION

TEXT: "On [date] you verified as accurate the date of last activity of account number [xxx]. According to the creditor the correct date is [month/year]. Please see enclosed supporting documentation from the creditor. Delete this account immediately to avoid civil liability. Thank you." (Notice we didn't ask for correction. The creditor verified the credit bureau didn't do a proper investigation. That's an FCRA violation, so the only way the bureau can safely escape is to delete the item; theoretically.)

BURDEN OF PROOF ON THE CREDIT BUREAU

TEXT: "I was declined for a mortgage due to my low FICO score and I need to buy a home [or whatever your situation is, just be honest]. I filed for bankruptcy on [month/year] and you continue to report outstanding balances and delinquencies for the accounts that were discharged. Please correct your reporting and delete all balances and verify that all discharged accounts are aged accurately with no late payments after the filing date. Thank you."

METHOD OF VERIFICATION - PUBLIC RECORDS

TEXT: "On [date] you verified a public record I had disputed. It was a [type of public record] reported/ filed on [date]. I am now requesting the method of verification, including the name and address of the furnisher of information." (Notice no laws or time limits. They know.)

METHOD OF VERIFICATION - FOLLOW-UP

TEXT: "On [date] I requested you send me the name and address of the furnisher of information who helped you verify that the [type of public record] filed on [date] was accurate. You listed the [court-house] who does not furnish information to your credit bureau. You have failed to comply with your procedures. Please delete this item immediately to avoid civil liability."

METHOD OF VERIFICATION - NO RESPONSE

TEXT: "On [date] I requested you send me the name and address of the furnisher of information who helped you verify that the [type of public record] filed on [date] was accurate. You have not provided me the contact information you're required to. Please delete this item immediately to avoid civil liability."

JUDGMENTS AND TAX LIENS

TEXT: -- Just substitute earlier text and the [account name] with [type of public record] and [date].

COLLECTION AGENCY - CREDIT BUREAU DISPUTE

TEXT: "I dispute collection account number [xxx]. Thank you." (Whenever you send the 'KO' letter to a collection agency always dispute the collection account with the credit bureaus. You don't give any reasons or facts, other than this account is under dispute.)

INVESTIGATION RESULTS DISPUTE

TEXT: "On [date] I mailed a dispute and have received the results of your investigation. Regarding [account name], account number [xxx] - your results indicate the item was deleted. Upon reviewing my report the item is still listed. Please delete the item as per your investigation."

INACCURATE LATE-PAY

TEXT: "You are reporting a late-pay on the following account: [account name], account number [xxx]. This account was late due to an error the company made in mailing the payment coupon book late. Please delete." (Notice we've included facts. Supporting documentation is also helpful. The goal is to have the bureau just delete it and not ask the creditor who's records may still be incorrect.)

LETTERS TO DEBT COLLECTORS

** You may also want to add one of the three cease and desist options on page 73 to your letter.

TEXT: "I don't want your business. If you feel the need to force me to do business with you then provide written documentation that makes you entitled to force me to do business with you (i.e. a written agreement between us). Otherwise, return this account to whoever asked you to invite me to pay whatever it is you are collecting." (Notice no mention of any debt, laws, complaints, validation, etc.)

TEXT: "I must decline your invitation to do business. Your presumption that you have the legal right to collect anything from me is rebutted. If you feel there is some statute or law that entitles you to force me to do business with you, then produce it. If you feel there is some written agreement between us that gives you the authority to force me to do business with you, then produce it. Otherwise, if you continue collection activity and damage my credit I will consider it attempted extortion and act accordingly." (Notice how this is right to the point. There's no need to be wishy-washy.)

TEXT: "We have never done business before. If you attempt to force me to do business with you under threat of economic harm, that's considered attempted extortion. If you attempt to force me to do business with you without any written relationship between us, that's considered fraud. Otherwise, I will consider the situation a crime and act accordingly."

TEXT: "I am in receipt of your letter stating that I owe you something. Show me your lawful authority to force me to do business with you, under threat of financial harm. If you are unable to do so within 20 days then cease any derogatory reporting to the credit bureaus. If you continue to collect I will consider the situation a crime and act accordingly."

TEXT: "I don't want your business. Absent lawful authority or a written agreement between us, you can't force me to do business with you. Cease and desist. If you injure me in any way in the attempt to collect monies I will consider it extortion, a criminal offense, and will act accordingly." (Notice no specific action is mentioned, leaving the reader to wonder what recourse the writer has or will take.)

** If the account is very old, and the creditor has no record of it, you can do a validation request, knowing the collector will not be able to verify the account.

SAMPLE VALIDATION EXAMPLE (IF CREDITOR HAS NO DOCUMENTATION)

TEXT: "On [date], I contacted [name of creditor] and was told there is no record of me owing them any money. Either validate the account you are attempting to collect with current creditor records and provide me copies of current supporting documentation, or cease collection action on this account and remove any derogatory reporting to the credit bureaus. I will expect written confirmation of your decision within 30 days. Thank you."

STATUTE OF LIMITATIONS EXPIRED - ATTORNEY DEBT COLLECTOR

TEXT: "I am in receipt of a letter from your law firm. Please note the statute of limitations has expired on the account you are attempting to collect. In addition, I don't want your business. Cease and desist all collection activity and remove any inquiries you have placed on my credit report. Thank you."

LETTERS TO CREDITORS

NOTES: If you can obtain the creditors phone number, always call first. Often times you can get the information you need over the phone and/or verbally request written documentation to faxed or mailed to you. If you need to mail in a written request, make sure you verify with the creditor the address where the documentation you need can be obtained. If you need to pay a processing fee, pay it by money order only. Otherwise, your checking account information could find itself in the wrong hands.

LETTER TO CREDIT BUREAUS - NOTICE OF FRAUDULENT ACCOUNT

TEXT: "Account number [xxx] is the result of identity theft. This is not my account. Please delete it. I have attached a notarized ID Theft Affidavit. Thank you."

REQUEST FOR CREDITOR DOCUMENTATION - MISC.

TEXT: "As per our telephone discussion, I am writing to request a copy of the billing statement which shows the date I last made the required minimum payment on this account, or the date of last activity. I have enclosed \$__ for the processing fee. Please fax this information to: [fax number]. Thank you."

TEXT: "I am writing to request a copy of the billing statement which shows the date I last made the

required minimum payment on this account, or the date of last activity. Please inform me of any processing fees by replying to this letter and/or faxing the information to: [fax number]. Thank you.” (Note the use of a fax. Very important if you’re in a hurry. Go to www.efax.com and get a free number.)

UNAUTHORIZED INQUIRY BY CREDITOR

TEXT: “According to [credit bureau], you obtained my credit report on [date]. I am not aware of having applied for credit or anything else from your company. What was your permissible purpose? If I don’t hear from you I will assume you had none and request permanent deletion within 30 days.” (Notice the question and the assumption of non-response.)

UNAUTHORIZED INQUIRY BY DEBT COLLECTOR

TEXT: “On [date] you obtained my credit report from [name of bureau]. I have never done business with you and we have no written relationship that I am aware of. What was your permissible purpose? If I don’t hear from you within 30 days I will expect permanent deletion of the inquiry.”

UNAUTHORIZED INQUIRY BY DEBT COLLECTOR AFTER ‘KO’ LETTER

TEXT: “You were notified of my choice not to do business with you on [date]. According to [credit bureau], you obtained my credit report on [date], or after you received my letter. What was your permissible purpose? If I don’t hear from you I will assume you had none and will expect permanent deletion within 30 days.” (This is if a hard inquiry is made after the ‘ko’ letter is delivered.)

FOLLOW-UP GENERIC PERMISSIBLE PURPOSE DEMAND (HARD INQUIRY)

TEXT: “You obtained my credit report from [name of bureau] on [date] and the inquiry was coded as if I had applied for credit, insurance, housing, etc. You also failed to respond to my request for your permissible purpose which you received on [date]. I can only assume now that you had no permissible purpose. As your legal department knows, civil liability in this matter is \$1,000 in damages. I am offering to settle this matter as follows: Permanently delete the inquiry, or overnight me a cashiers check for \$1,000. I will give you 20 days to make a decision.” (Notice there’s no threat to sue. An implied threat is all you need because it leaves them wondering what your intentions are.)

IDENTITY THEFT LETTERS

NOTES: Never claim you’re the victim of identity theft when you’re not. That’s considered “credit repair fraud” and could subject you to civil and criminal liability. On the pages to follow is the FTC’s ID Theft Affidavit.

LETTER TO CREDIT BUREAU OR CREDITOR - FRAUDULENT ACCOUNT

TEXT: “Account number [xxx] is the result of identity theft. This is not my account. Please delete it. I have attached a notarized ID Theft Affidavit. Thank you.”

LETTER TO CREDIT BUREAU, CREDITOR OR DEBT COLLECTOR

TEXT: “I recently checked my credit reports and have discovered an account that is not mine and is the result of identity theft. The account is: [name of account], account number [xxx]. Please find attached a notarized ID Theft Affidavit. I will expect this account to be deleted within 30 days.”

Instructions for Completing the ID Theft Affidavit

To make certain that you do not become responsible for any debts incurred by an identity thief, you must prove to each of the companies where accounts were opened or used in your name that you didn't create the debt.

A group of credit grantors, consumer advocates, and attorneys at the Federal Trade Commission (FTC) developed an ID Theft Affidavit to make it easier for fraud victims to report information. While many companies accept this affidavit, others require that you submit more or different forms. Before you send the affidavit, contact each company to find out if they accept it.

It will be necessary to provide the information in this affidavit anywhere a **new** account was opened in your name. The information will enable the companies to investigate the fraud and decide the outcome of your claim. If someone made unauthorized charges to an **existing** account, call the company for instructions.

This affidavit has two parts:

- **Part One** — the ID Theft Affidavit — is where you report general information about yourself and the theft.
- **Part Two** — the Fraudulent Account Statement — is where you describe the fraudulent account(s) opened in your name. Use a separate Fraudulent Account Statement for each company you need to write to.

When you send the affidavit to the companies, attach copies (NOT originals) of any supporting documents (for example, driver's license or police report). Before submitting your affidavit, review the disputed account(s) with family members or friends who may have information about the account(s) or access to them.

Complete this affidavit as soon as possible. Many creditors ask that you send it within two weeks. Delays on your part could slow the investigation.

Be as accurate and complete as possible. You may choose not to provide some of the information requested. However, incorrect or incomplete information will slow the process of investigating your claim and absolving the debt. Print clearly.

When you have finished completing the affidavit, mail a copy to each creditor, bank, or company that provided the thief with the unauthorized credit, goods, or services you describe. Attach a copy of the Fraudulent Account Statement with information only on accounts opened at the institution to which you are sending the packet, as well as any other supporting documentation you are able to provide.

Send the appropriate documents to each company by certified mail, return receipt requested, so you can prove that it was received. The companies will review your claim and send you a written response telling you the outcome of their investigation. Keep a copy of everything you submit.

If you are unable to complete the affidavit, a legal guardian or someone with power of attorney may complete it for you. Except as noted, the information you provide will be used only by the company to process your affidavit, investigate the events you report, and help stop further fraud. If this affidavit is requested in a lawsuit, the company might have to provide it to the requesting party. Completing this affidavit does not guarantee that the identity thief will be prosecuted or that the debt will be cleared.

**DO NOT SEND AFFIDAVIT TO THE FTC OR ANY OTHER
GOVERNMENT AGENCY**

If you haven't already done so, report the fraud to the following organizations:

1. Any one of the nationwide consumer reporting companies to place a fraud alert on your credit report. Fraud alerts can help prevent an identity thief from opening any more accounts in your name. The company you call is required to contact the other two, which will place an alert on their versions of your report, too.

- **Equifax:** 1-800-525-6285; www.equifax.com
- **Experian:** 1-888-EXPERIAN (397-3742); www.experian.com
- **TransUnion:** 1-800-680-7289; www.transunion.com

In addition to placing the fraud alert, the three consumer reporting companies will send you free copies of your credit reports, and, if you ask, they will display only the last four digits of your Social Security number on your credit reports.

2. The security or fraud department of each company where you know, or believe, accounts have been tampered with or opened fraudulently. Close the accounts. Follow up in writing, and include copies (NOT originals) of supporting documents. *It's important to notify credit card companies and banks in writing.* Send your letters by certified mail, return receipt requested, so you can document what the company received and when. Keep a file of your correspondence and enclosures.

When you open new accounts, use new Personal Identification Numbers (PINs) and

passwords. Avoid using easily available information like your mother's maiden name, your birth date, the last four digits of your Social Security number or your phone number, or a series of consecutive numbers.

3. Your local police or the police in the community where the identity theft took place to file a report. Get a copy of the police report or, at the very least, the number of the report. It can help you deal with creditors who need proof of the crime. If the police are reluctant to take your report, ask to file a "Miscellaneous Incidents" report, or try another jurisdiction, like your state police. You also can check with your state Attorney General's office to find out if state law requires the police to take reports for identity theft. Check the Blue Pages of your telephone directory for the phone number or check www.naag.org for a list of state Attorneys General.

4. The Federal Trade Commission. By sharing your identity theft complaint with the FTC, you will provide important information that can help law enforcement officials across the nation track down identity thieves and stop them. The FTC also can refer victims' complaints to other government agencies and companies for further action, as well as investigate companies for violations of laws that the FTC enforces.

You can file a complaint online at www.consumer.gov/idtheft. If you don't have Internet access, call the FTC's Identity Theft Hotline, toll-free: 1-877-IDTHEFT (438-4338); TTY: 1-866-653-4261; or write: Identity Theft Clearinghouse, Federal Trade Commission, 600 Pennsylvania Avenue, NW, Washington, DC 20580.

DO NOT SEND AFFIDAVIT TO THE FTC OR ANY OTHER GOVERNMENT AGENCY

ID Theft Affidavit

Victim Information

- (1) My full legal name is _____
(First) (Middle) (Last) (Jr., Sr., III)
- (2) (If different from above) When the events described in this affidavit took place, I was known as

(First) (Middle) (Last) (Jr., Sr., III)
- (3) My date of birth is _____
(day/month/year)
- (4) My Social Security number is _____
- (5) My driver's license or identification card state and number are _____
- (6) My current address is _____
City _____ State _____ Zip Code _____
- (7) I have lived at this address since _____
(month/year)
- (8) (If different from above) When the events described in this affidavit took place, my address was

City _____ State _____ Zip Code _____
- (9) I lived at the address in Item 8 from _____ until _____
(month/year) (month/year)
- (10) My daytime telephone number is (____) _____
My evening telephone number is (____) _____

**DO NOT SEND AFFIDAVIT TO THE FTC OR ANY OTHER
GOVERNMENT AGENCY**

How the Fraud Occurred

Check all that apply for items 11 - 17:

- (11) I did not authorize anyone to use my name or personal information to seek the money, credit, loans, goods or services described in this report.
- (12) I did not receive any benefit, money, goods or services as a result of the events described in this report.
- (13) My identification documents (for example, credit cards; birth certificate; driver's license; Social Security card; etc.) were stolen lost on or about _____ (day/month/year).
- (14) To the best of my knowledge and belief, the following person(s) used my information (for example, my name, address, date of birth, existing account numbers, Social Security number, mother's maiden name, etc.) or identification documents to get money, credit, loans, goods or services without my knowledge or authorization:

_____ Name (if known)	_____ Name (if known)
_____ Address (if known)	_____ Address (if known)
_____ Phone number(s) (if known)	_____ Phone number(s) (if known)
_____ Additional information (if known)	_____ Additional information (if known)

- (15) I do NOT know who used my information or identification documents to get money, credit, loans, goods or services without my knowledge or authorization.
- (16) Additional comments: (For example, description of the fraud, which documents or information were used or how the identity thief gained access to your information.)

(Attach additional pages as necessary.)

DO NOT SEND AFFIDAVIT TO THE FTC OR ANY OTHER GOVERNMENT AGENCY

Victim's Law Enforcement Actions

(17) (check one) I am am not willing to assist in the prosecution of the person(s) who committed this fraud.

(18) (check one) I am am not authorizing the release of this information to law enforcement for the purpose of assisting them in the investigation and prosecution of the person(s) who committed this fraud.

(19) (check all that apply) I have have not reported the events described in this affidavit to the police or other law enforcement agency. The police did did not write a report. *In the event you have contacted the police or other law enforcement agency, please complete the following:*

(Agency #1)

(Officer/Agency personnel taking report)

(Date of report)

(Report number, if any)

(Phone number)

(email address, if any)

(Agency #2)

(Officer/Agency personnel taking report)

(Date of report)

(Report number, if any)

(Phone number)

(email address, if any)

Documentation Checklist

Please indicate the supporting documentation you are able to provide to the companies you plan to notify. Attach copies (NOT originals) to the affidavit before sending it to the companies.

(20) A copy of a valid government-issued photo-identification card (for example, your driver's license, state-issued ID card or your passport). If you are under 16 and don't have a photo-ID, you may submit a copy of your birth certificate or a copy of your official school records showing your enrollment and place of residence.

(21) Proof of residency during the time the disputed bill occurred, the loan was made or the other event took place (for example, a rental/lease agreement in your name, a copy of a utility bill or a copy of an insurance bill).

DO NOT SEND AFFIDAVIT TO THE FTC OR ANY OTHER GOVERNMENT AGENCY

- (22) A copy of the report you filed with the police or sheriff's department. If you are unable to obtain a report or report number from the police, please indicate that in Item 19. Some companies only need the report number, not a copy of the report. You may want to check with each company.

Signature

I certify that, to the best of my knowledge and belief, all the information on and attached to this affidavit is true, correct, and complete and made in good faith. I also understand that this affidavit or the information it contains may be made available to federal, state, and/or local law enforcement agencies for such action within their jurisdiction as they deem appropriate. I understand that knowingly making any false or fraudulent statement or representation to the government may constitute a violation of 18 U.S.C. §1001 or other federal, state, or local criminal statutes, and may result in imposition of a fine or imprisonment or both.

(signature)

(date signed)

(Notary)

[Check with each company. Creditors sometimes require notarization. If they do not, please have one witness (non-relative) sign below that you completed and signed this affidavit.]

Witness:

(signature)

(printed name)

(date)

(telephone number)

**DO NOT SEND AFFIDAVIT TO THE FTC OR ANY OTHER
GOVERNMENT AGENCY**

Fraudulent Account Statement

Completing this Statement

- Make as many copies of this page as you need. **Complete a separate page for each company you're notifying and only send it to that company.** Include a copy of your signed affidavit.
- List only the account(s) you're disputing with the company receiving this form. **See the example below.**
- If a collection agency sent you a statement, letter or notice about the fraudulent account, attach a copy of that document (**NOT** the original).

I declare (check all that apply):

- As a result of the event(s) described in the ID Theft Affidavit, the following account(s) was/were opened at your company in my name without my knowledge, permission or authorization using my personal information or identifying documents:

Creditor Name/Address <i>(the company that opened the account or provided the goods or services)</i>	Account Number	Type of unauthorized credit/goods/services provided by creditor <i>(if known)</i>	Date issued or opened <i>(if known)</i>	Amount/Value provided <i>(the amount charged or the cost of the goods/services)</i>
Example Example National Bank 22 Main Street Columbus, Ohio 22722	01234567-89	auto loan	01/05/2002	\$25,500.00

- During the time of the accounts described above, I had the following account open with your company:

Billing name _____

Billing address _____

Account number _____

DO NOT SEND AFFIDAVIT TO THE FTC OR ANY OTHER
GOVERNMENT AGENCY

FREQUENTLY ASKED QUESTIONS

Q. What if I want to hire a credit repair company to fix my credit?

A. Most credit repair companies cannot spend the amount of time necessary to factually dispute items off your credit report. If you pay an attorney firm \$39 a month to repair your credit how much time can they realistically spend asking you questions about each account, contacting the original creditor, cross-referencing each item with each bureau, etc. This is why these types of credit repair firms can actually do more harm to your credit score than good! Avoid these types of companies and only deal with someone reputable. For more information please visit <http://www.nationalcrediteducators.com>.

Q. Would placing a fraud alert on my credit file before disputing give me better results?

A. No. Anyone can make a phone call. The credit bureaus want consumers to use the FTC's Identity Theft Affidavit when disputing fraudulent accounts. If identity theft has actually occurred, consumers can protect their credit file from further damage by adding a fraud alert and instructing creditors to call them at a specific phone number if credit is applied for. Here's what will give you better results: determining what items are being reported incorrectly and disputing them factually.

Q. I've never heard of Innovis. Are they really an important credit bureau?

A. Absolutely. Remember, banks and lenders buy lists of consumers who meet their scoring criteria (this is also known as pre-screening) in order to offer them pre-approved credit cards and Innovis has a service which "cleans" that list. In addition, Innovis may soon get government approval to score consumer credit reports and sell your information to other lenders. Keep your eye out for Innovis!

Q. I have a bankruptcy on my credit report. Should I dispute the discharged items first or the actual bankruptcy listing?

A. It's pretty difficult to remove a bankruptcy when the credit bureau can not only verify the bankruptcy itself but can also verify the list of items included in bankruptcy. The only way to remove a bankruptcy completely from your report is by 1) Luck, or 2) Violations. If the credit bureau violates the FCRA, you can occasionally persuade them to delete the listing. This usually requires a lot of persistence and letter writing. In some cases, you will have no other choice but to sue them and have the deletion of the bankruptcy as part of your settlement. Remember, if you can't get the bankruptcy removed, it's not the end of the world. Focus on the accuracy of the items included in the bankruptcy.

Q. I have a charge-off on my Experian and TransUnion report. How do I determine the date of last activity of these accounts when they don't list it?

A. Experian will usually list the month and year the account charged off. If they list "Charge off as of Jul 2006" you can count 6 months back (180 days) and assume the DOLA was around February, 2006. TransUnion lists an estimated date the item will be removed. Let's say it's 08/2009. Go backwards 7 years and you come to 08/2002. Where do these dates come from? The original creditor is required to report the date so contact the creditor to verify that information. Never take the credit bureau's word for it, because re-aging happens all the time! If you can find re-aging, and more importantly, prove it, with documents from the original creditor - you can demand and get deletion! Equifax actually lists the DOLA so you can check the dates across each bureau (assuming their date is correct) to see if there are any discrepancies. If you find large discrepancies you can bet re-aging has taken place!

Q. I have a paid derogatory on my credit report. How do I get them deleted?

A. If they're paid accounts, why delete them? Paid derogatories don't always hurt your score. The older they are the less of an impact they have. In fact, in some cases deleting a paid derogatory can lower your score! Remember, a perfect credit report is not always the highest scoring. Don't ever be embarrassed about a paid derogatory. A paid account is an honorable account.

Q. Should I use your letters word for word or write my own?

A. Our letters are examples. A consumer can copy them but it's best for consumers to write their own letters in their own style of speech. You can even handwrite them. The less "boilerplate" the dispute looks the better the results. If it looks like it was copied out of a book or found on the internet the credit bureaus may not take it as seriously. In addition, some consumers use their own personalized stationery to give more of an authentic appearance. If you're a poor writer (or just lazy like me) consider getting the Ultimate Credit Letters Disk by going to <http://www.consumerpublishinggroup.com>.

Q. What are some of my options if I am in debt up to my ears?

A. Some consumers consider bankruptcy, however because of the current "means test" it's much more difficult to qualify for Chapter 7. This means consumers are only eligible for credit counseling (don't miss our chapter on that mistake!) before they can file Chapter 13. And the majority of Americans who have done either eventually end up in Chapter 7 anyway and get stuck with TWO bankruptcies. In our opinion it usually best for consumers with debt in excess of \$10,000 to either do their own debt negotiation or consult a debt negotiation specialist.

Q. What do I do if a creditor, credit bureau or collection agency ignores my Identity Theft Affidavit or refuses to take my fraud claim seriously?

A. Consumers can contact the Federal Trade Commission Consumer Response Center at 1-877-382-4357 to speak with a counselor. They also have hundreds of publications consumers can request as well. More information can be found by going to <http://www.ftc.gov>. However, don't hold your breath for government help. You just may have to sue!

Q. What is some of your techniques are not working. What do I do next?

A. First of all, make sure you are doing them correctly. If your disputes aren't really factual, or if you purchase your credit reports online, or if you sign up for one of those free credit report services, or if you're rude to the bureaus or to your creditors over the phone, etc., then we suggest you change your approach. In addition, nothing works 100% of the time. If it did, life would not have its challenges and just about everything would be meaningless.

Q. Can you refer me to an attorney that can help me?

A. No. We are not an attorney referral service. You may just have to step up to the plate and initiate a lawsuit yourself. There are very few attorneys who are going to take a case that pays \$1,000, \$2,000 or \$3,000 in damages. I'm not saying there aren't any, they're just not standing on rooftops yelling, "We can help you sue the credit bureaus!" However, there is a growing movement of legal advocates and attorneys that are now specializing in consumer protection law. One such organization is <http://www.NACA.net>. Check out their website and see if they can be of any assistance.

WHAT DEBT COLLECTORS DON'T WANT YOU TO KNOW!

By now most people have heard of the “cease and desist” letter to stop those annoying calls from debt collectors. However, did you know there are several different types?

CEASE AND DESIST - PHONE CALLS ONLY

You ask the debt collector to stop calling you and only correspond by mail. This allows them to write you letters. In some cases, you'll want communication. For example, if you're contacted by an attorney debt collector you can negotiate with them by mail. Or, if you're contacted by a collection agency you'll want them to be able to respond with a letter stating your account has been deleted. This method doesn't require any special wording and you don't even need to know what the law is anymore (they already know it). “I dispute account number [xxx]. Cease and desist all telephone communication. However, I would be happy to correspond with you by mail.”

CEASE AND DESIST - PHONE CALLS AND CORRESPONDENCE

This is where you take the “cease and desist” one step further. No phone calls and no written communication. I would only use this type of notice if you are positive the account is not yours. Otherwise, you leave the debt collector with no other option but to sue you in order to collect. “I dispute account number [xxx]. This is not my account. Cease and desist all communications with me.”

CEASE AND DESIST - ALL

Last but not least, there's the “cease and desist” all collection activity. **That includes phone calls, letters, credit bureau reporting and any type of legal action.** If you put a debt collector on notice that an account is not yours, or is the result of identity theft, or that you have no contractual relationship with them and they continue collection activity they are now knowingly and wilfully violating the law. “I dispute account number [xxx]. [Factual reason, i.e. we have no business relationship, it's not my account, this creditor has been paid, etc.] Cease and desist all collection activity including any negative reporting to the credit bureaus.”

HOW TO BORROW UP TO \$10,000.00 IN LESS THAN 48 HOURS AND PAY ZERO INTEREST!

This method is another one we've never released to the public - until now! It's essentially a two step method commonly used (and guarded) by the rich and wealthy to borrow large sums of capital for short or long-term investments. The good news is now the average consumer can benefit from it despite their economic status!

STEP 1 - BUILDING YOUR CREDIT SCORE TO 700 (OR ABOVE)

The first key to doing this is by building a solid payment history. This means you never, ever want to pay your credit card bills off in full every month! 99% of the time you should carry a balance on your accounts and maintain a **debt to credit ratio** of 10% to 30%. This means if your card has a limit of \$500, you'll always want to carry a balance of \$50 to \$150.

Here are two reasons why: Banks make money off interest. If you don't carry any balance, they don't collect any interest. Your debt to credit ratio would be zero. This means you AREN'T USING ENOUGH credit. Second, by carrying a balance you establish a "payment history," and paying on time every month shows you can manage your credit responsibly. Likewise, if your debt to credit ratio goes beyond 30%, this can show you may be using credit IRRESPONSIBLY!

Building a solid payment history and maintaining the right **debt to credit ratio** are two very important score building keys; another is your "high credit limit". Let's say you started with one \$500 credit card. And after a few months you get approved for a \$1,000 credit card. You now have a total **high credit limit** of \$1,500. The higher that figure gets, your "high credit limit"... We believe the more *credit worthy* you appear and the scoring system reflects that.

Once you get your credit score built up to **approximately 700 (or above)**, and while still maintaining that 10% to 30% debt to credit ratio, it's now time for...

STEP 2: THE "PRE-SCREEN PAYMENT METHOD"!

In this example, let's say you now have a total of 3 credit cards, each with limits of \$1,000, and you have one credit card with a limit of \$2,500. Even though you've been showing a payment history on all your accounts for 12 to 24 months, now it's time to switch things up...

Here's how: **Pay off all your lower limit accounts in full!** In the example we're using, that would be your 3 credit cards with a \$1,000 limit. Let's say you owed 10% on each account, so you'd pay \$100 on each card bringing their balance down to zero.

WHAT HAPPENS NOW AND HOW THIS REALLY WORKS!

The paying off of those accounts will cause a dramatic shift in your credit report. In this scenario two things will happen within 30-45 days. 1) You will begin receiving attractive "balance transfer" offers from other companies, and 2) You will begin receiving balance transfer "checks" from the lower limit credit cards you paid off competing to get your business back! **It is not uncommon for these balance transfers and checks to be "pre-approved" (no credit check and no co-signer) and 100% interest free for 6 to 12 months!**

PAYMENT, PRE-SCREEN AND FLOAT!

By simply floating these balance transfers from one to the other you can borrow money at 0% for as long as you want! 6 months... 6 years... Or more! We have numerous clients who had absolutely no credit and after 18 months have built over \$50,000 in unsecured credit using this method. They routinely leverage their credit this way to invest in business opportunities, real estate and other investments.

GET A \$25,000 MICRO-LOAN TO START A NEW BUSINESS!

Surveys have showed that approximately 33% of the top 500 fastest growing companies started with less than \$10,000. The fact is, it doesn't take a lot of money to start a small business and the more people you employ - the more taxes you'll pay! That's why the government has set up **Micro-Enterprise Programs where you can borrow up to \$25,000** to start or expand a business. Contact the Small Business Administration at 1-202-205-6490 for more information.

THE ONE "HIDDEN SOURCE" THAT WILL LOAN WOMEN AND COUPLES UP TO \$10,000 TO START OR EXPAND A NEW BUSINESS!

Count Me In For Women's Independence is a national non-profit micro-lender that raises money from women to be loaned to women who are starting businesses to support themselves and their families. Count Me In provides loans from \$500 to \$10,000. Your first loan must be \$5,000 or less. However, after you've paid the loan you'll be eligible for higher loan amounts. For more information visit their website at **<http://www.CountMeIn.org>**.

THE TWO SECRETS YOU NEED TO KNOW BEFORE CALLING ANY “NONPROFIT” CREDIT COUNSELING SERVICE!

You’ve probably seen those annoying debt relief commercials on television. We did some investigative work when it came to understanding just how these businesses ran and stumbled upon a few shocking things you need to know before calling! The first thing we noticed were catch phrases in their names, like “non-profit” and “counseling” but these companies are not charitable organizations solely out to help the public. They do help some people get out of debt, but after reading this chapter I think you’ll agree: it’s a lot cheaper doing it yourself!

ARE YOU BEING DECEIVED BY “NONPROFIT” DEBT CONSOLIDATION COMPANIES?

Here’s how most Debt Consolidation Companies work. First, they all seem to claim having a ‘special’ relationship with thousands of creditors, implying they can negotiate and reduce your debt better than you could yourself! The fact is, the only relationship they have with creditors involves a computer database and a printer (which sends out debt negotiation letters on your behalf). This is simply a marketing ploy to make it appear they can accomplish more than you could negotiating yourself. As I’ll explain later, with the right information you can accomplish much more than any Debt Consolidation Company could ever dream of!

HOW SOME CONSUMERS ARE GETTING RIPPED OFF..

Debt Consolidation Companies typically offer a “free” initial consultation (a.k.a. Sales pitch), where they obtain the names and account numbers of your creditors, including the balances owed on your accounts. Now, they are in a position where they can formulate a plan for your debt free future and tell you how many decades it will take to pay off your debt if you don’t use their service (and the benefits if you do). Basically, they give their pitch. They’re a business, and that’s fine.

However, then come the fees! Some companies want \$5 per creditor, others have a “flat-rate” debt relief plan for only \$39.95 a month. Let’s just say you go for the flat-rate plan for \$39.95 a month, or \$480 a year, and if you’re on a 5 year payment plan, we’re talking about \$2,400! Now that’s a lot of money, but wait, it gets even worse! Debt Consolidation Companies can also receive “commissions” from YOUR creditors

ranging between 10 to 15% behind your back.

Let's say you're paying off \$10,000 dollars in debt and one of these "debt relief heroes" cuts your 23% interest rate accounts down to ZERO (the average they can actually do is about 7%). With NO INTEREST, you could pay \$166 a month and be debt free in 5 years. If their back-end commission were just 10% that would be \$16.60 a month, and over a 5 year period, that adds up to almost \$1000 dollars. When you total the figures up, they're charging you a total of \$3,400 dollars doing something you can do yourself, and do better, with just a little time, a computer and some postage stamps!

WHOSE SIDE ARE THEY ON ANYWAY?

What's worse is that while many Debt Consolidation Companies give you the impression they're working for you, they're also working for the creditors, because that's where a large chunk of their profits come from! Since they're getting a monthly fee, as well as a commission from the creditors, it's in their best interest to stretch your payment plan out as long as possible. While most of these organizations are probably ethical, the conflict of interest and amount of fees we've described here is enough to make any consumer a bit on uncomfortable. *Wouldn't you agree?* But there's more to the story... Yes, I've saved the WORST for last!

HOW DEBT CONSOLIDATION CAN RUIN YOUR CREDIT

When Debt Consolidation Companies contact your creditors (through the postal service, just like you could) to reduce your interest and monthly payments, the most common way they accomplish this is to CLOSE your accounts. Now, let me ask you a question: If you've got 6 accounts, late pays and you CLOSE all 6 accounts, do you think your credit will be improved? Your credit score will probably go down. I can guarantee you one thing, when your accounts are closed there will be a notation by them that you used debt consolidation! Sure, they may help you get out of debt and consolidate your payments into one lower payment, but what they're not telling you is they are not negotiating the amount of the debt you owe, just the interest. This type of deception, in our opinion, is scandalous. You can achieve better results negotiating directly with your creditors using the methods and techniques in this guide!

DEBT CONSOLIDATION VS. "ACCORD & SATISFACTION"

When a Debt Consolidation Company contacts your creditor, their approach is to renegotiate the current contract. However, by using the Accord & Satisfaction (A&S) process, you're offering a completely new contract. The old agreement, which you may

be in default over, or have late-pays, will be extinguished and replaced with a new agreement. This is assuming the creditor accepts the terms of the A&S. With this approach, you can reduce the amount you owe by as much as 60%, lower or even freeze your interest rate; have the old accounts deleted from your file, and have the new accounts reported as either "CURRENT", or if you're settling them with a lump sum payment, "PAID AS AGREED."

WHY DEBT CONSOLIDATION COMPANIES 'DO WHAT THEY DO'...

It's our guess that Debt Consolidation Companies don't use the A&S process because their current approach is much more profitable for their company. Again, we come back to the 'conflict of interest' issue between these companies dipping into your pockets, and getting commissions from your creditors. We don't know about you, but we wouldn't trust any company that claims to be a 'debt relief hero', while at the same time lowering (or at least not raising) your credit score for up to 5 years. Sounds like a raw deal to us, especially when they're raking in thousands out of your pockets using such a simple process!

IRS Revoking Exemptions Of Credit Counselors

"The Internal Revenue Service has concluded that more than 30 credit-counseling firms -- accounting for more than half of the industry's revenue -- are not entitled to tax-exempt status. Five firms, mostly small ones, have already had their tax-exempt status revoked, while the rest have been notified of the agency's intention, according to the agency. The proposed and final revocations are the results so far of 60 audits the IRS has been conducting for more than two years into credit-counseling organizations. The audits were prompted by hundreds of consumer complaints of deceptive business practices, including high fees, high-pressure tactics and inadequate educational services. The IRS has been trying to determine if credit-counseling agencies were misusing their tax-exempt status to take advantage of financially strapped consumers.

Steven T. Miller, commissioner of the IRS's tax-exempt and government entities division, said the agency is seeking revocations for a combination of reasons. In some cases, "we do not believe they are providing sufficient education to the debtor," he said. "Or regardless of what they are providing, too much money is being siphoned out of these organizations and going into the pocketbooks of the CEOs and for-profit affiliates." To date, none of the credit-counseling agencies under review has been given a clean bill of health. However, Miller said, "I think some of them, as we continue, will pass muster." The firms can appeal the proposed revocations, but, if they do take effect, "that doesn't mean we're closing their doors," Miller said. It means "they are a taxable entity and are responsible for income tax like any other corporation."

Predatory Lending Specialist Spills The Beans On The 7 Most Common Mortgage Scams!

An Interview with Ken Delashmutt.

Note: The tips below regarding mortgage loans apply in most States.

Q. Mr. Delashmutt, what are some common home equity scams?

A. According to the Federal Trade Commission (FTC), you should be aware of the following schemes:

1. Equity Stripping. A lender tells you that you can get a loan, even though you know your income is not enough to keep up the monthly payments. The lender is attracted by the high equity in your home. **The lender may encourage you to "pad" your income on your application form to help get the loan approved.** The lender doesn't care if you can't make your monthly payments. As soon you miss a payment, the lender will foreclose - taking your home and stripping you of the equity you spent years building.

2. Balloon Payments. You are behind in your mortgage and face foreclosure. Another lender offers to save you by financing your mortgage and lowering your monthly payments. Check the loan terms carefully because the payments may be lower because the lender is offering a loan on which you repay only the interest each month. At the end, the principal (i.e. the entire amount borrowed) is due in one lump sum, called a "balloon payment". If you can't make the balloon payment or refinance the debt, you face foreclosure again.

3. Loan Flipping. Suppose you had your mortgage for years but could use some extra money. A lender calls to talk about refinancing, and using the availability of extra cash as "bait", claims it is time that the equity in your home started "working" for you. You agree to refinance. If, after a few payments, the lender calls to offer you a bigger loan for another purpose; say a vacation. If you accept, the lender refinances your original loan and then lends you additional money. **In this practice, called "flipping", the lender charges you high points each time you refinance, and may increase your interest rate as well.** If the loan has a prepayment penalty, you pay that each time you get a new loan. With each refinancing, you increase your debt and probably pay a high-price for some extra cash. After a while you are over your head and face losing your home.

4. The "Home Improvement" Loan. A contractor knocks on your door and offers to

install new roof at a price that sounds reasonable. You say that you are interested but can't afford it. He says he can arrange financing through a lender he knows. You agree and he begins the work. At some point after he starts, you are asked to sign some papers. The papers may be blank or the lender may rush you to sign before you have time to read what you've been given. **The contractor threatens to leave the work on your house unfinished if you don't sign.** You sign the papers and later realize that you have signed a home equity loan. The interest rate, points, and fees seem very high. To make matters worse, the work on your home isn't done right or hasn't been completed (or even started). The contractor has been paid by the lender and has little interest in doing the work to your satisfaction.

5. Credit Insurance Packing. Lenders use many tricks to get you to buy credit insurance that you do not need. At the closing, the lender gives you papers to sign that include charges for credit insurance or other "benefits" that you did not ask for and do not want. The lender hopes you don't notice and doesn't explain how much extra money the insurance costs. You may not ask questions or object because you are afraid that you might lose the loan if you do. **The lender may say that insurance comes with the loan to fool you into believing that it comes at no extra cost.** If you object, the lender may even tell you that if you want a loan without the insurance, the papers must be rewritten which could take extra time and cause the manager to reconsider whether to approve it. When you agree to buy the insurance, you're paying extra for the loan by purchasing a product you may not want or need.

6. Mortgage Servicing Abuses. After your mortgage is approved, some lenders try to trick you into paying more than you owe. You may get a letter saying that your monthly payments will be higher than you expected. The lender says your payments include escrow taxes and insurance, even though you paid for them yourself with the lender's okay. In a later message, the lender says you are being charged late fees, even though your payments have been on time. You may receive a message saying that you failed to maintain required property insurance and the lender is buying more costly insurance at your expense. **Unexplained legal fees are added to the amount you owe without an accurate or complete account of those charges.** You ask for a payoff statement to refinance and receive one that is inaccurate or incomplete.

7. Signing Over Your Deed. If you face foreclosure you may feel desperate. Another "lender" may contact you with an offer to help you find new financing. Before he can help you, he asks that you deed your property over to him (claiming it is a temporary measure to prevent foreclosure). The refinancing that would save your home never comes through. Once the lender has the deed to your property, he starts to treat it as his own. He borrows against it or sells it for his benefit. He treats you as a tenant in your own

home and your mortgage payment as rent. If your "rent" payments are late, you'll be evicted.

Q. How can I protect myself against home equity scams?

A. To protect yourself against losing your home DON'T...

1. Agree to buy something on the spot because the lender says it might not be available later,
2. Agree to a home equity loan if you can't afford the monthly payments,
3. Sign any document that you haven't read or which has blank spaces,
4. Let anyone pressure you into signing anything,
5. Agree to a loan that includes credit insurance that you don't want,
6. Let promises of extra to cash or lower payments cloud your judgment,
7. Deed your property to anyone,
8. Sign loan paperwork before receiving the TILA disclosures (interest rates, monthly ... payments, etc.) and Real Estate Settlement Procedures Act, (RESPA) settlement sheet (details closing costs) and fully understand them).

And make sure to...

9. Keep good records,
10. Challenge any charges you think are inaccurate,
11. Check the contractor's references and get more than one estimate,
12. Shop around for rates, charges, and estimates,
13. Ask if credit insurance is required as a condition of the loan,
14. Shop around for credit insurance if it is required,

15. Know your rescission rights (see below),
16. Seek advice from knowledgeable family members or others you trust,
17. Investigate the reputation of any prospective lender, and...
18. Seek legal advice.

Q. If I pledge my home as security for a consumer loan, what dangers do I face?

A. If you own a home it is likely to be your greatest single asset. Unfortunately, if you agree to a loan that is based on the equity which you have in your house, you are putting your most valuable asset at risk. You should be careful because certain abusive or exploitative lenders (commonly called predatory lenders) target home owners, particularly the elderly, minorities, low income persons and those with poor credit ratings. Although there are many reputable lenders, the past few years have seen an increase in the mortgage credit market. Luckily, there is some protection under both federal and state law. First, Congress passed the "Truth in Lending Act" (TILA) in 1968. TILA can be found at 15 U.S.C. 1600 et. seq. It is implemented by the Federal Reserve Board's Regulation Z at 12 CFR, Part 226 and by the Federal Reserve Board's Official Staff Commentary to Regulations Z (OSC). **In 1994, Congress passed the "Home Ownership and Equity Protection Act of 1994", which amended TILA to protect consumers who could fall prey to "high cost" lenders.** These high-cost mortgages (referred to as Section 32 Mortgages by the Federal Reserve) require additional disclosures in mortgage transactions consummated after October 1, 1995.

Q. When can I cancel a home equity loan?

A. When you use your home as collateral for a loan, TILA gives you the right to cancel the credit transaction within three business days. This right of rescission gives you three extra days to reconsider whether you want to use your home to guarantee payment for a personal loan. It applies even if your home is a condominium, mobile home, or houseboat, as long it is as it is your principal residence. The right applies to certain installment loans as well as to home equity credit lines (a form of revolving credit in which your home serves as collateral). **You also have the right to rescind when you could lose your home by operation of law.** For example, if you sign a home repair contract and agree to repay the debt in over four installments, the repairman could file a lien against your home if you do not pay. Under those circumstances you also have the right to

rescind within three days. The right to rescind does not apply to all situations where your home is used as collateral for a loan. You do not have the right to rescind when:

1. You apply for a loan to buy or build your home;
2. You consolidate or refinance a loan already secured by your home with the same creditor, without borrowing additional funds; or
3. A state agency is the creditor for the loan.

Q. What does it mean to rescind a loan?

A. To rescind means you are canceling the deal, i.e., deciding that you do not want the loan or the service being financed. **You can rescind within three days for any reason.** You may find better credit terms or simply change your mind.

Q. How can I rescind a credit transaction?

A. You have until midnight of the third business day after the transaction to rescind. Day One is the first day after all three of the following events occur:

1. You sign the credit contract.
2. You receive a Truth in Lending disclosure form containing certain important (material) disclosures about the credit contract.. These disclosures explain the key terms of the credit being offered. They are...
 - A.) The Annual Percentage Rate (APR),
 - B.) The finance charge,
 - C.) The amount financed,
 - D.) The total of payments, and
 - E.) The payment schedule.
- F.) You receive two copies of a notice explaining your right to rescind.

If you decide to rescind, you must notify the creditor in writing that you are

canceling the contract. You may use the form provided to you by the creditor or a letter. **Make sure that your written notice is delivered, mailed, or filed for telegraphic transmission before midnight of the third business day.** Regulation Z 226.23(a). You cannot rescind by simply telephoning or visiting the creditor.

Q. Can I waive my right to rescind?

A. Yes. If you have a financial emergency, you may be unable to wait for three business days. For example, you may need to borrow money quickly to have a damaged roof or foundation repaired. You can waive your right to rescission if you have a "bona fide personal financial emergency." If so, you can have a loan processed to meet the emergency situation. You must give the creditor your own written statement (preprinted forms do not count) describing the emergency and clearly stating that you are waiving your right to rescind. The waiver must be dated and signed by you, as well as anyone else who shares in the ownership of your home. Consider this decision carefully. If you waive your right to rescind, you must go ahead with the deal.

Q. Am I entitled to any extra protections under TILA if I receive a high cost home loan?

A. Yes. In 1994, Congress passed the "Home Ownership and Equity Protection Act of 1994," which amended TILA to protect consumers who could fall prey to "high cost" lenders. These high-cost mortgages (referred to as Section 32 mortgages by the Federal Reserve Board) require additional disclosures in mortgage transactions consummated after 10-1-95. A failure to provide these disclosures gives a new basis to rescind a Section 32 mortgage loan. Regulation Z 226.23(a)(3) and 226.32 (c).

Q. When must be additional disclosures in high-cost mortgages be given?

A. As noted above, traditional TILA disclosures must be given at the time the loan papers are signed. Borrowers then have an additional three business days to rescind if their homes are pledged as collateral. For high cost mortgage loans, the disclosures must be given three days earlier, i.e., three days prior to the signing of the loan documents.

Q. What are the additional disclosures that must be made in high-cost mortgages?

A. Four additional disclosures are required. Regulation Z 226.32 (c). They are:

1. The following statement must be included:

"You are not required to complete this agreement merely because you have received these disclosures or have signed a loan application. If you obtain this loan, the lender will have a mortgage on your home. You could lose your home, and any money you put into it, if you do not meet your obligations under the loan."

2. The APR,

3. The dollar amount of the regular payment,

4. For variable rate loans, the creditor must say that the interest rate and monthly payment may increase and disclose the maximum possible monthly payment.

Q. Are there any loan terms in high cost mortgages which are forbidden by TILA?

A. Yes. If any of the following prohibited loan terms appear in a high cost mortgage loan, you have a right to rescind:

1. Balloon payments, if the loan term is less than five years; 15 U.S.C.1639(e),

2. Advance payments, that is a payment schedule that consolidates more than 2 periodic payments and pays them in advance from loan proceeds; 15 U.S.C.1639(g),

3. Negative amortization, which occurs when the borrower's payments are less than the interest accruing on the loan, thus causing the principal to grow over the course of the loan, instead of decreasing; 15 U.S.C.1639(f),

4. An interest rate which decreases after default; 15 U.S.C.1639(d)

5. Rebates which are calculated by method unfavorable to the consumer; 15 U.S.C.1639(d), and

6. Prepayment penalties with certain exceptions; 15 U.S.C.1639(c).

Q. Are there any acts or practices which TILA forbids by high rate mortgage lenders?

A. Yes. Regulation Z 226.32 (e) forbids certain acts and practices in connection with high rate mortgages. It isn't clear, however, whether any remedies, other than damages, are available to consumers. The forbidden acts and practices are:

1. Engaging in a pattern or practice of extending credit to consumers based on the value of the consumer's equity ("equity skimming") where the consumer's income is insufficient to repay the loan.
2. Paying a home improvement contract directly from the loan proceeds (the lender is permitted to issue a check payable jointly to the consumer and contractor or the consumer alone or to a third party escrow agent).
3. Selling or assigning a high rate mortgage without furnishing the following statement to the purchaser/assignee:

"Notice: This is a mortgage subject to special rules under the federal Truth in Lending Act. Purchasers or assignees of this mortgage could be liable for all claims and defenses with respect to the mortgage that the borrower could assert against creditor.
How does TILA define a high cost mortgage?"

High cost mortgages fall into two categories. Neither category has a clear definition. The first category is based on the APR and is "high cost" if the APR exceeds certain established rates by more than 10% (Regulation Z, 226.32(a)(1)(i)). The second category is based upon the "points and fees" charged to the borrower and is "high cost" where "points and fees" exceed the greater of \$400 or 8% of the "total loan amount" (Regulation Z, 226.32(b)(1)).

Q. What can I do if my TILA rights are violated?

A. If your TILA rights are violated, you may enforce them in either state or federal court.

You have the following possibilities:

Suits for damages: you may file a civil lawsuit either as an individual or a class-action for damages if the lender has failed to provide you with proper TILA disclosures; 15 U.S.C. 1640. You may also file a TILA counterclaim if you are sued on the debt. In an individual action you may recover any actual damages that you have suffered plus:

- (I) An amount equal to twice the finance charge,
- (ii) For consumer lease violations, 25% of the total of monthly payments under the lease (but not less than \$100 nor more than \$1000),or
- (iii) For individual actions related to credit transactions, not under an open end credit

plan that is secured by real property or a dwelling, not less than \$200 or more than \$2,000.

(iv) For failure to comply with the disclosure requirements related to high interest mortgages, an amount equal to the sum of all finance charges and fees paid by the consumer, unless the lender demonstrates that failure to comply is not material.

Class-action lawsuits. There is no minimum recovery for each member. The total recovery to the class is limited to not more than \$500,000 or 1% of the net worth of the creditor.

Rescission rights. You may also sue or counterclaim to enforce your right to rescind a loan transaction secured by your home. 15 U.S.C. 1635 & 1640 (a)(3). You also have the right to enforce your rescission rights in the context of state court foreclosure proceedings; 15 U.S.C. 1635(I). The allowed tolerance for an inaccurately disclosed finance charge raised as a basis for rescission in foreclosure proceedings is only \$35.00 [much higher tolerances are allowed to consumer files and affirmative action (15 U.S.C. 1605 (f))].

Attorneys fees and court costs. If you are successful in a suit for either damages and/or enforcement of rescission rights, the court should require that the lender pay your attorneys fees and court costs.

Suits by state Attorney Generals. A state Attorney General may also sue to enforce the requirements under 15 U.S.C. 1639 regarding high rate mortgages.

Q. What can lenders due to keep from paying me damages once they have violated TILA?

A. Even if a lender fails to accurately make all disclosures required by TILA, a lender may avoid liability. First the lender is allowed to correct errors within sixty days after discovering them, unless you have already filed a lawsuit or notified the lender in writing of the error; 15 U.S.C. 1640 (b). Next, the lender may avoid liability by showing that the violation was not intentional and resulted from a bona fide error, notwithstanding the maintenance of procedures reasonably adopted to avoid the error. Such mistakes as miscalculations, clerical errors, computer malfunctions, printing errors, etc., may be held to be bona fide good faith errors; 15 U.S.C. 1640(b).

Q. What can I do if I am a victim of "Unfair Lending Practices"?

A. A lender who willfully engages in an unfair lending practice described in this section is guilty of a misdemeanor, so you can report the lender to the police, the District Attorney or your State Attorney Generals office.

You can also sue the lender...

If you can prove the lender has "willfully" engaged in an unfair lending practice you may recover three times the amount of your actual damages, costs and reasonable attorney's fees. You also have a defense against the unpaid obligation of the home loan to the extent of any damages awarded by a court and the court may cure any existing default of your home loan and cancel any pending foreclosure sale, trustee's sale or other sale to enforce the loan.

Q. What protections do I have if my lender tries to foreclose on my high-cost mortgage?

A. If you develop a definite plan of action with well-timed, well-informed steps you can stop, prevent or avoid foreclosure.

Q. I am in immediate danger of losing my home. What can I do?

A. You should immediately seek the advice of a lawyer and professional mortgage auditor to review your loan documents to determine if an unfair lending practice has occurred. If you file suit claiming an unfair lending practice, the foreclosure sale must be postponed until at least 30 days following the date your complaint is filed with the court.

Q. My home was foreclosed upon a few months ago. What can I do?

A. Again, immediately seek the advice of a lawyer and professional mortgage auditor to see if your home can be recovered because of unfair lending practices. **Many predatory lenders construct loans that they know the borrower cannot afford with intent to foreclose at a later date.** There are specialists dedicated to protecting consumers from these unfair and abusive practices.

Q. How do I choose a predatory lending specialist?

A. Ask them for documentation proving they have challenged a lender and have been successful (i.e. out of court settlement letter, court documents, etc.) If they won't provide hard evidence of their success I wouldn't do business with them.

USING THE “FAIR CREDIT BILLING ACT” TO YOUR ADVANTAGE!

The Fair Credit Billing Act requires fast action on the part of creditors and lenders when billing errors occur in the consumers billing statements.

You are protected from:

- A. Charges made by an unauthorized user of your credit cards,
- B. Charges incorrectly identified by amount or date of purchase,
- C. Charges for goods or service not accepted or not delivered as originally agreed upon,
- D. Failure to accurately reflect payments, returns or other credit to your account,
- E. Bills delivered to the incorrect address,
- F. The right to withhold payment on any balance due to defective merchandise or service.

If you believe your bills are inaccurate, this is what you can do:

1. Contact the creditor within 60 days of the error in writing and include in the letter your name, account number and the amount, which you believe is in error. **Explain why you believe there is a mistake.**
2. Be sure to send the letter to the special address for billing inquiries and put your letter in a separate envelope from your payment and mail it certified mail.
3. While waiting for a response, you don't have to pay any charges on the questionable amount. **But you do have to pay the current correct charges.**
4. Your account must be corrected or you must be informed why the creditor believes the bill is correct within 90 days.
5. If the creditor made a mistake you will not be charged finance fees. If no error was found, you do have to pay accumulated finance charges and the amount due.
6. Not happy? **You have 10 days to respond before the creditor imposes additional finance charges or other charges.**

THE FEDERAL TRADE COMMISSION

The Federal Trade Commission (FTC) enforces a variety of federal antitrust and consumer protection laws. The FTC seeks to ensure that the nation's markets function competitively, and are vigorous, efficient, and

free from undue restrictions.

The FTC also works to enhance the smooth operation of the marketplace by eliminating acts or practices that are unfair or deceptive. **In general, the FTC's efforts are directed toward stopping actions that threaten consumers' opportunities to exercise an informed choice.** Complaints from consumers about creditors, collection agencies, and credit bureaus under the consumer protection laws can be filed with the FTC. While the FTC rarely takes legal action, it does record complaints for statistical purposes which can influence the legislative process.

One of the divisions of the FTC that concerns consumer credit is the **Division of Credit Practices-Bureau of Consumer Protection.** The Division of credit practices enforces many of the nation's consumer credit statutes, including:

A. The Equal Opportunity Act - which prohibits credit discrimination on the basis of sex, race, marital status, religion, national origin, age, or receipt of public assistance.

B. The Fair Credit Reporting Act - which ensures the accuracy and privacy of information, kept by credit bureaus and consumer reporting agencies. **It give consumers the right to know what information credit bureau's and consumer reporting agencies are distributing about them to creditors, insurance companies, and employers.**

C. The Truth in lending Act - which requires creditors to disclose in writing certain cost information, such as the annual percentage rate (APR), before consumers enter into credit transactions.

D. The Fair Credit Billing Act - and The Electronic Fund Transfer Act - which establish procedures for resolving mistakes on credit card and fund transfer accounts (ATM).

E. The Fair Debt Collection Practices Act - which **prohibits debt collectors from engaging in unfair, deceptive, or abusive practices**, including over charging, harassment, and disclosing consumer debts to third parties.

* Other laws include the Credit Practices Rule and The Fair Credit and Charge Card disclosure Act.

THE FEDERAL TRADE COMMISSION'S ADDRESS

**Federal Trade Commission
Division of Credit Practices
Consumer Response Center
600 Pennsylvania Ave. NW
Washington, DC 20580**

TWO UNIQUE LETTERS YOU CAN USE TO PAY OFF ALL YOUR BILLS FOR AS LITTLE AS .35 CENTS ON THE DOLLAR!

Another option for those with too much debt is fair and honest debt negotiation, also known as debt settlement. First of all, you must have something they want, and that's money. And they must offer you something you want, and that's a more favorable credit rating or a reduction of the total amount owed. **The nice thing about debt negotiation is you're the one with the power!** If you're not paying your creditors anything now, any conversation you initiate with them involving how they can get their hands on your money will be of great interest to them! However...

YOUR CREDITORS COULD CARE LESS ABOUT YOU!

Don't waste their time or yours by trying to explain your situation to them! If you're unable to pay them the entire amount owed, often they'll be willing to negotiate a new arrangement with you. The majority of the time, creditors will make their first offer at 40 to 50 cents on the dollar. You've got to break them down and show them who's boss. **You're going to tell them how it's going to be!** In other words, as long as they don't agree to your terms, they aren't going to get one dime.

STARTING THE NEGOTIATION PROCESS

There are two ways to start the negotiation process. One is by calling the creditor and playing tug-of-war over the phone; the other is simply initiating the process through the mail. In either case, you're going to need to call the original creditor and get the name of the president, corporate executive officer, chief financial officer, debt-recovery department manager, or credit manager to address your negotiation letters. When you call, simply explain what the situation is, but make sure you're referred to someone who has the authority to negotiate, someone at the top!

A SIMPLE AND EASY WAY YOU CAN NEGOTIATE BY MAIL...

It's our opinion that from this point on, simply get off the phone and do your negotiations through the mail, using what's known as the "Accord & Satisfaction" (A&S) process. The A&S process is like offering a new contract. The 'accord' is the agreement between you and your creditor. The 'satisfaction' is the payment expressed in the 'accord', or new agreement. You'll essentially be exchanging an old debt with terms that

may reflect late-pays or a charge-off, with a new debt agreement with new terms. It's like starting from scratch again! Generally, when there's a disagreement between you and a creditor as to the amount of a debt or the terms of a contract, you can offer to pay a specific amount in settlement of the debt under a new set of terms. The creditor can accept the offer, cash your check, and consider the debt completely discharged, or paid monthly with a new set of terms activated upon final payment.

A&S = OLD DEBT/TERMS EXCHANGED WITH NEW DEBT/TERMS

If you've paid in full, you can enjoy new terms of an agreement, such as having the negative item deleted, and a new item reported as a positive item on your credit file. The best status to negotiate for when you've finally satisfied the debt is "PAID IN FULL, AS AGREED," with no late payments or derogatory comments.

If you're making monthly payments, the creditor should agree to delete the old account and report the new one as a "CURRENT" account in return for your first payment. Some creditors may not report your new account as "CURRENT" until you've made three payments. That's what negotiation is all about - finding out what two parties can agree on and making a settlement. Another alternative is to have the creditor report that you voluntarily closed the old account, which is called a "consumer closure" and will appear on your file as "CLOSED," with a new account showing as "CURRENT." Remember, you're the one in charge here!

Now, the creditor has a few choices in the A&S process: 1) Accept the new arrangement and get their money, or 2) Write the account off as bad debt, or file a lawsuit in court!

If your A&S is successful, it will create a new contract and therefore prevent any legal action or negative reporting against you regarding the previous agreement. But in order for an A&S to be legally binding and hold up in court, there must be a "meeting of the minds." You, the debtor, have the burden of proof of showing that adequate notice was provided, or that a "meeting of the minds" was reached.

ESTABLISHING A 'MEETING OF THE MINDS'...

Without a "meeting of the minds" there is no contract. You, the debtor, must provide adequate notice for the A&S to be legally binding. This is why it's critically important to **locate the decision maker** initially by telephone and keep their contact information and any notes about your negotiations. When your A&S is ready, you can call up and negotiate an agreement over the phone and then follow up the conversation with your

written A&S agreement. Others prefer to just simply make an offer by mail and address it to the individual who has the authority to negotiate settlements.

Once your letter is signed and returned by the creditor, you'll mail a payment off to them and finalize the agreement. By negotiating through the process of A&S, you can reduce the amount of the debt you owe, negotiate better repayment terms and get a favorable credit rating in the process. Remember, the creditor wants your money! So negotiate hard. Your attitude should be... As long as they don't agree to your terms, they aren't going to get one dime! A question I like to ask creditors is, "What's the best you can do for me today?"

BEFORE YOU GO MAKING THOSE CALLS...

Before getting the decision maker on the phone, write down the terms you want. Tell them you have an outstanding balance of X, and it's been past due by X number of months or years, its current status on your credit report, and that you want to negotiate a resolution and settle the debt. Tell them you will pay X-amount of dollars; Start with 25% of the total amount if you'd like.

Take it slow and make them sweat. You're in no hurry! **Pretend like you're doing them a favor, that you could always do other things with the money or simply file bankruptcy.** If they refuse anything less than 40%, tell them to think it over and just wait a few weeks until you contact them again. Always try to deal with one person throughout the process so you can develop that communication.

A&S TELEPHONE AGREEMENT

Your Full Name
Your Address

Creditor Name
Creditor Address

Date

Re: Account # _____

Dear (person you reached agreement with on phone),

This letter is to confirm our telephone conversation on (date) regarding the full settlement of the above account. As we discussed on the telephone, I will pay your company the amount of \$_____ as full and final settlement for this account in one lump sum/or/through monthly payments of \$_____ for _____ months. Upon receipt and endorsement of payment, (name of creditor) hereby agrees to:

(Insert the EXACT agreement you made with the creditor, here are some examples...)

Delete the account noted above from all 3 major credit bureaus, within 30 days, and send me a written notice of such deletion to the address listed in this letter;

Report the new account as "paid as agreed" upon receipt of lump sum payment, within 30 days; or,

Report the new account as "paid as agreed" upon receipt of final monthly payment, within 30 days, or,

Report the new account as "current" and "revolving" with no negative marks, and report the account as "paid as agreed" upon receipt of final monthly payment, within 30 days, respectively; and,

Freeze all interest with respect to any monthly payment plan; and,

Cease all collection or legal activity on the extinguished account noted above, unless debtor goes over 90 days into default on this Accord, which would render it null and void.

I appreciate your cooperation in this matter. If this settlement agreement is acceptable to your company under the laws of Accord & Satisfaction, please acknowledge this with your signature in the space provided below and return a copy to me. Upon receipt of the signed letter of agreement I will immediately forward a cashier's check to you for the amount stated above.

Thank you for your immediate attention to this matter.

Authorized Representative Signature Print Name/Title Date

Sincerely,

(Signature)

Print Your Name

A&S NON-TELEPHONE AGREEMENT

Your Full Name
Your Address

Creditor Name
Creditor Address

Date

Re: Accord & Satisfaction - Account # _____

Dear (person of authority you reached on phone but did not negotiate with),

This letter is to confirm our telephone conversation on (date) regarding the fact that I would like to make an offer of full settlement of the above account. I will pay your company the amount of \$ _____ as full and final settlement for this account in one lump sum/or/through monthly payments of \$ _____ for _____ months. Upon receipt and endorsement of payment, (name of creditor) hereby agrees to:

Upon receipt and endorsement of one lump sum payment, or monthly payments, (name of creditor) will:

(Insert the terms you'd like the creditor to agree to, such as...)

Delete account noted above from all 3 major credit bureaus, within 30 days, and send me a written notice of such deletion to the address listed in this letter;

Report the new account as "paid as agreed" upon receipt of lump sum payment, within 30 days; or,

Report the new account as "paid as agreed" upon receipt of final monthly payment, within 30 days, or,

Report the new account as "current" and "revolving" with no negative marks, and report the account as "paid as agreed" upon receipt of final monthly payment, within 30 days, respectively; and,

Freeze all interest with respect to any monthly payment plan; and,

Cease all collection or legal activity on the extinguished account noted above, unless debtor goes over 90 days into default on this Accord, which would render it null and void.

I appreciate your cooperation in this matter. If this settlement agreement is acceptable to your company under the laws of Accord & Satisfaction, please acknowledge this with your signature in the space provided below and return a copy to me. Upon receipt of the signed letter of agreement I will immediately forward a cashier's check to you for the amount stated above.

Thank you for your immediate attention to this matter.

Authorized Representative Signature Print Name/Title Date

Sincerely,

(Signature)

Print Your Name

OTHER DEBT MANAGEMENT STRATEGIES

The average American family has about \$25,000 to \$30,000 worth of credit card debt (excluding secured debt and student loans). With a 2% minimum payment that leaves a monthly expense of \$500 to \$600. What's interesting is that many banks and financial institutions will begin RAISING minimum monthly payments and in some cases DOUBLING them! But this news was kept quiet until the new bankruptcy laws changes in October of 2005. **I highly doubt there was any coincidence there!** Now imagine a families minimum credit card payments going from \$600 to \$1,200 a month. That's bad news for the 35 million families who pay only their minimum balances each month!

THE STRATEGY OF "DEBT ROLL-UP"

So where can consumers turn? Let's discuss "debt roll-up." This strategy involves paying over the regular monthly minimums required on each of your accounts. By paying over and above the minimums each month, you can greatly accelerate the time it takes to pay off your accounts. Of course, this only applies if you can find extra cash or save extra money each month by changing your spending habits. If you frequent coffee shops you're probably spending - if you were to add it up - more than \$100 a month!

The basic concept of the "debt roll-up" strategy is to start by making a list of all your debts and then ranking them in order of their size, starting with the smallest and working up to the largest. The smallest debt will get paid off the quickest while keeping your other minimum payments current on all your other accounts. Once the smallest debt is paid off, naturally you move onto the next largest credit card debt on your list.

For this process to work it's crucial consumers have a monthly budget (computers can help a lot with software such as Quicken or Microsoft Money). If you're confident you have enough disposable income (income after expenses) then the "debt roll-up" approach can work well. On the flip side, if you can only pay extra above the minimums here and there, you won't really benefit much from this technique. If you're a consumer who's not yet drowning in debt financially, but still feeling a little anxiety and pressure about getting too far into debt and being unable to pay at all, then the "debt roll-up" technique is an excellent way to get started!

BORROWING YOUR WAY OUT OF DEBT!

Another debt management strategy is based on real estate ownership. If you have enough equity in your home many banks will (in most cases) gladly lend you money against it. There's little risk to the lender because they can force a foreclosure on your property to recover their money if you default. These programs are commonly called "second mortgages" or "home equity lines of credit" (HELOCs). Let's say you have \$20,000 worth of equity in your home and you borrow \$30,000 against that equity to pay off all your bills. You then take that money and pay off your credit cards. If you're very disciplined, this plan can work. However, if a consumer's gotten themselves in a mess once, they're most likely to make the same mistake twice, which is why many lenders do not loan money to consumers who have filed bankruptcy!

Many people suddenly find themselves with some extra cash (or credit, which feels like free money) so they get busy coming up with ways to spend it! Maybe a \$5,000 vacation or trip for the holidays to Cancun or a \$3,500 plasma television home theatre system. Sounds tempting doesn't it? Before they know it, consumers find themselves back in \$10,000 or even \$20,000 in debt. Plus they have a second mortgage payment to keep up with, so they've doubled their debt!

Another big problem with HELOCs is that consumers trade **unsecured** debt with **secured** debt. If you default on your obligation again (many consumers make the same mistake more than twice!) unsecured debt is much harder to collect than secured debt. With a secured debt the consumer has pledged physical property (i.e., their home) as collateral and that property can then be taken. Why trade unsecured debt with secured debt? For most people this is not the best move to make, yet countless consumers fall for this trap year after year.

DECLARING BANKRUPTCY!

A declaration of bankruptcy forces all creditors to cease and desist from collections against the petitioner. It can stop wage garnishment, kill court judgments, and generally wipe clean most debts, depending on which form of bankruptcy is declared. For some people bankruptcy may be their only option; however, in October of 2005 new bankruptcy laws went into effect. As you already know consumers can file either chapter 7 or chapter 13. Chapter 13 is typically a bad idea because most consumers end up eventually falling into chapter 7 anyway (which leaves them with 2 bankruptcies on their credit report). 70% of Americans used to file chapter 7 bankruptcy but under new tougher rules it's much harder to qualify.

The way chapter 7 works is certain property becomes "exempt" from creditors, although these exemptions vary from state to state. The court then liquidates "nonexempt" property and distributes it to the creditors. The creditors usually get nothing, since most consumers filing chapter 7 have only exempt property.

THE NEW 'BK' LAWS AND WHO TO THANK!

However, under chapter 13 you're required to pay back a portion of the debt over a 5 year period. Under the new laws today, the court applies a "means test" to determine which type of bankruptcy you qualify for. If you can afford to pay \$100 a month towards your debts and your income is above the median for your state you will be DENIED chapter 7 eligibility and required to file chapter 13. What's worse is the court calculates your ability to repay your debts not based upon your actual documented living expenses but what the IRS schedules determine what your monthly living expenses SHOULD be in your state and county. **Thanks for singing this one into law, President Bush!**

Once you file bankruptcy, it becomes a matter of public record. Should a prospective employer, landlord or lender want to verify the accuracy of your financial statements, they can do a simple search of public records on the internet (they don't even need to run a credit check!) to locate information on your bankruptcy filing. Not to mention chapter 13 bankruptcy can stay on your credit report for up to 10 years.

BANKRUPTCY IS NOT A "FREE LUNCH" BUT NOT THE END OF THE WORLD!

Bankruptcy is not a "free lunch" but a very expensive one, as you can see. Still, it may be the best solution for some consumers and there should be no shame in it. PERIOD! The top two reasons for bankruptcy are DIVORCE and MEDICAL ILLNESS. Nobody is perfect. Not even Donald Trump! But bankruptcy is not the end of the world. With 3-4 years of new account history, we've seen consumers build their scores in excess of 700 points and qualify for decent interest rates. Since chapter 7 is so much harder to qualify for, the banks may consider it less of a risk now.

FREQUENTLY ASKED QUESTIONS

Q. Do I have a legitimate financial hardship condition?

A. That all depends. There are personal circumstances which are sometimes hard to avoid, such as loss of employment, medical problems, death of a family member, loss of child support payments, divorce, or some other serious event that has caused a severe economic hardship. Make a plan, and set a budget. Where you'll be in 12-24 months if you stick to your plan will be night and day!

Q. Am I really committed to avoiding bankruptcy?

A. Ask yourself. If you decide to avoid bankruptcy debt negotiation can be a great alternative. Creditors often welcome consumers with a genuine approach to debt settlement who are trying to work things out.

Q. What amount of debt are creditors most likely to negotiate on?

A. Generally, if your debt is below \$5,000, aggressive negotiation strategies will not be as simple and effective unless you have at least \$10,000 in debt. Negotiations can still be arranged but large reductions in principal are much more difficult to obtain when a consumer has lower levels of debt. A debt level of \$10,000 to \$30,000 is more in the range of when a consumer might consider debt negotiation but there is no fixed rule.

Q. What type of debt are most easily negotiated?

A. The negotiation strategies described in the Credit Secrets Bible can work well for a variety of debt, but the types of debt easiest to negotiate are unsecured credit card debt. Department store charge cards, financing contracts, and miscellaneous bills can also be negotiated. However, the results may be less predictable for those type of accounts. Student loans cannot be negotiated since the IRS and state taxing agencies can simply nab your tax refund to collect any balance due. Auto loans are tough to get reduced since they're secured by the vehicle but can be refinanced. Mortgages that are in foreclosure can be negotiated, but usually with very unfavorable terms such as higher interest rates.

Q. How do I know if I have enough of a monthly budget to start the negotiation process?

A. How much of a budget do you have? Your monthly budget should be at least \$200 for every \$10,000 of debt. So, if you owe \$30,000, you would need a monthly budget of \$600 or more. And the budget you actually need may be less than the current total of your monthly minimum payments. Since you could back off of your monthly payments while still negotiating your debt in a responsible manner, this approach can work well for some consumers. If you take your lowest balance card, and instead of paying it, deposit the payment into a savings account, you now have some leverage! But remember, if the account goes over 180 days past-due it could go into charge-off status. Not good!

Q. Will the new bankruptcy laws have any affect on debt negotiation or settlement strategies?

A. No. Here's why: The consumer still has leverage because the bank or lender does not know if the consumer can qualify for chapter 7 (which means they get NOTHING). Even if the consumer files for chapter 13, the creditor will still only receive an average of 25% to 50% of the total amount of the debt. And under chapter 13, it will take the creditor FIVE YEARS to recover that amount! So a lump sum of

25% to 50% today (or spread out over 12 months) is far better than the same amount collected over 5 years.

Q. What happens to my credit when I start the debt negotiation process?

A. Your credit score will probably go down during the negotiation process itself because the account will show past due with the credit bureaus. How much it will decline depend on your personal circumstances. Your credit score should begin to improve after all your debts are settled. In addition, your debt-to-credit ratio will improve as your debts decrease!

Q. Are there any tax requirements upon settlement?

A. Most banks feel they are required to report cancelled debts exceeding \$600 to the IRS. You may also be required to report the “gain” you enjoyed on your annual tax return. However, if you were insolvent in the amount of \$30,000 and you only enjoyed saving \$25,000 by negotiation - the IRS may allow you to “write-off” that cancelled income. In any case, consumers should contact a tax advisor or attorney for advice specific to their situation just to be on the safe side.

Q. What if I would rather hire someone to negotiate for me?

A. There are plenty of companies out there. Just make sure they’re not “debt consolidation” companies who only negotiate your interest. If you decide to hire someone, expect to pay between 3% to 8% of your debt as a setup fee, monthly fees, plus on average 25% of the negotiated savings. It can get expensive. You could save yourself thousands of dollars by simply using the negotiation strategies outlined right here in the Credit Secrets Bible! Keep in mind some banks like MBNA will not negotiate with third parties.

COMMENTARY: “Credit Cards -- They're Just Like Cocaine”

“Credit cards are just like drugs. There is no better analogy in my opinion. If consumers use them irresponsibly, they offer short term pleasure and long term pain. Many consumers get the illusion that they have more money than they actually do. Can you relate? Then you live with *less* because each month a portion of your income is picked out of your pocket paying the interest on past debt. Today the prestige of credit is extremely high. So we use it, and use it, and use it until we literally cannot survive without the comfort of it.

Consider this fact. Creditors do not make a penny until you go into debt. Therefore, do you really think they hope to contribute to your future wealth? Or do you think they would prefer that you use credit somewhat irresponsibly and charge just about everything in sight? As long as you can maintain your payments, they want you in debt just like the local drug dealer wants you addicted!

And just as you think you are smart enough to climb out of the hole you’ve dug for yourself, your friendly credit card executives are figuring more and better ways to offer convenience to entice you to use your card even more such as in fast food restaurants, taxi cabs, movie theatres, mortuaries and even paying your taxes!

Banks are always finding new ways to increase consumer credit card debt. Their primary goal is obviously to increase profits. I once heard a bank executive say, “We are breaking down the barriers of debt.” To me that sounds like “We are going to get more and more people addicted to credit” just like a drug dealer would want more and more people hooked on crack! What an amazing business...

Listen, our future is at stake here. Until we as consumers begin using credit responsibly, we will foolishly squander our future by living in an illusionary world and “pay the price” - just like a drug addict. Those are my 2 cents. Keep the change!”

-Bob Andrews

The “Special Phone Number” you can call to get the TRUTH about all those ads offering you a guaranteed \$5,000 to \$10,000 Credit Card with NO CREDIT CHECK (find out what's a rip off and what's not!)

You’ve seen all the ads out there promising you a \$5,000 to \$10,000 credit card, only to find out (in most cases) you’re approved for a \$300 credit card with \$280 in fees - and \$20 left in available credit? Always read the fine print! In a minute I’m going to reveal a special phone number to call that will go over all this and more, but before I do that I want you to understand why adding primary unsecured accounts to your credit file is such an important topic.

THE CHALLENGE IN BUILDING YOUR CREDIT SCORE

The problem is, if you’ve got bad credit, or no credit all, you may not even qualify for a secured credit card (if you can even afford one). So, just getting one new line of credit reported to your credit file can be extremely difficult, if not impossible!

Without new credit being reported your file, you simply can’t raise your credit score high enough to qualify for low-interest credit cards, or a low-interest loan to purchase a nice car or home! So, not only is it a problem just getting a new account reported to your credit file, but it can also cost you a fortune in the long run in the form of higher interest rates!

WHAT BAD CREDIT WILL COST YOU IN THE LONG RUN...

Let me give you an example of how much bad credit can cost you when you purchase a car or home. If you’re making payments on a car or home you could be paying **tens of thousands more!** This added amount shows up in the form of higher interest on your monthly payments.

Take a look at the chart below for an illustration of how much bad credit can really cost you! If you raise your score high enough, you could literally save yourself thousands of dollars over a 5 year period just on a car. Would it be worth spending a little time and a few postage stamps to restore your credit to save that kind of money? Of course it would! Just take a look...

Total <u>Interest</u> Paid On A \$150,000 Home Over 30 Years!		
Credit	Rate	Interest You Pay!
Perfect	5.5%	\$104,404.40
Damaged	7.5%	\$151,715.60
Horrible	9.5%	\$202,706.00

I know, it's absolutely outrageous, but those are the rules of the "credit game." **But wait, it gets even worse!** Let's take a quick look at how much more you'll be paying for a home mortgage with bad credit. The following chart will give you a startling illustration of just how valuable good credit is in today's economy.

Total <u>Interest</u> Paid On A \$20,000 Car Over A 5-Year Period!		
Credit	Rate	Interest You Pay!
Perfect	2%	\$1,033.60
Damaged	10%	\$5,496.00
Horrible	20%	\$11,792.80

If you're making payments on a home over a 30 year period, you could be paying thousands more just for having bad credit! Don't throw this money away when it's so easy to restore your credit. The main key to improving your credit is knowing how the system works. Once you know how, things become very simple.

And the **fastest** way to increasing your credit score is having a new primary account reported to the credit bureau. Adding a new account to your credit file not only raises your "high credit limit" (as spoken of earlier), it also lowers your "debt to credit" ratio. These are two very important factors in determining your credit score.

And the "special number" to call is **1-801-350-3999**. This is a 24 hour recorded message so call it now!

**** Message or offer subject to change without notice ****

THE FIVE VITAL SECRETS EVERY MARRIED PERSON MUST KNOW BEFORE APPLYING FOR CREDIT!

SECRET NUMBER ONE: According to the *Federal Equal Credit Opportunity Act (FECOA)* creditors cannot deny consumers access to credit because of their sex. However, on average, in all surveys it is a known fact that women earn less money than men. They earn less per hour, per week, per a month, per a year and less over the span of their lifetimes. Regardless of what the FECOA states, the relationship of credit to income is very strong. In our society if you make less money you will get less credit, period. The sad FACT is that women (on their own) have less access to credit. *It is for this reason it becomes essential that women know more about credit than men...*

SECRET NUMBER TWO: If you are a married woman with JOINT credit (meaning all your credit accounts are jointly held with your husband) you have NO CREDIT yourself. Many women in America find this out the hard way every year when they get divorced and lose all their credit privileges since they were jointly held with their husbands. If you are a women in this position it is strongly suggested that you begin building your OWN CREDIT in your OWN NAME.

The benefits are twofold. 1) If your husband has financial difficulties (for any reason) and is forced to file bankruptcy or his credit becomes derogatory, you and your husband will have YOUR CREDIT in reserve to survive on. 2) If you ever get divorced down the road (over 50% do) you will NOT end up in financial hardship due to NO CREDIT and/or derogatory credit. Instead, you will have your OWN CREDIT to transition to and this can be the difference between smooth sailing or drowning in the storm.

SECRET NUMBER THREE: If you are currently married (with some credit or no credit) to a husband who has excellent credit, you can leverage his credit with the “Piggyback Method” to build credit in your own name much faster than if you had to build it all by yourself. Later, once you have established enough accounts on your own, you cancel your accounts that were held jointly with him.

SECRET NUMBER FOUR: If you are a single man or woman with excellent credit and are getting married you may want to think twice about adding your new lover to all your credit accounts. If he/she messes up or you end up getting divorced down the road (over 50% do) your credit will end up taking the beating, regardless of how many years you diligently spent building it up.

We strongly suggest that married couples keep their credit SEPARATE!

In most cases, they have far more to lose than to gain. **Naturally, some credit will have to be joint no matter what you do.** If you purchase a home (which a large home which may require both your incomes to qualify) this account on the credit report will be joint. However, the potential abuse with a home mortgage is a lot lower than with Credit Cards.

SECRET NUMBER FIVE: Married people have more to gain by each building strong individual credit reports rather than joining all accounts and building one joint report. Banks and credit card companies absolutely love the ignorance of married couples joining all their credit accounts.

Here's why: If you take 1 million couples with credit before they got married, those 1 million couples actually represented 2 million credit reports or CREDIT LIABILITIES. When those couples got married, those 2 million credit liabilities CUT IN HALF to just 1 million credit liabilities. *For banks it work outs GREAT!* For couples getting married the deal is a little raw. If they have trouble, although they are 2 people, they are represented by only 1 credit report.

In the same scenario, smart couples who get married, but each build individual credit reports, have not one credit report representing them but 2. This is the difference between being in the ocean with one boat versus two. If the one boat starts sinking, you have a second boat to “jump ship” to!

We cannot tell you how many times we talk to loving married couples in financial trouble who only WISHED they would have known about this strategy before the tidal wave rolled in...

THE “PYRAMID METHOD” TO AAA-CREDIT IN LESS THAN 45 DAYS!

What I'm about to share with you is one of the most amazing techniques I have ever discovered and personally used. You know that I am against debt. I feel that it has done a tremendous amount to damage the well being of our society because it has gotten out of control. **I do have to admit that there is also a good side to credit as well.** Credit can do a tremendous amount to grow a business and create many jobs for hard working and ambitious people WHEN IT IS USED PROPERLY. Unfortunately, the majority of the time, credit in the hands of most consumers is NOT used properly.

The only time I can personally agree with the use of credit is when it's for the purpose of starting or expanding a business with a solid plan behind it. It is for this reason that I have decided to include this section for you. The following technique can get a persons credit profile off to a real fast start. I know this because I speak here from experience based on fact and NOT theory. This method is, however, subject to change!

This method is known as “Pyramiding” or "Piggybacking." This technique will allow you to build a very substantial credit profile in a very short period of time. This is accomplished by becoming an “authorized user” of someone elses credit card. This can piggyback or add an already existing and established credit card account onto your credit file. For this technique to work you, will need someone with an excellent credit history (preferably a close friend or relative) to add you as authorized user (a.k.a. “guarantor”). Your guarantor can convert a present credit account into a joint account by adding your name as a secondary cardholder. Your guarantor can also eventually co-sign for you to get a credit account on your own which will be a joint account between you and your guarantor.

Let your guarantor know that you will NOT be charging any purchases on ANY of the accounts they assist you in obtaining. Let them know they may request that their bank mail your card directly to them. You will only be using their excellent credit history to help you establish a solid foundation so you can begin applying for credit on your own at a much faster pace. This will be possible because as they add you to their credit accounts and also co-sign for an account of your own, part of their excellent credit history can piggyback onto your credit file. It is absolutely amazing and you must see it to believe it. Once you have established a guarantor, do the following:

- 1.) Have them contact as many of their credit accounts as possible and request a secondary card in your name. Have the guarantor indicate to the bank that they would like the card mailed to the guarantor and make sure the guarantors address will not report to your credit

file. This could cause great confusion trying to check your credit when it appears your address has changed!

IMPORTANT NOTE: *Since some creditors will issue secondary cards without considering or looking at the secondary cardholder's credit history, you will want to avoid these types of credit card companies since they will not build your credit. These cards only use the primary cardholder's credit history. Additional cards issued, even if in a spouses name, remain on the primary cardholder's credit profile and their sole responsibility. **The rule of thumb is if the application asks for the secondary cardholder S.S.N., it WILL "piggyback" onto the secondary cardholder's credit history.***

2.) About 60 days after you're added as a secondary cardholder, you'll want to check your credit report to see that the account has posted to your credit file. Although you will be a secondary cardholder on the account, they should appear on your credit report. Once these accounts appear, you will then want to apply for credit in your name (as a primary cardholder), with your guarantor co-signing for you or acting as a co-applicant (do not confuse this with a secondary cardholder).

3.) About 60 days after you receive a card in your name, with your guarantor, make sure your debt-to-credit ratio is between 10% to 30% and you have removed as many derogatory items from your report as possible. This is critical in "dressing your profile" and attracting new lenders.

IMPORTANT: *Tips To Remember When Using This Technique!*

1.) Always remember that when building your credit report you want to minimize the number of inquiries and maximize the number of approved accounts posted to your file. This means you want to apply for credit only when you feel 95% sure that you will be approved. **When it comes to your credit report, inquiries are NOT your friend.**

2.) Since you only want to apply for credit when you feel 95% sure you will be approved, the best applications to apply with are those that are sent to you in the mail pre-approved (don't be fooled by "pre-selected" offers). **If you begin having multiple accounts posted to your file, you should begin receiving pre-approved applications.**

3.) Realize that all banks use a scoring system to rate you based on the information you provide them when applying for credit. For example: Pre-approved applications are the highest scoring form of applications to apply with. **On the contrary, do NOT ever write to a bank or "pick up" their brochure and send it in.** As this is one of the lowest forms of application a bank looks on.

4.) Whenever applying for credit, you may choose to do it in person at the store or over the phone as opposed to applying by mail, as some people feel this may be to one's advantage.

5.) Since banks rate you on a scoring system, this means you will want to have as many points as possible. Beyond your high credit limit and debt-to-credit ratio, points are established and determined in the following areas:

A.) PAYMENT HISTORY: Accounts with more than 3 years of payment history are best. A long payment history with no late pays shows responsibility and stability!

B.) ADDRESS: Time at current address and whether it is a Post Office Box or a street address. Street address scores higher than a P.O. Box and the longer you have been at the address the better. 5 years plus will usually score the highest. More years = More score! *A street address is best!*

C.) EMPLOYMENT: Executive/professional work will score the highest with skilled labor being in the middle and blue collar and all others scoring the lowest. The longer you've been at the job, the better. 10 years plus will usually score the highest with 1 to 3 years being in the middle.

D.) TELEPHONE: Generally speaking, a telephone number being listed in the applicants name will add a few points. Residential Phone listed in the consumers name will score highest! Avoid cell phones and Voice Mail numbers on credit reports whenever possible!

E.) RENT/MORTGAGE: Having a mortgage will score higher than renting as it shows stability and previous repayment habits/credit. Depending upon your income and area of residence in the country, monthly obligations (rent or mortgage) of under \$550 will score higher than monthly obligations over \$550.

F.) CHECKING/SAVINGS ACCOUNTS: Having a checking AND savings account will score higher than just a checking account alone. Having no accounts will obviously score the lowest. Whenever you fill out a credit application make sure you have a checking and savings account and that you check "yes" off on the application.

G.) DEPENDENTS: Zero dependents will score the lowest. 3 dependents will score the highest and 4 dependents will score in the middle.

FREQUENTLY ASKED QUESTIONS

Q. What if I can't find anyone that's willing to add me as an authorized user?

A. There are private companies that sell or broker authorized user accounts (a.k.a. "seasoned tradelines). However, these accounts only report temporarily. In addition, the account is from a complete stranger. For this reason alone, we do not recommend purchasing these type of services from private companies. In addition, the reporting of these accounts is subject to change by the creditors.

Q. I've found someone to add me to one of their credit card accounts, but how do I know the company will report to the credit bureaus?

A. This is an important topic. Many companies DO NOT report authorized user accounts to the credit bureaus. First, ask the company. If they say they report, ask what information they'll need. If they don't need a Social Security number, then they don't report unless the account goes into default. Move on to another card! Keep in mind, some cards require authorized users to be permanent. In other words, the only way to remove the new user is to cancel the card! This may not be a favorable situation for either party.

Q. Is there less benefit from a temporary authorized user account?

A. Not really. And this is also a big selling point to a friend, family member, or business associate! Let's say a consumer gets a credit card piggybacked for 90 days. When the primary cardholder calls their bank to cancel the secondary cardholder, the account gets reported as "closed by consumer." This usually does not hurt a consumer's credit score. The consumer still keeps ALL the history that the primary cardholder had at the time of closure. They just don't pick up any additional history.

Q. If I built my credit score up high, could I actually make money doing this for others?

A. Possibly. Some credit cards actually allow up to 20 authorized users! When the secondary cardholder's authorization gets cancelled, the consumer could then resell the "slot" to someone else. Keep in mind, banks know this, which is why it's extremely difficult to find credit card companies that will allow multiple authorized users, and report their account to the credit bureaus.

Q. You mentioned something about once I get my credit score higher I could have a loan co-signed? Can you go into more detail on that?

A. Yes. After getting a few authorized user accounts reported, consumers usually wait until their score reaches 650 or higher. At that point, they can have a friend, family member, or business associate co-sign a loan or credit card. In this case, the primary account holder IS the consumer. At a later point in time, depending on the criteria of the lender, the co-signer can be removed.

Q. What's the best way to persuade someone to do this for me?

A. The consumer approaches the person and says, "Bob. I am building my credit from scratch and I need more of a credit history. Would you be willing to do me a favor? Would you add me to one of your credit cards so I can pick up your history on the account? Just have your bank mail the card to you so there are no worries of any liability on your part. All I need is just a couple of months. Either way, I pick up your history. Would you be willing to help? [Sure.] Great, I appreciate that!"

HOW TO GET A CHECKING ACCOUNT IN 48 HOURS... EVEN IF YOU'VE BEEN REPORTED TO CHEXSYSTEMS!

If you're currently having trouble getting a checking account because you've been reported to ChexSystems, you may have more options than you think. Here are a few examples of some of the options you may have:

1) **Find a bank that doesn't use ChexSystems.** Many financial institutions use ChexSystems to screen new customers, but some - like credit unions and small banks... Don't. It's worth the effort to find a bank that doesn't use ChexSystems. The advantages of credit unions are: 1) If a family member qualifies for an account, so does the immediate family, 2) once you become a member, you can keep your membership for life, and 3) credit unions are more likely to grant a savings-only account regardless of your ChexSystems record.

2) **Open a savings account.** A savings account will give you additional banking options, such as PayPal for online transactions

6) **Request off-line verification.** If you ask the bank to do an off-line verification, their search will be more specific and will keep your name from being confused with similar names. If you suspect that you've been reported to ChexSystems because someone was using your name, you could be a victim of identity theft.

7) **Amend your ChexSystems report.** Once you get a copy of your ChexSystems report, make sure that each "banking institution incidents" includes a statement that reads: "all amounts owed have been paid." This statement should be filed by your bank after the initial report to say you no longer owe money. ChexSystems asks banks to do this, but few ever do. The benefit: certain banks will consider your application if they see "all amounts owed have been paid."

8) **Dispute the incident with the bank.** Ask the bank that reported you to file a "delete record" request with ChexSystems, especially if you have paid the closed accounts in full. You might have to talk to several representatives at the bank, but be persistent. It is within your rights to have your ChexSystems report amended with "all amounts owed have been paid," or deleted completely.

9) **Dispute the incident directly with ChexSystems.** If your ChexSystems report is incorrect, send a signed letter to ChexSystems disputing any inaccurate information. Inaccurate information could be as simple as a misspelling (i.e., of your name) or an

incorrect date or amount. After you send your letter, ChexSystems is required to verify your records with the reporting bank. If the bank takes more than 30 days to reply, ChexSystems is required to remove the incident from your report until the bank responds. Normally, ChexSystems will provide you the outcome of your dispute within 30 days. If the bank responded, ChexSystems' results should include the name, address and phone number of the bank who verified your incident (sample letter are provided at the end of this section).

10) **Use changes in your personal information to your advantage.** When you apply for a bank account, the bank provides your information to ChexSystems. This information includes your name, address, social security number (SSN), and often prior addresses, your driver's license number and date of birth. Here's what you should remember: Identifying information changes over time. For example, your address might have changed, you might have a new driver's license, or your name changed after marriage. In each case, the difference between the new information and ChexSystems' record can work to your advantage in accidentally creating a new Chexsystems bank credit file.

11) **Do not provide previous addresses.** Many incidents reported to ChexSystems do not include a full social security number. This forces banks to verify your name and address instead. Generally, only incidents from the state where you live will be considered from this search. For this reason, when you complete your bank application, be sure not to volunteer prior addresses if at all possible.

14) **Request the bank's filing guidelines.** Ask for your bank's ChexSystems reporting guidelines in writing. ChexSystems doesn't tell banks how and when they should report an account holder. It's up to the bank to determine this. Fortunately, the FCRA demands "reasonable procedures" when reporting data to credit bureaus. If the bank doesn't have filing guidelines, they cannot prove they followed "reasonable procedures" when reporting you to ChexSystems. In these cases, it's easier for the bank to have your file removed from ChexSystems than to deal with a legal dispute.

15) **Investigate ChexSystems.** Most states require that companies register with the Secretary of State before doing business. ChexSystems often forgets to do this, which you can use to your advantage. Send a letter to the bank informing them of ChexSystems' failure to comply with state law, and send copies sent to ChexSystems and to the state's Attorney General.

This could be all it takes to have your ChexSystems record deleted.

SAMPLE CHEXSYSTEMS DISPUTE OF ANY NON-ACCURATE ITEM

Note: Be sure to enclose photocopies of any and all evidence that can help support your dispute. DO NOT send any original documents, photocopies only.

Your full name
Your address
City, State Zip Code

Date

Your social security number

ChexSystems
Customer Relations
12005 Ford Road Suite 600
Dallas, TX 75234

Dear ChexSystems:

I have received a copy of my ChexSystems report, and I am writing to notify you that the following information is incorrect:

Bank Name
Date

[**Indicate:** wrong amount, wrong date, this is not your credit line, you do not have a credit listing with this bank, this account was paid off, the dates are wrong, or other reasons you would like this listing verified.]

[**Itemize:** each correction using the same format]

Based on this, please delete this information and send written confirmation that you have done so to the address above.

Thank you for your assistance.

Sincerely,

Your full name signed here

Your printed full name here

SAMPLE CHEXSYSTEMS DISPUTE FOR **30-DAY TIME EXPIRED**

Note: Be sure to enclose photocopies of any and all evidence that can help support your dispute, such as the registered letter confirmation receipt from your first letter. DO NOT send any original documents, photocopies only.

Your full name
Your address
City, State Zip Code

Date

Your social security number

ChexSystems
Customer Relations
12005 Ford Road Suite 600
Dallas, TX 75234

Dear ChexSystems:

In a letter dated [**Insert:** date of first letter], I requested that you correct the following information in my ChexSystems report:

[**List:** errors indicated in first letter]

To date, I have not received confirmation that you have done so.

As 30 days have now passed, this letter is my formal demand to be removed from the ChexSystems database. Please note that your failure to do so violates the Fair Credit Reporting Act.

Please immediately send confirmation of the deletion to the address above.

If I do not hear from you within ten business days, I am prepared to take legal action to remedy the situation.

Thank you for your assistance.

Sincerely,

Your full name signed here

Your printed full name here

SAMPLE CHEXSYSTEMS 15 DAY

METHOD OF VERIFICATION REQUEST

Note: Be sure to enclose photocopies of any and all evidence that can help support your dispute, such as the registered letter confirmation receipt from your first letter. DO NOT send any original documents, photocopies only.

Your full name
Your address
City, State Zip Code

ChexSystems
Customer Relations
12005 Ford Road Suite 600
Dallas, TX 75234

Date

RE: Consumer ID # [your consumer ID # here]

Dear Consumer Relations Dept.:

I am writing in response to your claim that **[Name of Bank]** has confirmed my unpaid debt. Please note that you have again failed to provide me a copy of the evidence submitted to you by this bank.

I request that you provide me a description of the procedure you used to determine the accuracy and completeness of the bank's information. Please send this information to me within fifteen (15) days of the completion of your reinvestigation. In addition, please provide the name, address, and telephone number of each person you contacted at **[Name of Bank]** regarding my alleged account.

I also request a copy of any documents submitted to you by **[Name of Bank]** which *bear my signature and show that I have a legally binding contractual obligation to pay them.*

Be aware that this is my final goodwill attempt to have this matter resolved. As it now stands, the information you have presented to me is inaccurate and incomplete and represents a serious error in your reporting.

It is my understanding that your continued failure to comply with federal regulations can be investigated by the Federal Trade Commission (see 15 USC Section 41). For this reason, I am maintaining a careful record of my communications with you should I need to file a complaint with the FTC and the state of **[your state]** Attorney General's office.

If you do not respond within 10 business days, I am prepared to take legal action against your company for causes of action including, but not limited to, defamation, fraud and violations under the Fair Credit Reporting Act.

Sincerely,

Your Name (printed or typed, not signed)

Your social security number

SAMPLE DISPUTE TO THE

FURNISHER OF INFORMATION

Instructions: Complete and mail this form by certified letter to the bank that has reported you to ChexSystems.

Note: Be sure to enclose photocopies of any and all evidence that can help support your dispute, such as the registered letter confirmation receipt from Form 1. DO NOT send any original documents, photocopies only.

Your full name
Your address
City, State Zip Code

Name and Address of original bank

Date

RE: Acct # [insert your account number here]

To Whom It May Concern:

I am writing regarding the unpaid debt on account # **[insert your account number here]**, which I dispute.

According to the Fair Debt Collection Practices Act, I am requesting "validation," or competent evidence that bears my signature and shows I have some contractual obligation to pay you.

Please be aware that any negative mark on my credit report (which includes ChexSystems credit report) for a debt I don't owe is in violation of the Fair Credit Reporting Act (FCRA). Therefore, if you cannot validate the debt, you must request that all credit reporting agencies delete the entry. In addition, until I have received and reviewed any evidence you provide me, I ask that you take no action that might damage my credit reports.

If the debt described above has been resolved, I ask that you remove, or have removed, any derogatory marks from my credit reports per the FCRA and send me confirmation that you have done so.

Please note that if you fail to respond within 30 days of receipt of this certified letter, I am prepared to take legal action against your company for causes of action including, but not limited to, defamation, fraud and violations under the Fair Credit Reporting Act.

By sending this letter, I am disputing both the validity of the alleged debt and the validity of your claims. This is my attempt to correct your records. Please be aware that any information I receive from you will be collected as evidence should any further action be necessary.

Best regards,

Your full name signed here

Your printed full name here

How To Buy Your Dream Home With NO Income Verification, NO Asset Verification With As Little As 5% Down!

The main key to purchasing your dream home with no income or asset verification and as little as 5% down (plus closing costs) is - as you've probably guessed - your credit score! As you probably know, your credit score (which ranges from 300 to 850) is used by lenders to help them decide if you're a good financial risk. **The higher your score, the better!** In previous pages we discussed the fact that...

Increasing Your Credit Score By a Mere 40 Points
- And Lowering Your Interest Rate By 2% -
Can Save You Over \$100,000 on a 30 year Mortgage!

In addition, the higher your score the less you may have to put down as a down payment. For example, if your score is between 500 and 619, you will typically have to put as much as 30% down. That's a large chunk of cash! However, if your score is between 620 and 699 your down payment could be much lower - even as low as 5% depending on your debt to credit ratio (and other mitigating factors).

HOW TO BUY A HOME THROUGH A “DEPOSIT LOAN PROGRAM”!

Consumers with a score of 620 to 699 typically do what are known as “SIVA” loans: “*Stated Income Verified Asset.*” They state their income, and must verify they have some type of asset (savings or retirement account, “CD” or certified deposit, annuity, etc.). **Consumers who don't have any (or enough) reserve assets can use one “little known” method called a Deposit Loan Program.**

Here's it works: A bank associated with the Deposit Loan Program deposits \$25,000 (or more, for example) into a bank account under your name and social security number (or employer identification number if the loan is for business purposes). The account is deposit only; therefore you cannot withdraw any of the funds.

In this case, the only purpose for the account is to make it appear as though you have some type of asset the bank can verify. **The borrower simply lists the bank account on their loan application, and the lender contacts the bank and requests a “verification of deposit” (VOD).** Once the VOD is received, the problem of having no reserve assets is solved! In addition, if the lender requires the VOD to be “seasoned” (aged a number of months) or “sourced” (closing costs paid through the account), these things can also be handled for a nominal fee.

Deposit loan programs typically charge a monthly interest rate (that's where they make their money). Let's say they charge 1% interest on the \$25,000 loan example above. That would be \$250 a month. And let's say the minimum term for the loan is 3 months. So, your total interest payments are only \$750. There simply is no other resource we know of where you can spend less than a thousand dollars and have a \$25,000 account reported to the credit bureaus!

But another incredible feature is...

Once You Make Your First Payment The Account Reports to the
Major Credit Bureaus as a Current Installment Loan!

HOW TO BUILD YOUR CREDIT SCORE QUICKLY WITH DEPOSIT LOAN PROGRAMS!

Deposit loans are an excellent tool to build your credit quickly! Upon your final payment to the bank (which in the example before would be the third month) the account gets reported to the major credit bureaus as a PAID installment loan of \$25,000. **We have numerous clients who have shot their credit scores “through the roof” using a Deposit Loan Program.**

One clients score in particular went up 80 points in less than 45 days! He hadn't even finished his 3 month term, closed the account, and returned the \$25,000 as payment on the loan. Keep in mind, these loans can go all the way up to \$15 MILLION (if you've got the budget for the interest payments!)

NO INCOME AND NO ASSET VERIFICATION WITH AS LITTLE AS 5% DOWN!

To qualify for this type of loan you first must build your credit score to 700 or above. When your score is 700 or above, you can qualify for what's known as a “NINA” loan: “*No Income No Asset Verification.*” **It's these types of loans where you can qualify for as little as 5% down (plus closing costs).** Of course, there are other factors outside your credit score which can affect your eligibility for NINA (a.k.a “no doc”) loans and your interest rate.

Again, we have countless clients who have gotten “no doc” loans using the insider techniques outlined here in the Credit Secrets Bible!

For more information on Deposit Loans, please visit <http://www.try.tc>

Testimony

Before

Subcommittee on Financial Institutions And Consumer Credit

of the

COMMITTEE ON FINANCIAL SERVICES

Regarding

"Fair Credit Reporting Act: How it Functions for Consumers and the Economy"

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Submitted by: Leonard A. Bennett

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Chairman Bachus, Congressman Sanders and other distinguished members of the Financial Services Committee, the National Association of Consumer Advocates (NACA) thanks you for inviting us to testify today in this early stage of considering changes to the Federal Fair Credit Reporting Act.

My name is Leonard A. Bennett. I have been asked to appear before you on behalf of NACA, its 850 plus members and the tens of thousands of consumers who we represent or on whose behalf we litigate. I am a consumer protection attorney. I have practiced law in Virginia since 1994, and in North Carolina since 1995. I obtained my undergraduate degree in Finance from George Mason University and my law degree from the George Mason University School of Law and Economics. I have been asked to represent NACA today because of my litigation experience. More than anything else, my practice is focused on the private enforcement of the FCRA.

I have had the opportunity to review the prepared statements of the sub-committee's witnesses from your May 8th hearing. I expect that you will have heard more of the same today. The position of both the financial services industry and the credit bureaus is essentially the same - the FCRA system is perfect and you should not allow preemption to expire. The reality is far from these mis-truths. The Credit Reporting system remains seriously flawed and under present trends will only get worse. And the fear of the preemption sunset is blown out of proportion and would not jeopardize what national standards the FCRA has established.

Unlike some consumer protection statutes, the FCRA is not targeted to protect any particular group of Americans. It protects all of us. Wealthy and those of modest means alike. Husband and wife. Father and Son. It protects those of us in the South as much as those of you from any other region. I practice primarily in Hampton Roads, Virginia. As a result, I have had the privilege to represent countless members of the United States Armed Forces. I represented several consumers in pending cases while they proudly served our country in Iraq. And whether an enlisted or an officer, the law protects each the same. The FCRA's protections do not know party line or ideology. It is a unique statute for a unique problem. The law must protect our privacy. It should help maintain the security of our information. It could help expand a frictionless economy. And ideally it would better guarantee that those who have earned good credit are able to keep the fruits of their efforts and responsibility.

Beyond the importance of the FCRA to consumers, you must also consider its benefits to our economy and American business. In its original adoption of the FCRA, Congress found that “the banking system is dependent upon fair and accurate credit reporting. Inaccurate credit reports directly impair the efficiency of the banking system, and unfair credit reporting methods undermine the public confidence which is essential to the continued functioning of the banking system.” 15 U.S.C. Section 1681(a)(1). In considering the 1996 Amendments to the Act, Representative Kennedy explained, “[i]f these reports are not accurate, or if they are distributed without a legitimate purpose, then our whole society suffers. Consumers may be unfairly deprived of credit, employment, and their privacy. And businesses may lose out on the opportunity to gain new customers.” 140 Cong. Rec. H9809, September 27, 1994. These insights are still true today. Accurate information is critical for a functioning economy. I am a believer in the free market system. The more accurate the information, the better the decisions made by our economy’s actors. One of the principals I was taught in my undergraduate years studying the stock and investment markets is a concept titled “the efficient market hypothesis.” The idea is that the investment markets will be fluid and frictionless only if perfect and equal information is available to all market participants. The same may be said for the consumer credit markets. Businesses need more accurate and complete information with which to make better lending decisions. Whether for the financing of an automobile, a home, or a department store purchase, sellers and lenders need access to accurate credit information so that they may transact business safely and with lower risk. These include large consumer lenders such as the credit card industry or mortgage lenders. But, it also includes more modest-sized businesses without the large margins for error available to institutional creditors. Credit file inaccuracies are damaging to businesses in both directions. Inaccurate credit reports may misstate the quality of a consumer’s credit in a manner which could cause a potential seller or lender to inappropriately extend credit. The rise in consumer bankruptcies is one of the results of this false positive. On the other side of the coin, inaccurate derogatory information will keep businesses from selling and financing goods and services to consumers with otherwise excellent credit. The growing flaws in the credit system are endangering American businesses in both ways. Credit risks are inappropriately getting credit, while responsible consumers are often saddled with inaccurate derogatory histories that keep them from doing the same. The irony of the credit industry’s opposition to FCRA improvement is the fact that the industry stands to gain as much as any other

participant in this debate.

You have heard or will hear from countless witnesses all who express the policy view of their respective organizations or trade groups. Few if any of your witnesses will have any live experience actually using or enforcing the statute. Throughout the history of the consumer credit laws, attorneys such as myself have been titled “private attorneys general” by courts and commentators. It is our role to bring private enforcement actions to ensure compliance with laws such as the FCRA. Without these efforts, the FTC would need an army of regulators to perform the function - a possibility an advocate of limited government such as myself could not accept. You have now met one of the individuals who actually goes into federal court to implement the laws that you enact. I and other members of NACA see the flaws in the FCRA firsthand. We face the walls and obstacles placed in the way of full enforcement by the credit bureaus and their army of lawyers. We face the limitations and restrictions of the FCRA on a daily basis. I would like to take this opportunity to better inform the sub-committee on the mechanics of the FCRA system and some of the flaws within it.

Most of my litigation experience arose from claims of credit file inaccuracy. There are countless ways in which my clients’ credit reports have been inaccurate. Often, my client’s credit files were combined - partially or entirely - with those of another person. This may happen through the criminal acts of a third-party. I am involved in a Michigan case in which an identity thief discovered that our client, with a social security number off by one digit, had better credit. So she began to apply for credit using our client’s social. Within no time, the credit files at the bureaus began to show a single identity with the thief’s name as our client’s alias. Despite multiple investigation demands, nothing was done about the problem or to keep it from recurring. She has been forced to sue. These cases are identity thefts and they have received the greatest notoriety. Unfortunately, they are far from the exception. The industry describes ID Theft as a criminal law problem. But the only reason that identity theft is so prevalent and so easy to accomplish is because of the lack of any industry safeguards to stop it.

As common in my case portfolio are those claims we describe as “merged identity” cases. As easy as it is for an identity thief’s credit files to be combined with that of an innocent consumer, it is even more likely to happen to persons of similar name and address or social security number. The credit reporting industry is now almost entirely automated. Its file

searches do not require full identifying information - either to obtain a credit report or to furnish information to the bureau. As a result, I have been asked to help Sandra K. Brown, who had perfect credit, when Equifax could not keep the files of Sandra M. Brown from merging. And Mary E. Jones and Mary W. Jones, who because of their similar names and addresses had both of their identities combined by Trans Union. Or Teresa B. Davis, who lived on the same street as had Teresa G. Davis several years prior and had much better credit before Equifax merged the two files. These are my cases, solely out of Newport News and Hampton, Virginia. But, there is nothing about this problem which is unique to my community. It is happening everywhere throughout America. And while no one consumer is truly immune from it, the problem is much worse for consumers with common surnames, particularly those who share their name with multiple generations.

I also see a large number of pure inaccuracy cases - those in which an individual item within a credit report is inaccurate. These types of problems, though lacking the glamour and intrigue of an identity theft, are far more common and just as damaging. The Consumer Federation of America study, already made a part of the sub-committee's record by Representative Hinojosa on May 8, found that 1 in 10 credit scores were inaccurate. This is because of inaccurate information within the credit files used to calculate such scores. At the present, there are far more FCRA cases in my community than I can accept and litigate. Some examples which repeat again and again include Mr. Jeffreys who refinanced his Bank of America mortgage in early 2002. Within his credit report the creditor and bureaus continue to report the account as a charge off and pending foreclosure with a full balance. This is despite the fact that he has mailed to all parties a copy of the original note marked paid in full by the creditor, a letter from the Bank stating as much, and a letter from his real estate attorney. Or Linda Johnson, whose ex-husband filed bankruptcy on a credit card for which she was never responsible. When he filed bankruptcy, MBNA added Ms. Johnson as a cardholder and would not remove the account from her credit files until it was sued. These are only examples and they are far more typical of these problems than not.

The FCRA, as amended, includes a system of reinvestigation which Congress had hoped could provide a remedy by which consumers could obtain a correction of an inaccuracy within their credit files. Unfortunately, the system does not work. Of all of the provisions within the Act, no other is more fatally flawed than the investigation requirement. Let me first explain the

real world mechanics of the system.

When a consumer discovers an inaccuracy within his or her credit report, they may initiate a dispute in one of two ways - by contacting the furnisher directly or by contacting the credit reporting agency. If the consumer contacts the furnisher directly, he does so at his own peril. Despite the 1996 amendments, the FCRA has left the furnisher largely immune from effective oversight. Without a private cause of action, the broad and admirable accuracy standards of Section 1681s-2(a) are merely aspirational. The only furnisher liability under the FCRA is under Section 1681s-2(b) and this is only triggered through a contact from the credit reporting agencies. No FCRA case has survived even the earliest stages of litigation without the consumer establishing that the dispute was initiated through the bureaus.

Approximately 80% of all consumer disputes received by the credit reporting agencies are made in writing. The remaining 20% come in by telephone. Each agency has a different process for handling these disputes, but all three use a similar system. The three bureaus collaborated through their trade organization to automate the entire reinvestigation process using an online computer program, E-Oscar. Upon receiving a written dispute, often in the form of a detailed letter with documents attached, the CRA assigns the dispute to its dispute department. The employees within the department are usually hourly employees and are minimally paid. In the case of Equifax, things are even worse. The CRA contracts out its FCRA responsibilities to a foreign company based in Jamaica which uses only foreign labor for its “investigations.” The job of a CRA dispute department employee, even if titled “investigator,” is solely data entry. No matter how detailed the written dispute, the CRA will merely translate it into a two digit code and, usually by automated means (ACDV), send a message to the furnisher identifying the code its employee believes best describes the dispute. The employees of all three CRAs operate under a quota system whereby each employee is expected to process all of the disputes of an individual consumer in less than four minutes. Worse still, the “codes” used by both the CRAs and their subscribers (the furnishers) are limited in number and rarely describe the actual basis for the consumer’s dispute. For example, in two of my recent cases, both identical, consumers Van Evans and Ray Bailey wrote dispute letters to all three bureaus. The disputes were conveyed in great detail and explained that the consumers were not responsible for the disputed accounts and that any signatures claimed to be theirs were forgeries. Each consumer dispute letter also enclosed copies of handwriting exemplars such as signatures on driver’s license, military ids and

other credit cards. Van Evans had also obtained a copy of the forged note and included it in his dispute letter. When Equifax and Trans Union received the letters, their employees simplified the disputes to a code and the description “not his/hers.” This was all the furnishers received. In a deposition taken in a Pennsylvania case, Trans Union’s responsible employee explained the CRA’s “investigation procedure.”

Q . . . [T]he dispute investigator looks
9 at the consumer's written dispute and then
10 reduces that to a code that gets transmitted
11 to the furnisher?
12 A. Yes.
13 Q. Does the furnisher ever see the
14 consumer's written dispute?
15 A. No.

. . .

Q. Are there any instances in which the
22 dispute investigator would call the consumer
23 to find out more about the dispute?
24 A. No.

This is consistent with CRA testimony in every other case of which I am aware. The Bureaus do not convey the full dispute or forward any of the documents to the furnishers. As an expected result, nearly all consumer disputes are verified against the consumers.

However, while the CRAs are the cause of many of the FCRA problems, they are not solely responsible. Despite the 1996 Amendments, the furnishers continue to neglect or ignore their role in the credit reporting system. It is not an unfair characterization to describe the investigation process as a shell game wherein the CRAs and furnishers have worked in concert to protect one another from their already minimal liabilities under the FCRA. In nearly every case against a credit reporting agency in which I have been involved, the bureau has asserted as its defense the fact that the furnisher verified and re-reported the inaccurate information. Contrary to the plain language of the FCRA and the unanimous judgment of the federal judiciary, the CRAs do not believe they have any duty under the FCRA to independently evaluate the documents and disputes before them. Rather, they continue to assert the position that their only duty in conducting an investigation is to confirm that the furnisher wishes to maintain the

disputed item. The CRAs continue to blindly mirror whatever the furnishers provide. In its deposition, Trans Union brazenly admitted this fact on the record.

21 Q. What happens when a dispute
22 investigator gets some type of documentation,
23 other than the consumer's dispute, that comes
24 from a third party, but doesn't come from the
1 furnisher?
2 A. We wouldn't be able to act on any
3 instructions or anything in there.
4 They're not the furnisher of
5 the information.

Trans Union's policy is identical to that of Equifax and Experian. The CRAs simply parrot whatever they receive from the furnisher. At the same time, the furnishers are relying heavily on the fact that there is no private cause of action under Section 1681s-2(a) and no standard for the furnisher investigation under Section 1681s-2(b). Nearly all institutional furnishers have the same procedures. On January 21, 2003, I represented a consumer in a jury trial against a furnisher in a Richmond federal court. In Johnson v. MBNA, we obtained the first plaintiff's verdict in the country under 15 U.S.C. Section 1681s-2(b). In pre-trial depositions and in evidence at trial, MBNA admitted that its sole procedure for handling consumer disputes under the FCRA was to compare the CRA data to its own summary of the account in its computer. That itself was the subject of the consumer's dispute. MBNA's 12 "investigators" were expected to perform an average of 250 investigations per eight hour day. They were never to consult original documents and were not provided any means by which to determine if the account summary within their computer was in fact accurate. Throughout the litigation of this case and now on MBNA's appeal, the furnisher has made two arguments: 1. The furnisher duties under Section 1681s-2(a) are not enforceable by any means and are separate and apart from the duties under Section 1681s-2(b); and 2. There is no qualitative national standard for furnisher compliance under the FCRA. MBNA has opposed even the imposition of a "reasonable investigation" standard under the Act. In its Appellant's Brief, the furnisher argued,

The words "reasonable" and "procedures" are plainly absent from Section 1681s-2. Thus Congress did not intend to impose upon any furnisher the duty to defend its investigation or

records qualitatively under Section 1681s-2(b). Indeed, the requirements of accuracy as they relate to mere furnishers of information are contained in Section 1681s-2(a), a section which is expressly made non-actionable by consumers like Johnson under Section 1681s-2(c)-(d). ... If Congress had wanted to subject furnishers to a qualitative standard, it easily could have done so.

This position, taken by MBNA, the largest credit card company in America, exposes the distinction between the industry's cry for Congress to maintain preemption and the reality in which furnishers actually operate - one which still lacks any enforceable national standard.

Rather than comply with the spirit and intent of the FCRA, furnishers continue to fight its application or ignore its accuracy objectives. Nearly every major furnisher who has been deposed has confessed to a policy of automated investigations in which the consumer has almost no hope of obtaining relief. The furnishers merely proofread the form from the CRA and match it to the data within their computer's account screen. There is no other means by which to verify and correct a credit reporting dispute once the error has worked its way into the furnisher's computer account record. None of the major furnishers of which I am aware reviews original documents or paper records. In a May 21, 2003 deposition, Capital One's representative confirmed this fact for her employer.

7 Q Okay. What kinds of information do your
8 ACDV operators have available to them through the
9 interface of the Odyssey system?
10 A Name, address, ECOA, pay history, cycle11 date, last date
11 paid. Statements, action or activity
12 on the account, late fees, past-due fees, membership
13 fees, etc.
14 Q What about original application information?
15 A That, we cannot see in Unisys.
16 Q All right. Is there a reason why it is that
17 your ACDV operators do not have access to all of the
18 other systems that I mentioned, being Tandem, CHIA,
19 Retain One, Casper, Baltrax, Amdahl, Capstone, and
20 Rocky?
21 A Yeah, I'll give you the simplified answer
22 first. Based on what my associates do, which is to
23 verify the information, the -- some of the systems
24 that you mentioned there are for in-depth research; my
25 associates do not complete in-depth research.

When questioned further as to why Capital One would never conduct “in-depth research” of FCRA disputes, the representative explained that the furnisher’s procedures were developed in collaboration with the three bureaus, and that this is the policy which was developed through such involvement.

1 Q Okay, why is it that your associates do not
2 complete in-depth research?

3 A They do that because, when the -- we had
4 three bureau reps actually come to Capital One in -- I
5 can verify this, I want to say it was like February of
6 2000 --

7 Q When you say -- let me stop you here for a
8 minute and interrupt, I'm sorry -- you say three
9 bureau reps, do you mean a rep from each of the
10 different bureaus or from combinations thereof?

11 A I'm sorry, a representative from each bureau
12 came on three separate visits, so a Trans Union rep
13 came, Experian rep, and then an Equifax rep.

14 Q Okay.

15 A And they came to explain to my team how to
16 more properly and more accurately work accounts, the
17 cases. One of the questions that I had for them, as a
18 manager, was should we verify the accounts -- and I
19 even explained to them what my definition of verify
20 is -- which is, we pull up our system of record, in
21 this case Unisys or Beast, we look at what the bureau
22 has sent us on the ACDV. If there are any
23 discrepancies, we make sure that what the bureau has
24 mirrors exactly what we, as Capital One, have. That's
25 verifying.

1 Q That was what you described to the
2 representatives as verifying?

3 A Yes.

4 Q And what did they say in response to that?

5 A Well, I actually followed that up with, Do you want
us to do that, or do you want us to do things
7 such as pull statements, etc., actually do the
8 research which would involve CHIA. And in each case,
9 the bureau rep said, No, we want you to verify it. We
10 want you to make our system look like your system. So
11 that's what we've been doing.

As long as consumers remain stuck in the catch-22 of the CRA-Furnisher responsibility dodge, the FCRA will continue to offer little relief for your constituents. The Bureaus will

continue to issue flawed and inaccurate credit reports to the many innocent users who must rely on same for their daily business decisions. Whether or not the industry lobby accepts this truth, the financial services industry has far more to gain by improving the credit reporting system than by accepting its serious flaws.

The continuing drumbeat from the other side of this issue is for extension of the FCRA's preemption of state credit reporting statutes. The argument that was made on May 8 and will be repeated today is that our economy would be badly harmed if we replaced the FCRA's "national standards" with a patchwork of state substitutes. This argument is founded upon several false assumptions. First, the argument assumes that the FCRA in its current form is working. It is not. Disputes are up, identity theft is rampant, and consumer complaints to the FTC in the FCRA and identity theft areas are overwhelming all other matters. Businesses cannot now comfortably rely upon the credit reporting industry to produce an accurate predictor of default or bankruptcy. Despite the efforts made in 1996, the FCRA still has failed to place and keep pressure upon either the credit reporting agencies or the furnishers to maintain accuracy in the information they report.

Industry's preemption argument assumes that the FCRA's "national standards" are in competition with certain, unstated state standards. They are not. At a minimum, even with the scheduled sunset, Section 1681t(a)'s preemption of "inconsistent" state laws will remain. Furthermore, the FCRA establishes for furnishers a "national standard" of completeness and accuracy. (The standard for CRAs remains "maximum possible accuracy.") I am unaware of any state laws whose standards exceed those of the FCRA. The issue is not competing state standards but more generous state remedies that protect consumers better than the FCRA does. Industry ought to be forced to identify the purported "unworkable" state standards that form the foundation of its position. If there really is a legitimate problem with competing state law standards, NACA would join with industry and this Committee in accommodating those concerns. Otherwise, the national standards established by the FCRA need simply to be followed. This objective will not be furthered by adopting industry's proposed amendment.

THE “HIDDEN TRUTH” ABOUT CREATING AN ALTERNATE CREDIT FILE... AND HOW OTHER CONSUMERS HAVE DONE IT LEGALLY!

Several different methods were developed over the last few decades that have allowed consumers to create new ‘clean’ second (a.k.a “alternate”) credit files. However, there are two important things a consumer must consider before they decide to use this technique. First, starting an “alternate” credit file does not relinquish them from any previous liabilities that exist on their old (primary), damaged file. Second, it’s illegal for a consumer to **conceal adverse information that is accurate** from a credit reporting agency or to any person who extends credit such as a bank or credit card company.

There are several disadvantages to creating an alternate credit file for personal use. **First, should you ever have to show someone your SSN card - the numbers will not match.** Second, if you’re required to produce copies of tax returns in order to finance a home - again the number will not match. Third, because of anti-terror legislation and the growing problem of identity theft, banks and credit card companies are increasingly verifying Social Security Numbers (SSN’s) and other personal data through a number of different methods. And last, but not least - as you know, the technique is not legal if you intend to conceal adverse information.

THE TRADITIONAL METHOD OF “FILE SEGREGATION”

For informational purposes only, here’s the most common method consumers have used to create new ‘alternate’ credit files. **They fill out Form SS-4 and obtain an Employer Identification Number (EIN) from the Internal Revenue Service (IRS).** These numbers are generated by the IRS randomly. The first 2 digits of the EIN must be less than “64” so it falls within the numbering sequence of Social Security Numbers. If too high of a number is given, the consumer must reapply until they get the correct number. A consumer can only have a total of three EIN’s!

Now in order for the consumer to keep their new file separate they must use a different address. **Once they’re ready to create their new file, they go out and apply for credit using their new EIN in place of their SSN.** The first time they apply for credit, they usually get a denial letter back from the credit card company stating the reason as “No Record Found”. Upon being denied credit thereafter, the reason must be “Insufficient Credit History”, or something similar, to indicate a new “clean” file has been created!

The consumer now goes out and gets a catalog card, or a secured credit card, and begins building their credit from scratch while being extremely careful not to merge their damaged file with their new one. **There are many problems consumers face when using the EIN method, and it’s very easy for the consumer to make one small mistake and get both credit files merged!** Because of all the reasons we’ve outlined here, the opinion we always tell our clients is to keep it legal and clean up their current credit file using the techniques outlined here in the Credit Secrets Bible!

HOW CONSUMERS HAVE CREATED A SECOND CREDIT FILE WITHOUT CHANGING THEIR CURRENT SSN!

To our knowledge, the following has NEVER been published in the history of credit repair. But this actually happens by accident every day! **It essentially allows consumers , who know about it, to enjoy the benefits of a second credit file while still using their current SSN.** How is this possible? Here’s how...

The credit bureaus computer system uses the following criteria in maintaining their records: The first TWO letters of your last name, your current address, and your SSN. **Here’s how consumers have accidentally created a second credit file.** First, for whatever reason their name changed (making the first two letters of their last name different). Peoples names change every day (i.e. marriage), so there’s nothing unusual about that. And...

Second, the consumer moves, so their address changes to one that has never been listed as a previous address on their credit report. **Third, the consumer then applies for credit using their current SSN, their new last name, and new address, but forgets to list their previous address.** When this is done, a second credit file is often created accidentally! Keep in mind, most banks and credit card companies only pull a credit report from one of the three credit bureaus. If they received it from Experian, then the consumers second credit file would be in Experian's files only.

If a consumer applies for a mortgage in the above example or orders a "tri-merge" credit report (which both pull reports from all three credit bureaus) then a second credit file could be created - accidentally - with all three credit bureaus! We've had many clients who have had this happen. A second file had been accidentally created. The problem here is the minute any consumer knows they're using a second credit file, and they're attempting to conceal their credit history, they're breaking federal law!

WHY USING AN "ALTERNATE" CREDIT FILE IS UNETHICAL!

Using an alternate credit file - in our opinion - is actually fraud. For example, if you were to sell someone a car without disclosing that its title had been salvaged, that's fraud. The failure to disclose to the buyer a material fact (that the car was in a salvage accident) that had he or she known, would have likely made a different decision - is fraud. The buyer of the car in this example has been deceived as to its value, just as a bank or credit card company is deceived as to the credit worthiness of a consumer using a second credit file. Anyhow, that's enough of me talking off my soapbox. Now I'm going to reveal to you...

THE ONLY 100% LEGAL METHOD YOU CAN USE TO CREATE AN ALTERNATE CREDIT FILE!

This 100% legal method is quite simple. Instead of building personal credit on a second credit file under your SSN - build business credit using an Employer Identification Number (EIN). Then contact Dunn & Bradstreet to establish a business file. What do all these credit bureaus have in common besides tracking your credit? Simple...

They all sell your credit information to outside lenders who are looking to approve you for business credit! **This is the one legitimate 100% legal and ethical way to build a alternate credit file, and it has been used for decades by the rich and wealthy.** Now it's your turn! The first thing you'll need is a new account reported to your Business Credit File. One of the fastest ways to do this is through a technique we discussed earlier - a Deposit Loan Program (or DLP).

Here's exactly how DLPs work. First, you sign a loan agreement (the minimum is usually \$25,000) and pay your first month's interest in advance (more on this later). Second, the DLP company deposits \$25,000 into a bank account in YOUR BUSINESS NAME and under your business's EIN. Remember, this is a deposit only account - no withdrawals are allowed. That's understandable when you consider there's NO CREDIT CHECK and NO DEPOSIT. It's strictly a credit building tool to get your business credit started. **The bank then reports your \$25,000 loan to the major business credit bureaus under your Business Credit File!**

Second, you can also "piggyback" your business credit onto your personal credit. So you're building business and personal credit at the same time at no additional cost! DLP's usually charge monthly interest and require a minimum of three interest payments be made. After the third month, you can then close the account and you're done. For greater score enhancement, it's best to go the full 12 month term on the note.

Either way, once you close the account you will then have a \$25,000 installment loan - PAID IN FULL - reported to your Business and Personal Credit File! The downside is you will need about \$2,500 dollars to complete a 12-month DLP. In addition, there is only one company we know of that makes this possible. For cheaper and simpler alternatives to building business credit visit <http://www.ConsumerPublishingGroup.com>.

*** This information is subject to change without notice!
For DLP more, information visit <http://www.try.tc>**

How To Start Fixing Your Credit FAST Using ALL The "C.S.B. Credit Letters" At Your Finger Tips With The Push Of A Button! And, Get Your Hands On The "TOP SECRET" Info So Powerful They Still WON'T Let Us Publish It In The "Credit Secrets Bible!"

Only 1 out 18 can become a "Credit Secrets Bible" Gold Member. Here's why...

Dear Valued Client,

I am about to tell you a true story. If you believe me, you will be well rewarded. **If you don't believe me, I will make it worth your while to change your mind.** Let me explain.

By now you've had enough time to study the *Credit Secrets Bible* and *Companion Audio Program* to know we tell it like it is. **And, you know we reveal the most cutting edge credit secrets in the country.** However, what if I told you there were more secrets. *Would you be upset or... Interested?*

They DON'T Want You To Know...

I'm sure you've figured out by now that the credit system is worth more than a game. A game where your opponent will do anything (even break the rules) in order to beat you and win.

The bankers, mortgage lenders and credit companies want to sink you in debt... Up to your ears; leaving just your mouth above water so you can make your monthly minimum payments.

Then, the moment you start getting behind, the collectors are on you like blood hounds with the appetite of a starved Pit Bull (harassing and threatening you with no end in sight).

When you give up and throw in the towel, then come the Debt Consolidation and Credit Counseling Companies posing as your "friends"... **Offering you help and a solution to your problem.** And, you think you're doing

The Right Thing.

Later, you find they're NOT your friends at all. Instead, they get kick backs from the banks and credit companies and CHARGE YOU a fee to boot. **They're on the same team as the other guys... Against you!**

These are the people who don't want you to know these secrets. **The TOP SECRET info so powerful our marketing department STILL won't let us publish it in the *Credit Secrets Bible!*** The first question everyone always asks is...

"Why?"

Actually, it's simple and will all come crystal clear in a moment. It's like this: the "Fat Cats" (*bankers, mortgage lenders, credit companies, counseling and collection agencies*) make a boatload of money off uninformed consumers. The more uninformed you are the MORE money they can make by taking advantage of you (and breaking the rules in the process).

The Fat Cats don't like the *Credit Secrets Bible* (obviously) because it gives consumers the tools to defend themselves and fight back against the system. **It arms consumers with the most powerful tool in history...**

The TRUTH!

Think about it. The *Credit Secrets Bible* creates more work for the Fat Cats and cuts into their profits -BIG TIME- because people like you are now "in the know" and won't take it lying down!

This is the same reason the Credit Bureaus aren't fond of the *Credit Secrets Bible.* It creates a smarter and sharper consumer. A person who isn't easily pushed around. A person whose aware of their rights and, who isn't afraid to exercise them! *This, is the problem...*

You see, over the last 5 years, we've been approached three times to sell the *Credit Secrets Bible* to a large television audience via late night infomercials. And, all 3 times, our marketing department has always responded the same, with a polite...

"No Thank You..."

Why? Because the *Credit Secrets Bible* is too powerful to sell to the masses. You see, Bankers, Credit Bureaus and Collection Agencies are VERY POWERFUL organizations and you don't want to piss them off. And, let's face it. The *Credit Secrets Bible* creates extra work for them.

Each copy sold takes a little money out of their pockets by creating a more informed, more educated consumer who will

question and challenge (all) their tactics. **This creates extra overhead and eats into their profits.** Multiply this by tens of thousands of consumers and pretty soon it adds up to millions in lost revenue.

It's for this reason our marketing department always declines offers to sell the *Credit Secrets Bible* on television and why we can't reveal everything in the *Credit Secrets Bible.* **Unfortunately, like firearms, some information is too powerful to be in the hands of John Q. Public.** As a result, a special (almost secret) club had to be created...

The Credit Secrets Bible "GOLD MEMBERS" Club

For many reasons you can imagine (and many you can't) membership in the *Credit Secrets Bible* "GOLD MEMBERS" Club is limited. Not everyone is approved and many are turned down each month. This is for a variety of reasons. **However, if you're fortunate enough to be approved you will be richly rewarded.**

For starters you'll receive your **Exclusive "GOLD MEMBERS" Manual** (over 100 pages) and **two Gold Member Computer Discs** containing the newest "hard hitting" credit letters, four "shocking" audio seminars and 9 bonus articles that will knock your socks off!

- Your first computer disk contains ALL the powerful and highly effective credit dispute letters contained in the *Credit Secrets Bible* (ready for you to edit) that can **eliminate ANY** negative item!
- Debt negotiation letters you can use to settle your debts and FIX your bad credit for as little as .27 cents on the dollar - ready to edit on your computer!**
- Your second computer disk contains powerful audio seminars and bonus reports on how you can combat judgements, liens, garnishments and levies, and...
- How you can spot the most common "sub-prime" predatory lending practices and home improvement scams!**
- The "pro's and con's" of bankruptcy and the 10 most common myths of credit repair!
- The "Great American Debt Explosion", the TRUE cost of debt and an expert overview of debt settlement strategies!**
- The **secret** 20 year old "bankruptcy score" and exactly why it can affect you even if you've NEVER filed for bankruptcy!
- How to spot high yield investment or "bank debenture" scams and the most common lies told to fool you!**
- The new BK law "means test" explained in simple plain English! How hard is it now for you to qualify for Chapter 7?
- How to correct mixed, merged or "split" credit reports!**
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Over 4 Hours of Special "INSIDER" Audio Seminars!

How would you like to listen in like a "Fly on the Wall" as top credit experts discuss powerful cutting edge credit techniques? Techniques never to be revealed to *Credit Secrets Bible* owners. Nope. These audio seminars are only made available to "GOLD MEMBERS". You get over 4 hours on FOUR of the hottest topics today. These seminars include:

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- Sue the bank for breaking the law? AND have them pay off your house? It's been done!** An Insiders look at "Predatory Lending". The most controversial topic in consumer finance today!
- The **WORST** bankruptcy laws in history (in our opinion) and what it means for consumers in debt up to their ears! Not good news in a sagging economy...
- Insider debt negotiation secrets from an expert in the field - an exclusive from the "I hate debt" radio show!

On top of all this you're going to receive the "Audio Transcripts" of these calls so you can read them if you don't have time to listen on your computer. **You're also going to receive access to special "GOLD MEMBER" newsletter updates (a \$195 value!) to keep you right on the cutting edge of credit restoration!** You even gain access to other "GOLD MEMBERS" and their skills, services and personalized expertise. Remember, sometimes success in life is more about who you know than what you know!

Agreement of Non-Disclosure

To be considered for membership you must SIGN the application. Application binds that you will NOT disclose the knowledge you gain with ordinary **C.S.B. Customers** or **The General Public** (if you're a *credit consultant* you may share with your clients within the line of work).

LIMITED Offer of Membership

Membership in the *Credit Secrets Bible* "GOLD MEMBERS" Club is limited and NOT guaranteed. If not accepted your payment will be returned in full or your fax mailed back with our regrets (you may then reapply within 30 days). If accepted, your **Gold Member Package** should arrive within one week by Priority Mail.

Gold Members are also eligible to receive exclusive discounts on select products and services. All applications submitted with checks are held for bank clearance.

For fastest service order online at <http://www.creditsecretsbible.com/gold/> or fax your order to 801-720-7077. **All orders must be shipped to the Card-Holders billing address ONLY. No exceptions. Thanks!**

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YES! Please accept my application for membership into the prestigious *Credit Secrets Bible* "GOLD" members club. I understand as a **Gold Member** (if accepted) I will be shipped my **Gold Member package** with 48 hours containing my **Gold Member Computer Discs, Audio Transcripts and Bonus Reports.** I understand as a **Gold Member** I may not disclose this information with ordinary **C.S.B. Customers** or **The General Public.** If I am NOT accepted my payment will be returned. On those conditions enclosed is my check, money order, credit or debit card for \$88.75 + 7.85 S/H (**Total \$96.60**).

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ARTICLES

By Jay Peters
Consumer Publishing Group

The TRUTH About Credit Repair...

by Jay Peters

Have you ever wondered what companies send you when they claim you can erase your bad credit overnight? How about those ads that say you can get any major credit card 100% Guaranteed regardless of your credit?

Ads abound almost everywhere (online and off) selling books, systems and secrets to help you fix your credit in a hurry. Many of these programs have claims which read like the covers of supermarket tabloids "In 3 hours my credit score jumped from 580 to 676!"... "Erase bad credit and smash your debts with just 2 Magic Letters!". "Create a completely new credit file in 24 hours!" Are these types of claims ALWAYS too good to be true? The answer is "Yes and... No".

While many people would love for you to believe that the only thing that can fix bad credit is time; in reality... Nothing could be further from the truth. The fact is, time is only one factor which will fix a credit report (but it's a far cry from being the only factor). How can I back this up? Easy. Under a consumer protection law known as the Fair Credit Reporting Act (a.k.a. The FCRA) the only negative information which can remain on your credit report is not what is accurate... But what can be proved as such. What's this mean to you?

It means any negative item on your credit report can only remain there if it is accurate and CAN BE PROVED AS ACCURATE under the guidelines of the FCRA. This undisputable fact presents consumers with both good news and bad news. The good news is that through the FCRA your credit score can most likely be improved dramatically in a very short period of time with only a modest amount of effort on your part.

The bad news is that while the actual "work" will take very little of your time, it is vital that you have good information on "how" to go about it. This is the bad news; 9 out of 10 courses on re-

storing your credit will do nothing more than lead you into a snake pit. This is because they provide you with outdated "Boiler Plate" dispute letters which are rarely effective. These are nothing more than form letters and... Quite frankly (more bad news) the Credit Bureaus and Creditors will laugh at you if you try to use them.

While I agree with the Federal Trade Commission (FTC) that "Anything a Credit Repair Clinic can do for you legally, you can do for yourself at little or not cost"... The key element you need for success is the latest inside techniques and procedures to get the results you want. These involve strategies known as "Proof of Contract", "Constructive Notice", "Challenge of Procedure" or "Restrictive Endorsement" and many others.

All these terms may "sound" impressive but they are really quite simple. In the end, it is nothing more than a method of communication which exercises your consumer protection rights, gets the results you want and raises your credit score. Even more impressive, once you learn how simple it can be by doing it for yourself, you will find there is a fortune to be made doing it for others! Either way, it all starts by requesting a free copy of your credit report by visiting: www.AnnualCreditReport.com.

Jay Peters is the Marketing Director for Consumer Publishing Group which publishes the Credit Secrets Bible (in print since 1994). To receive Free Credit Tips including "How To Make Yourself Identity Theft PROOF in 60 minutes or less For FREE!" visit their website: <http://www.Credit-Secrets-Bible.com>

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Is Your Credit Score Costing You A Fortune?

by Jay Peters

While some surveys show that 9 out of 10 consumers are unaware what their credit score is, I'd like to quickly share with you how your credit score could be costing you a fortune... In more ways than you can imagine.

We all know a low credit score will make everything in the world of finance more expensive because of higher interest rates from lenders due to being considered a greater credit risk (i.e. higher interest rates on car, homes and credit cards). While this may be considered common knowledge by some, it's truly devastating effects are understood by few.

For example. If you purchase a \$200,000 home on a 30 year fixed mortgage at 8% interest instead of 6% (because of your credit score); that 2% is going to end up costing you a total of \$96,934.11 over the term of the loan. Now, think about how many "extra" years you'll have to work to pay off \$96,934.11 because of an extra 2% in interest?

The part few people talk about is all the other areas in life where a low score will increase your cost of living on an annual basis. For example. In addition to paying more for a car, home and credit cards, a low credit score will most likely have you paying more for the following as well.

1.) AUTO INSURANCE. As many as 92% of the 100 largest personal automobile insurers use credit information to underwrite new business, according to a 2001 study by Conning & Co., an insurance-research and asset-management firm.

2.) HOMEOWNERS INSURANCE. It's thought many insurance companies see a correlation between low credit scores and increased property insurance claims. Therefore, a low score will result in higher rates.

3.) LIFE and HEALTH INSURANCE. Customers who are unable to pay their monthly insurance premium thereby pass along that increased cost to the insurance company whose stuck with the bill... Resulting in a loss for the company. Since customers who pay without lapse are more profitable it is felt by many that a low credit score now even affects a monthly life and/or health insurance premium negatively.

One of the more shocking areas where a low credit score will you cost you is in the area of employment. It's estimated as many as 42% of employers now do credit checks on applicants before hiring them (according to a 1998 survey by the Society for Human Resource Management).

While many employers claim they only do it to "verify" information on your application (such as where you live and where you have worked etc.) we can both assume they are taking the liberty to "have a peek" at how you handle your financial affairs as well. According to the Public Research Interest Group (PIRG) as many as 79% all credit reports contain errors - 25% of which are serious enough to cause the denial of credit (according to a 2004 report).

And that's all the more troubling in light of the increasing impact a bad credit report can have, says Ed Mierzwinski, director of PIRG's consumer program. "It's outrageous that the credit bureaus are claiming their scores are accurate enough to take people's lives and screw with them like this".

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Insider Techniques To Raise Your Credit Score Fast

by Jay Peters

If there is one question I'm asked by consumers more than any other about credit, it's this "What's the fastest way to raise my credit score?". My response is always the same "How much do you want to raise it?"

If you wish to increase your score from 580 to 650 then your strategy will be very different from someone wanting to go from 670 to 725. Why? Because your starting point is different which requires a different approach. Also, while the removal of negative items from a report will almost always lead to an increase in score, it's a basic concept at best. Therefore, within this article, we'll discuss somewhat inside techniques known by very few (since this is what our company specializes in publishing).

In relation to just removing negative items, these are techniques which you can use even if you have NO derogatory information on your credit report. We'll start with the most overlooked strategy first and that's your...

DEBT to CREDIT RATIO: The most fraudulent belief I've been hearing for over 15 years is "I have excellent credit, I pay all my bills off in full every month!" This is a false belief for one to buy into and understanding your debt to credit ratio holds the key to getting your "credit mindset" right.

Your debt to credit ratio is your ratio of debt to total available credit you have been extended (revolving accounts only). For example. If you have

\$10,000 in total unsecured revolving credit accounts and you're currently in debt \$2500, then your debt to credit ratio is 25%. Since the main way lenders make money is by charging interest, one of the elements of the credit scoring model is driven by your ability to maintain balances and pay over time. This shows your true (long term) credit worthiness which is most profitable to lenders since they make money primarily via interest and not annual fees.

Over the years we've discovered without question that carrying the proper debt to credit ratio will boost your score faster than paying off your bills in full each month. I have argued with the Better Business Bureau on this topic and they still disagree (despite my sending them proof from Fair Isaac's own website www.MyFico.com the organization which invented the credit scoring software used by credit bureaus).

Of course, what do you do if you're like most Americans and your debt to credit ratio is too high? For example. You have \$10,000 in unsecured revolving accounts but you owe \$8500, thereby giving you an 85% debt to credit ratio. How can you bring it down without selling everything you own? The answer is simple and takes us to the next technique which is...

SUB-PRIME MERCHANDISE CARDS: The single most cost effective (and powerful) tool for consumers to increase their high credit limit and decrease their debt to credit ratio is the use of Sub-Prime Merchandise Cards which report to one of more of the major credit bureaus.

Unfortunately, despite their immense benefits, these are the most misunderstood cards in the credit industry. A large portion of the misunderstanding is due to marketers misrepresenting the cards and the growing number of companies promoting them. When you learn how they work one quickly understands why they have been the subject of much misrepresentation.

A Sub-Prime Merchandise Card is nothing more than a card attached to a line of credit which allows you to buy merchandise from a specific vendor (usually the company that sold you the card). The merchandise (in most cases) will be purchased through a catalog or online mall.

Where the problem arises is that the cards are marketed almost exclusively to the sub prime market via email, telemarketing and direct mail etc. The reason for this is they can advertise almost irresistible offers like "\$5,000 Credit Card... GUARANTEED! No Credit Check! NO Co-signer! You cannot be turned down!" Or "Unsecured \$10,000 Credit Line! Everyone Approved!". I'm sure you get the idea...

While there are many companies which do this and are a "shady at best", there are a few which do it legitimately and it's the best kept secret to build your credit and build it fast.

Here's how it works: the company approves anyone with a pulse (literally) and gives them a card for \$2,500 to \$12,500 with NO credit check and NO Cosigner. However, the card is only good for merchandise through their website or catalogs and the consumer is required to put down a deposit on whatever they purchase. After the deposit is paid, the remaining balance is financed on the card.

For example. A person buys \$1,000 worth of merchandise. Their deposit is \$300 so they then finance \$700 on their merchandise card and make payments. Sound like a scam? If you say "Yes" like most people then you're missing the point... Big time.

With a legitimate Sub-Prime Merchandise Card your credit line WILL be reported to at least one major credit bureau (or more). This means if you get a \$5,000 card and you finance \$500, on your credit report it will look like any other credit card and will do three extremely important things for you.

1.) It will increase your current "High Credit Limit" by \$5,000 almost overnight as the account "looks" like any other unsecured revolving account.

2.) By carrying a small outstanding balance it will positively impact your credit report by building and showing potential lenders your credit worthiness.

3.) With a good payment history you are virtually guaranteed to receive "legitimate" pre-approved credit offers in the future due to other lenders renting your name from the credit bureaus.

This technique is hard to beat for both cost and effectiveness. Of course, the whole key is knowing exactly which cards report to the credit bureau and offer the best rates. The only thing more effective is...

PIGGYBACKING/PYRAMIDING: Despite its' virtually unlimited potential, piggybacking is not used by nearly as many consumers as it should be. It's easy, effective, and extremely fast. Unfortunately, it's mostly used among parents and siblings while those who can really benefit stay in the dark.

How it works. Almost every credit card or credit account will allow the primary account holder to add on (at a later date) what's known as an "Authorized User" or "Secondary Account Holder". In most cases, when this is done, the entire account history (retroactively) gets posted to the authorized users credit report regardless of their current age or credit history!

For example. If it's a credit card with a \$10,000 limit which has been paid as agreed for the last 10 years, then that complete history will be posted to the authorized users' credit report. I once saw a clients' credit report who used this technique with his mother. He was only 24 at the time and he had a \$15,000 Gold credit card on his report with history going back 11 years! I laughed as I thought to myself that this kid would have had to be approved when he was 13 years old for this

account to be his!

As you can see, this strategy is usually only used by parents and their children and in most cases with no regard to the benefits the children are reaping credit wise! In fact, in recent years, due to its' effectiveness, this technique has led individuals with excellent credit scores to "rent out" authorized user accounts on one or even multiple credit cards in return for a fee! I once recall seeing an ad in USA TODAY for just such an opportunity. Like most good credit loopholes, I'm sure this methods' days are numbered much like what may be the case with...

ADVANCED CREDIT PROFILING: This is a strategy while not complex, can be taken to very complex levels. Even in its' most basic form, it's taken advantage of by very, very few. It involves intentionally building your credit report in a way which creates a "profile" that closely fits the criteria of most lenders (as well as the overall credit scoring system). Again, this is a technique which can be used in a myriad of complex ways, but for simplicity I will explain it in its' most basic form.

While many consumers will boast when they have 10, 20, 30 or even 50 thousand dollars worth of credit cards on their report, many of these same people do NOT have even one mortgage, automotive loan or lease, equipment loan or a even a line of credit with a local bank or credit union. These other forms of credit create a much more well rounded credit profile for the consumer. This is achieved by showing greater credit account diversity and experience with multiple types of credit due to the various lines held.

For example. A person with \$50K in credit cards does not represent near the credit experience as a person with the same \$50K along with a mortgage, an automotive loan and an equipment lease. We have clients who have financed vehicles not because they had to (or even wanted to) but because they "needed to" in order to create a credit profile that would position them in

the future to secure the lowest possible rate on a mortgage when they applied and needed it.

More complex forms of Advance Credit Profiling involve one subscribing to affluent or semi-affluent business and professional publications and organizations. These would include magazines, newsletters, trade journals and national associations. The goal is to get ones name into the databases of these publications and organizations. Why? To get on highly targeted lists in order to receive select credit offers.

Marketers of credit offers have found that simply renting names of consumers from the credit bureaus does not provide enough information about the person as a credit risk anymore. Therefore, it is speculated that many will rent a list from the credit bureau and then cross-reference this list against another list they have secured from a consumer source such as an affluent business or professional publication, trade journal or organization.

By crossing the two lists together the marketers find the names contained on both lists. This in turn provides them with one highly refined and targeted list to mail their offer to. This results in shortening the process of securing a new quality account holder thus lowering the overall account acquisition cost of new accounts.

When a consumer learns how to intentionally put themselves into these databases to wind up on these refined lists, the credit building process is sped up exponentially. Of course, many would call this "highly speculative" but we have undeniable experience that it works.

DEPOSIT LOAN PROGRAMS: This is a technique so unbelievable that I myself proclaimed it had to be a scam before researching the facts. It allows the consumer (or business) to have a \$25,000 to \$250,000 loan appear on their credit report as "Paid as Agreed" by way of very creative financing. This method is extremely effec-

tive and not within the budget of most (\$750 to \$7,500 upfront). Also, because this technique takes advantage of certain banking laws, I have reason to believe it could be made unavailable at any time if those banking laws were to change. This method can be used with consumer credit files on SSN's as well as business and corporate credit files done on TIN's as well as Dunn and Bradstreet.

In the end, all of us need to remember that today our credit score is more important than it has ever been in the history of the credit reporting system. While credit miracles don't happen overnight, you can create your own credit miracles by applying simple insider strategies consistently over time. Before you know it, you're a proud member of the 700 Club. The "700 Plus Credit Score" club that is!

Jay Peters is the Marketing Director for Consumer Publishing Group which publishes the Credit Secrets Bible (in print since 1994). To receive Free Credit Tips including "How To Make Yourself Identity Theft PROOF in 60 minutes or less For FREE!" visit their website: <http://www.Credit-Secrets-Bible.com>

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**Facts Consumers Should Know
Before Considering Credit
Counseling or Debt Consolidation**

By Jay Peters

There is one topic which every time I write about it seems to generate some hate mail while at the same time spawning a flurry of wonderful praise

from consumers. Of course, the hate mail is always from a few people that happen to own these "certain types" of businesses I discussed and those businesses of course are Credit Counseling or Debt Consolidation companies; of which many "claim" to be non-profit organizations.

You'd almost have to be an ostrich with your head stuck in the sand to not see or hear at least one advertisement a day from a Credit Counseling or Debt Consolidation Company. However, you can expect this to change and change soon. Since this is a topic which tends to "stir up" the owners of these businesses, I am going to take a different approach by NOT sharing my opinion, but rather, the opinion of others. I will start with the news media and the Internal Revenue Service:

"(NPR News, May 15, 2006). The Internal Revenue Service is revoking the tax exempt status of some of the largest credit counseling agencies in the country. An IRS investigation disclosed that the firms solicited business from people seriously in debt and that they didn't provide counseling or consumer education, as required.

Prodded in part by a congressional oversight committee and consumer advocates, the IRS began investigating dozens of credit counseling agencies -- most holding nonprofit status -- two years ago. IRS Commissioner Mark Everson says the companies "poisoned an entire sector of the charitable community."

Everson says in many instances, companies were organized merely to funnel business to loosely affiliated for-profit companies. Many of the firms spend millions of dollars on commercials that urge anyone with debt to call them to solve their financial woes. And because tax-exempt organizations are not bound by the federal do-not call list, the firms were able to randomly call consumers, pitching their services under the guise of a non-profit counseling service.

The IRS investigations are also likely to affect consumers, thanks to a new bankruptcy law that requires consumers considering bankruptcy to get counseling before they are allowed to file. The IRS wants to ensure that only legitimate non-profit agencies are doing the counseling. In addition to the actions announced Monday, the IRS is sending more than 700 compliance letters to the rest of the credit counseling industry (END)."

Since almost all Credit Counseling and Debt Consolidation companies claim a non-profit status, I feel most consumers are easily sucked in with their skepticism and defenses at bay. After all, when most of us hear the word "nonprofit" the first thing we usually think of is a church or homeless shelter.

From the NPR article and the actions of the IRS, I think it's fair to assume that many of these "non-profit" organizations have been operating under a scenario similar to that of a wolf guarding a hen house. However, this doesn't mean all credit counseling and debt consolidation companies are bad but... You do need to know the truth about how they operate and their limitations.

The first thing you want to understand is these companies are ALL more interested in making money off you than they are in preserving your credit rating. The bottom line with either credit counseling or debt consolidation is that it absolutely ruins your credit. I can just hear the companies arguing this with a consumer right now, telling them nonsense like "It helps your credit since it tells creditors that you're working on your situation and not just running away from it." Listen... If one of these places tells you that then watch out. Why? Because they will lie to you about other things as well!

One of the first actions these programs usually requires you to do is for you to CLOSE all your revolving credit accounts. You then make payments to the organization and they take care of everything for you. What this says to all your credi-

tors (as well as anyone considering giving you credit) is that you are so out of control with your finances that you can't even manage paying everyone back on your own. Therefore, you're hiring someone else to do it for you!

99% of the time these companies will claim they can negotiate with your creditors and get interest rates reduced thereby saving you money. While this is true, what's also true is you can easily negotiate these same rates as well as they can by just calling your creditors yourself. You'd be amazed at how many of your creditors would love to hear from you (especially when the chips are down!). Not to mention, any money the counseling company was to save you would more than likely be sucked back up by their monthly fees (usually around \$500 to \$1,000 per year).

This brings us into a whole other dynamic of their business model. Because these companies always make their money off of monthly fees paid by the consumer, the longer they can keep those monthly fees coming in the more profitable their business will be. It's for this reason that most consumers who sign up with these companies usually find themselves on payment plans with the lowest monthly payment possible (which turns out to also be the LONGEST payment plan as well). Not surprising is it?

Am I against Credit Counseling and Debt Consolidation companies? Absolutely not. After all, there are millions of people in America who will never be able to manage their finances. Credit to them is a destructive addiction much like alcohol or drugs and they will never be able to control it. Instead, it will always control them. We've all seen these people. Every time they are extended credit shortly thereafter they are in financial trouble (usually blaming it on some external factor). For these people I think these credit and debt counseling programs can be a good thing (as a ruined credit report is not a hindrance to them but actually an asset). It keeps them out of future financial trouble by forcing them to live their

lives on a "cash and carry" basis; which is ultimately conducive to a better standard of living down the road.

On the other hand. If you're good with your finances and have control with credit but went through some type of hardship beyond your control in the past (i.e. divorce, job loss, etc.); then the services of these companies will never be for you. You will do far better and preserve your credit rating by taking matters into your own hands. Reason being is that you understand your credit rating is a powerful tool that can help you move ahead faster, help others and help yourself as well as create the life you want. It all comes down to self management. We all know that those who cannot manage themselves will ultimately be managed by others. Credit is no different. When you learn to manage it well, you are the master and it is the servant.

If you care about your credit and want to benefit from it in the future, then you will never rely on a credit or debt counseling service to help you get out of any trouble you find yourself in. Instead, you'll look inward and get yourself out while preserving your credit rating the best you can. Credit and debt counseling is for people who are "ok" with throwing their credit rating in the trash so they can have "someone else" manage their payments for them (since they are unable to manage them themselves). And again, as far as negotiating interest rates, you can do just as good as them or better. If you don't believe me just call any of your creditors and straight out tell them your situation. You will quickly find you don't need to be afraid of them. They just want to get paid like the rest of us.

Jay Peters is the Marketing Director for Consumer Publishing Group which publishes the Credit Secrets Bible (in print since 1994). To receive Free Credit Tips including "How To Make Yourself Identity Theft PROOF in 60 minutes or less For FREE!" visit their website: <http://www.Credit-Secrets-Bible.com>

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Five Things Every Married Person Should Know Before Signing Any Credit Application

by Jay Peters

Have you ever wondered if banks have a tendency to approve credit cards and loans for one sex more than the other? If you are married (or plan to be) I will share with you five vital keys every married person should know before signing any credit application.

VITAL KEY #1: According to the Federal Equal Credit Opportunity Act (FECOA) creditors cannot deny consumers access to credit because of their sex. However, on average (in surveys) it's reported that women earn less money than men. Regardless of what the FECOA states, the relationship of credit to income is very strong.

In our society if you make less money you will get less credit, period. The sad fact is that women on their own have less access to credit. It's for this reason (I believe) it is imperative that women learn and acquire more knowledge about credit than men. Knowledge is power; and in the world of credit that knowledge will often times prove to be priceless, especially for women.

VITAL KEY #2: If you are a married woman with JOINT credit (meaning all your credit accounts are jointly held with your husband) you have NO CREDIT yourself. Many women in America find this out the hard way every year when they get

divorced and lose all their credit privileges since all their accounts were jointly held with their spouse. If you are a woman in this position you can greatly benefit by beginning to build your own credit in your own name starting today! The benefits are two fold.

1.) If your spouse has financial difficulties (for any reason) and is forced to file bankruptcy or their credit becomes derogatory, you and your spouse will have your credit in reserve to survive on.

2.) If you ever get divorced down the road (over 50% do and 76% in the state of California) you will NOT end up in financial hardship due to no credit and/or derogatory credit. Instead, you will have your credit to transition to and (believe me) this can be the difference between sailing off in the sunset or drowning in a storm.

VITAL KEY #3: If you are currently married (with some credit or no credit) to a spouse who has excellent credit, you can leverage their credit to build credit in your own name much faster than if you had to build it by yourself. Later, once you have established enough accounts on your own, you may choose to cancel accounts that were held jointly with your spouse.

VITAL KEY #4: If you are a single woman with excellent credit and are getting married you may want to think twice about adding your new lover to all your credit accounts. If he messes up or you end up in divorce down the road your credit will end up taking the beating (regardless of how many years you diligently spent building it up). For this reason, I strongly suggest married couples keep their credit separate. Why?

In most cases spouses have far more to lose than to gain. Naturally, some credit will have to be joint no matter what you do. If you purchase a home (which may require both incomes to qualify) this will appear as a joint account on the credit report. However, the potential abuse with a home mortgage is almost non-existent as opposed to Credit Cards.

VITAL KEY #5: Spouses have more to gain by each building strong individual credit reports rather than joining all accounts and building one joint report. For obvious reasons, banks and credit card companies love the "credit ignorance" of spouses who join all their credit accounts upon marriage.

Here's why: If you take 500,000 couples with credit before they got married, those 500,000 couples actually represent one million credit accounts and liabilities for the banks and lenders. When those couples got married, those one million credit liabilities were instantly cut in half from one million to only 500,000. For banks this is a very advantageous situation. For the couples getting married (if they have financial trouble) the deal is a little raw. If they have trouble, although they are two people, they are represented by only one credit report. The bank now has the right to go after two different people for one account (regardless of who was financially negligent).

For moment, let's play out the same scenario with a couple which is financially savvy (note: they're both on the same "team" but financially savvy). In this scenario, the couple gets married, but instead of joining account each builds their individual credit reports. Now this couple (team) has not one credit report representing them but two. Metaphorically, if the perfect storm (financially) is to rise, this is the difference between the couple being in the ocean with two ships instead of one. If the one ship starts to sink, the couple can always "jump ship" to the second.

While some may criticize this thinking it is no different than buying any kind of insurance. You buy insurance not because you plan on a problem. You buy insurance because you are thinking ahead. This type of thinking is no different. However, if you want to be ahead of the pack that you need to think ahead of the pack.

I cannot tell you how many times I have talked to loving married couples in financial trouble who

only WISHED they would have known about these five vital keys before they got into financial trouble. Take them, study them, apply them to your life. As I heard one woman put it "In business and in life I've learned to expect the best but plan for the worst". I thought her words were brilliant. However, I have found that when I expect the best... Many times I tend to get it! Take these five vital keys. Study them. Apply them. Then pass them on to someone else who can benefit from them.

Jay Peters is the Marketing Director for Consumer Publishing Group which publishes the Credit Secrets Bible (in print since 1994). To receive Free Credit Tips including "How To Make Yourself Identity Theft PROOF in 60 minutes or less For FREE!" visit their website: <http://www.Credit-Secrets-Bible.com>
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Facts Consumers Should Know Before Using A Credit Repair Company

by Jay Peters

Have you ever wondered about those ads you see from companies and law firms which offer to fix your credit for a low monthly fee? People with credit problems often ask me when it comes to improving their credit score whether they should hire a credit repair company or do it themselves? Unfortunately, there is no simple or universal answer to this question. However, I will shed some light on the subject if you're in need of a little enlightenment.

According to the Federal Trade Commission (FTC) "Everything a credit repair clinic can do

for you legally you can do for yourself at little or no cost". While I agree with the FTC I also understand some consumers do not have the time, patience (or knowledge) to do the work themselves and the thought of "drive-thru-we-do-it-all-for-you-credit-repair" becomes very appealing. After all, everything a mobile oil change service can do for me I can also do myself at little or no cost (but you won't find me changing the oil in my car this weekend!).

Although some things are better done yourself, only you can determine if doing your own credit restoration work will be one of them. This is why understanding both the advantages and limitations of a credit repair company and the structure from which it operates are VERY important.

REFERENCES: Any legitimate company or individual doing credit restoration work for consumers will be able to provide you with at least half a dozen references. If the company or person is local you should be able to call these references. This is without question the most important point of consideration when hiring a professional to do the work for you.

If possible, I suggest you ask friends, family, relatives and professional contacts if they know of someone who does credit restoration work as a side business. By far the highest percentage of successful stories I hear from consumers are those which come from those who found a credit consultant via personal referral. I cannot stress this enough. It's the difference between going on a vacation with a close friend instead of a stranger.

CONTRACT: Unlike painting a house or putting in a driveway, credit restoration work (and results) are extremely broad. Therefore, the use of a contract is imperative. Most likely your credit challenges didn't occur overnight and they won't be improved overnight either. A good contract protects you as well as the service provider. The contract should be easy to understand without an Attorney and spell out the actual services which

will be rendered as well as the service providers' limitations (i.e. they cannot guarantee the removal of any one particular item but can guarantee an overall increase in score overtime).

MONTHLY FEE: One of the most critical elements which affects "how" a credit restoration company operates is determined by its' payment structure. One of the most common payment structures of large companies or law firms doing credit restoration is that of the monthly "auto-debit" fee. In this structure the consumer usually pays \$49 to \$99 up front and then a monthly fee of \$39 to \$49 per month. While there is an advantage to this method (affordability) with it comes many disadvantages.

1.) The first disadvantage this structure creates is that it gives the company absolutely no incentive to work quickly or aggressively on behalf of the consumer. In fact, the opposite is true. The longer they take the longer they will continue to collect their monthly fee! In most cases this structure leads to slow results over a very long period of time. Looking at it logically, this shouldn't come as a surprise.

2.) The other challenge within this structure is the actual amount of time, effort and resources which a company or law firm can reasonably allocate on a consumer's behalf. Remember, any large business has a tremendous amount of overhead which quickly chews up most of that monthly fee. Out of that \$39 to \$49 there are monthly expenses including but not limited to: Advertising, Office Rent and Utilities, Employee Payroll and Taxes, Health Insurance, Phone Service, Office Supplies, Refunds, Computer Maintenance and Programming, Website Administration, Office Supplies and let's not forget postage for mailing letters to creditors, collection agencies and credit bureaus. A much simpler way to think of this is by imagining if you had a client paying you \$39 a month; how much work would you be willing to do?

3.) One of the biggest challenges credit repair companies charging low monthly fees run into is being forced to rely on the use of Automated "Boiler Plate" Dispute and Correspondence Letters. Boiler Plate Letters are simple form letters which are used for ALL consumers (one format fits all). Once set up in a computer program with the consumers' information they are "shot out" automatically on behalf of the consumers needs (i.e. disputing a late pay, charge-off or judgment, etc).

The problem here is that when a credit repair company has thousands of clients they are shooting these form letters out for, the creditors, collection agencies and credit bureaus can take notice of these letters being used over and over and discover your correspondence is coming from a third party (i.e. credit repair company or law firm) and in some cases ignore it or (worse yet) mark the dispute frivolous and flag your credit report. I spoke with a man recently who was on the inside of a large credit repair company who informed me they had an archive of over 10,000 boiler plate letters on file to avoid this problem. Of course, they charged customers by the month.

NONDISCLOSURE OF METHODS: One of the most troubling issues with 95% of large credit repair firms (especially law firms) is their nondisclosure of dispute tactics and methods. As a consumer it is vital that you are made aware of the methods they are using in dealing with your creditors, collections and the credit bureaus. If the organization or law firm violates laws or makes errors (I have witnessed both) you could be held liable for their negligence. In addition, this can actually make your credit worse and create problems which are very difficult to clean up. Anyone doing credit restoration for you should disclose "what" they are doing since you are paying for a service. If they won't, you better run the other way as they could be pouring gas on a blazing camp fire.

LOCATED IN HOME STATE: This is one of the

most overlooked keys to successful third party credit restoration which consumers miss. It is absolutely vital when having someone else do your credit restoration work for you that they operate within your home state. Here's why: if a credit repair company or law firm mails dispute letters or correspondence on your behalf from another state, that mail will be postmarked from that state. If the credit bureau catches this they can (and in many cases will) mark the dispute as frivolous and flag your credit file.

It is known that many Credit Repair Companies and Law Firms will resort to or create some kind of method to get around this in order to get disputes postmarked from the consumers' home state (potentially more nondisclosure). For example. If they are in NY and you are in CA they will first have to mail your dispute letters inside an envelope from NY to CA. Once in CA someone opens the envelope and then mails your dispute letters from CA so they postmarked from your home state. I am not an expert on postal regulations but had a postal employee tell me the concept sounded extremely shady at best.

CUSTOMIZATION: It's for this reason that some of the most advanced forms of credit restoration are done completely customized for the client and even (in many cases) by hand. The best credit restoration companies I've seen are usually run by one person or a small number of people and are extremely customized for each client. The is the most effective but with effectiveness comes cost. Every one of these services I have seen charges a very large upfront fee and works entirely off of referrals. This type of service is simply impossible to perform for \$39 or even \$49 a month.

Unfortunately, if you are unable to find someone in your area (preferably an individual) by way of referral through a friend, relative or professional contact, then I recommend you take matters into your own hands and do it yourself. I realize most consumers do not want to hear this but the good

news is that it will almost always turn out to be the highest paid work you will ever do in your life. How high? How does \$500 to \$2500 an hour sound? I understand it's a bold claim but not one I am unable to back up.

If you're ever going to finance a first or second home (which everyone eventually should for the tax breaks) the difference between good credit and poor credit will affect your interest rate. If you secure a \$200,000 mortgage on a 30 year term and your interest rate is only 2% lower because of a high credit score, that 2% will save you \$96,934.11 over the course of the loan (just because you had better credit). Take that \$96,934.11 and divide it by the 30 to 50 hours you may spend working on your credit situation and you'll quickly realize credit restoration when done properly does not cost - it pays!

Jay Peters is the Marketing Director for Consumer Publishing Group which publishes the Credit Secrets Bible (in print since 1994). To receive Free Credit Tips including "How To Make Yourself Identity Theft PROOF in 60 minutes or less For FREE!" visit their website: <http://www.Credit-Secrets-Bible.com>

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The Truth About Creating An Alternate Credit File

by Jay Peters

What if I told you there was a way you could solve all your bad credit problems overnight by creating a brand new credit file in 24 hours - would you be interested? And what if I told you this program was 100% legal and even backed by the

federal government - would that sound too good to be true?

Well... you're right. It is too good to be true but these types of ads are now surfacing again after the Federal Trade Commission launched "Operation New ID Bad Idea" over 8 years ago. This operation targeted (and took down) over 50 credit repair organizations and companies selling consumers both pamphlets and services giving them a brand new credit file under the pretense it was 100% legal and in some cases even claimed it to be a "government sponsored" program!

The con was simple. Companies would target consumers with bad credit and offer to create a brand new credit file for them by substituting an Employer Identification Number (EIN) for their Social Security Number (SSN) along with a new address. EIN's were obtained from the Internal Revenue Service on behalf of the consumer. With the EIN and a new address the companies would either have the consumer apply for credit with the "new information" or the company would apply for them. When the creditor would run the application it would automatically create a new credit file because the computer would be unable to find the consumer in the database due to the new address and SSN.

While there is some dispute among privacy experts as to whether or not this is legal, the FTC's actions at the time were not up for debate. Companies were advertising and luring in consumers in order to have them falsify credit applications by providing new information such as their address and SSN in order to obtain credit. This was a direct violation of the Truth in Lending Act (TILA) and worse yet, the companies were advertising to consumers that this was 100% legal and in some cases claiming it was a government sponsored program. As you'll hear me say often "In reality, nothing could be further from the truth".

Privacy experts will argue that using an EIN or 9 digit PIN (simply a made up number) in place

of ones' SSN is completely legal since creditors are on shaky ground asking for your SSN in the first place. In regards to the truth in lending act they will argue that one has to exhibit "an intent to defraud" a creditor. My question "Is concealing ones' adverse credit history intent in itself?" While I am not an Attorney on the matter of credit law I can conclude that if a consumer was to create an alternate credit file using the EIN or PIN method they better be darn sure they never have a problem paying their bills. If they do, they most likely would find themselves in a courtroom with a case involving credit fraud. Which brings me to my next topic.

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WHO WE ARE...

Consumer Publishing Group is a publishing, research and educational company that has been in business since 1994. Therefore, you can count on us to be here in the future and bring you the most up-to-date insider information available, most of which our staff creates, tests and is published and distributed first to clients like yourself.

We are also aligned with National Credit Educators (NCE). NCE teaches the newest insider concepts and techniques when training their certified Credit Coaches to help other consumers get the most out of their credit restoration and score building efforts. You can benefit from the newest by contacting NCE at:

[http://www.NationalCredit
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Learn more about our Advanced Credit Building Membership and all the amazing benefits such as live teleconference calls.

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What's Inside This Issue...

- **THREE** ways Americans can legally obtain a NEW social security number (*you can thank Bill Clinton for one of them!*)
- **The legal way to claim to make a lot more in income than you do** (*and DOUBLE you credit card limits in no time flat!*)
- **How to legally bribe your creditors to CLEAN your credit report for you** (*so simple, you'll wonder why you never thought of it!*)
- **How to lower your current payments on your debt by up to 50% practically overnight** (*two methods that can be a life-saver!*)
- **The single best way to protect yourself from identity theft for FREE before it ever happens** (*and get all three of your credit reports for free to boot!*)
- **Over 10 different ways to get your student loan debts legally CANCELLED by the U.S. Government** (*other than death, qualify for only one and you win!*)
- **Thinking about divorce?** 3 critical steps to preserve your credit BEFORE you file (*something most people wind up learning when it's way too late!*)
- **Why using a credit repair company or law firm can actually make your credit WORSE** (*and do irreversible damage!*)
- **And much, much more...** (*fasten your seatbelt!*)

How To Raise Your Credit Score Quick & Easy In As Little As 30 Days!

First of all, if you want to raise your credit score in a short period of time find out if there are any credit accounts

you have that are not being reported to the credit bureaus.

Contact the creditor and request they report the account to all three credit bureaus. If they'll do this, you now have a brand new account to help raise your credit score and qualify for additional credit. Some examples of this would be your utilities, auto loan, insurance and any furniture or appliance financing that's not getting reported.

A much easier method is to become an authorized user of a friend or family members credit card. By doing what's known as piggybacking or pyramiding, you will pick up that persons credit and history. Just make sure they use credit responsibly and have yourself removed from the account after 90 days of reporting just to be on the safe side.

Another commonly used method is opening a saving account in Bank A, depositing \$500 or \$1,000 into it and telling your banker you want to borrow against it to build your credit. This method is not as practical as piggybacking but has been used successfully for decades. You can then take that same amount of money in Bank A and go to another bank (Bank B) and repeat the process all over again.

Of course, there are many banks who offer easy to get unsecured cards with a credit limit of \$300, but after all the fees the credit card company charges you're lucky to have \$20 left of available credit. So, in effect you've been approved for an unsecured card that's almost 100% secured. Avoid these typed of offers like the plague! They're a complete rip-off.

The most practical method is the use of a merchandise card. This is by far the cheapest and best tool to add primary accounts to your credit file - if they report to a credit bureau. Merchandise cards are highly misunderstood and mis-

Who Else Wants To Earn Up To \$103,608 in EXTRA Profit This Year... Starting in Just 10 Minutes?

From: Jay Peters

Dear Entrepreneur,

If you've got a current online business and an email prospect/customer list... then I can show you how to earn up to \$103,608 in EXTRA profit this year... starting in just

10 MINUTES...

The "**Credit Secrets Bible**" has been one of the national top selling consumer credit courses in the United States since 1994. In late 2006 it was launched in eBook form on the well-known www.Clickbank.com platform and... **in less than 90 days... it became the number one Consumer Credit Course on clickbank.com** (*earning a small fortune for it's affiliates in the process*). *Why?* Well, there are many reasons but only one that matters to you and that is...

70% COMMISSION

The "**Credit Secrets Bible**" did not become number one on clickbank.com in because it's the best credit restoration course on the market (*though it is*). And, it didn't become number one because it's been around the longest (*which it has*). It became number one because of the commission affiliates like you are paid. We pay MORE than any other credit product on the entire clickbank network at 70% commission. For you this translates into...

\$43.17 Per Sale!

Obviously, time is of the essence as this opportunity is not only hot... but more importantly **fresh** and **new**. Since credit is a general topic with mass appeal, many companies like yours will continue jumping on board to promote this. As they do, the profitability available tomorrow will still be great... but not *anything* like what it is today for those acting now. We've seen affiliates churn out over 200 sales in their first month which equates to \$103,608 in **EXTRA NET PROFIT annually**... just for sending an email and then building that email into their AR sequences. *Not bad for 10 minutes work?* Just go to the link below for more information.

<http://www.CreditSecretsBible.ORG/affiliate/>

judged by most of the credit community. We have thousands of clients who have gone to our merchandise card affiliate and shot their credit scores through the roof because they followed our experience and got the only merchandise card we are aware of that reports to the credit bureau. There's no credit check, no annual fee, 0% interest and the account looks and acts just like a major credit card on your report. What more could you ask for? For 24 hour recorded information call 1-801-350-3999.

The Legal Way To Claim To Make A Lot More Income Than You Do And Double Your Credit Limits!

All credit card applications ask for your Social Security Number. They also ask for your income, which can determine how much credit you're approved for. The key is they usually ask for your household income. That means you can add up how much you, your spouse, parents, children and anyone else in your house earns as your total income. This will make you a much more attractive credit applicant. Be sure to never understate your income because this can be one of the most important factors if you have no credit.

While we're on the subject of credit card applications, another huge plus is if you have a checking AND a savings account. If you don't, get both. Everyone should be saving money every month, even if it's just \$20. I have found that if you already have a checking account with the same bank, you can usually get the manager to waive the monthly fee they charge when your balance is too low. You can even get them waived on checking accounts because the banking industry is becoming very competitive, to the tune of even offering you money to open an account.

Why Using A Credit Repair Company Or Law Firm Can Make Your Credit Worse!

This all goes back to the most common misconception most consumers share about their credit reports, and that's they need a "perfect" credit report. However, a perfect credit report is NOT always the highest scoring. There are some derogatory accounts you should actually leave on your credit report! Why? If they get deleted your score can actually go down. Most credit repair companies and law

firms don't know this or they ignore this fact. They only have so much time to work on your credit report. They usually figure if they can get something derogatory deleted, their client will be satisfied and continue paying fees, regardless of what happens to the score. Little do their clients know that their scores could actually be going DOWN!

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NO CREDIT CHECK
(find out what's a rip-off and what's not!)

For details call our 24 hour Recorded Message at: 1-801-350-3999.

In some cases, these companies dispute good accounts erroneously and they get deleted - forever. For more information on how to select the best credit repair company or professional, please see the bonus reports in the Credit Secrets Bible!

Three Ways You Can Legally Obtain A Second SSN

Thanks to ex-President Clinton, you could be eligible for a second Social Security Number (SSN). This is great news for some consumers who qualify. The Social Security Administration (SSA) may elect to change a consumer's SSN for a variety of reasons. The most common of which is if you've been harassed or abused by an ex-spouse or others. You must have ample evidence to convince the SSA, such as police reports, and if possible an active protective or restraining order against the individual. It's also a good idea to file a complaint with the FTC at www.consumer.gov/idtheft and retain whatever response to your complaint they provide. The more evidence you have, the more likely the SSA is to approve your change



of number request. If you are going through a divorce, and you're a woman, the best time to request your new SSN is after your divorce is finalized and you get a name change.

Another common reason is identity theft. If someone has assumed your credit and it's impossible to sort out the mess you may be eligible for a new SSN. In this case, you would want to fill out an Identity Theft Affidavit (see the Credit Secrets Bible) and call that in to your local police department for a police report. Sometimes they are reluctant to file a report, so advise the officer the Social Security Administration needs it at the hearing for your SSN change request. If you can secure any other documentation as additional evidence, such as credit reports, letters from creditors, copies of judgments, etc., then do so. Just make sure you have ample evidence that you are not using the number change request as a way to avoid legitimate creditors.

The third and final most common reason consumer's apply for a second SSN is a religious objection to the numbers '666' because of the biblical representation as the "Sign of the Beast" (Revelations 13:18). This reason is limited to three sixes in a row, even if they are separated by hyphens (i.e. 928-66-6230). It does not apply to scattered 6's (i.e. 962-06-2236). Some consumers have a deeply held superstition to the number '13'. You need only be convincing these numbers are disadvantaging you, such as causing severe economic hardship.

To apply for a new SSN, please contact your local SSA office for more information.

How To Get Your Student Loan Cancelled By The U.S. Government!

It's estimated that about 60% of graduates have student loans due to the rising cost of a college education. There are several different types of student loans, so it's important to determine which type you have. Some of from private lenders, while others are from the Federal Government. Some private loans are guaranteed by the government, and some are not. However, most student loans do not have to be paid on until about 6 months after graduation.

In this article we're not going to talk about deferment, consolidation or forbearance. We're going to talk about how you can qualify for student loan cancellation. It's very im-

portant you don't go into default because you may not be able to qualify for student loan cancellation. Here are the criteria to qualify:

1. You become totally and permanently disabled.
2. You (the student) die.
3. You serve in the U.S. Military.
4. You are a full-time elementary or secondary schoolteacher in an area that is designated as low income.
5. You are a full-time provider of early intervention services for the disabled.
6. You are a full-time teacher in a field designated as a teacher shortage area.
7. You are a full-time employee of an agency serving low income, high-risk kids and their families.
8. You are a full-time nurse or medical technician.
9. You are a full-time law enforcement or corrections officer.
10. You are a full-time staff member in a Head Start Program.
11. You are a Peace Corps of VISTA volunteer.
12. Your school closed before you could complete your study.
13. Your school falsely certified that you were eligible for a student loan.

To apply for cancellation call the Department of Education Debt Collection Service at 1-800-621-3115.

Why You Should NEVER Give Your Bank Your Mothers Maiden Name!

When banks ask for your mothers maiden name, sometimes it's used as a password. But, your mothers maiden name can be found by almost anyone with a computer. In-

stead of giving that out, make up a unique password. Do this with all of your credit cards. Your Social Security Number (SSN) is also something that's easy to get with a computer. Most consumers have given it out hundreds of times. That's why you should never use the last four digits of your SSN as a Personal Identification Number (PIN). Consumers need to be more proactive to avoid identity theft.

Another great technique is to put a fraud alert on all three of your credit reports. Be sure to include your phone number, so that when you go to apply for credit, the creditor can call you to verify you are the one actually applying for the credit. A cell phone is the most preferable phone number to use.

You can extend a fraud alert with all three credit bureaus by mailing in a written request. To save yourself time and trouble, notify them you have already attempted to get a police report but were unable to. For more information on the fraud alert please see the Credit Secrets Bible!

Thinking About Divorce? 3 Critical Steps To Preserve Your Credit Rating Before You File!

If you are heading for divorce, take the following steps:

1. Before filing for divorce, close all joint accounts and try to get them switched to personal accounts with only one person responsible. If that is not possible, try paying the account off. At least if the account is closed, neither spouse can run up the bill after the divorce.



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2. Check each spouse's credit and establish it before the divorce. Apply for your own cards and loans before the divorce so you can list both spouses' income on the application.

3. If your ex has messed up your credit after divorce, there is not much you can do unless you want to pay off those accounts. If you wait seven years, however, those accounts will automatically come off your credit report. In the meantime, continue to pay your bills on time and strengthen your credit. Eventually your positive efforts will outweigh the negative.

How to Make Yourself Virtually Identity Theft PROOF in 60 Minutes or Less!

The FBI has called it "The fastest growing crime in America." Close to 10 million Americans every year are victimized by it and the costs are estimated at 50 billion dollars annually. Many criminals get off easy while the victims spend years working to restore their damaged credit reports and reputations. Worse yet, there seems to be no end in sight.

"The popularity of the crime is simply growing faster than the solutions to stop it," many experts conclude. The task of recovery is so time consuming and tedious, multiple states have resorted to creating "Identity Theft Passports" for victims in an attempt to ease the pain for them as they endure the lengthy and frustrating clean up process.

By the end of this article I will share with you the secrets of making yourself virtually identity theft proof in 60 minutes or less (for free). I use the term "secrets" because less than 1% of the country are aware of these techniques (let alone practicing them).

If Americans took these preventative steps up to 99% of all identity theft would be eliminated. However, "why" this beneficial approach is not being made common knowledge in the mainstream media is something I will not disclose in this article (more on that another time). For the moment I believe the biggest crime one can commit is to not share this information with their friends and family (by the end of this article you will understand why).

Unlike other authors covering this subject I will not insult your intelligence by sharing common sense tips like "Don't carry your SSN Card or ATM PIN# in your wallet or purse" or "Keep all data sensitive documents like credit card and bank statements locked up in your home or office". This is elementary advice at best. The key to protecting yourself from identity theft is to look at what the masses are doing and then do the opposite (to say the least).

Almost 70% of Americans are now shredding all their mail and documents and many are even subscribing to credit monitoring services or buying identity theft insurance in an at-

tempt to protect themselves from becoming victims. While this is better than doing nothing it's a far cry from TRUE security.

Study The Past To Predict The Future

Contrary to popular belief statistics show the majority of identity theft does NOT result from the internet as most consumers have been led to believe. In fact, less than 10% of identity theft cases (where data compromise can be determined) originated online. In almost 50% of cases consumers are the ones who detect the breach. In nearly 40% of cases the criminal was someone who was in close contact with the victim (friend, relative, neighbor, coworker, in-home employee, waiter/waitress or financial institution employee). In then end, nearly one third of identity theft cases come from a stolen wallet/purse, checkbook or credit card.

More interesting, the age of the primary victim has lowered. If you are between the age of 25 to 34 you are now the largest target for the crime (65+ has become the smallest). The bad news is that while identity theft nationwide is on the decline (8.9 million victims last year down from 9.3 million in 2005) the dollar amount per victim is going up (\$6,383 last year, up from \$5,885 in 2005) and so are the number of hours victims spend cleaning up the mess (40+ hours last year, up from 28 hours in 2005).

We've all heard the saying "An ounce of prevention is worth a pound of cure." Yet, no one is practicing it in the pandemic of identity theft. Credit monitoring is nice but only 11% of consumers ever catch identity theft through this means. Identity Theft Insurance (according to many experts) is even more of a hoax. A product marketed by playing on the fears of American consumers which does nothing more than assist them in cleaning up the mess only AFTER their identity has been stolen.

A Different Approach

The following is a completely different approach to preventing and protecting yourself from identity theft. It is based on the reality that we live in a world now where there is zero privacy of personal data. Meaning that your name, address, phone number, social security number, date of birth (even your mothers maiden name) can be obtained by ANYONE for a fee.

If you're one who feels this is paranoid thinking let me tell you about Amy Boyer. In 1999 Miss Boyer had an old high school classmate (Liam Youens) come back into her life many years later. Mr. Youens obtained Amy's SSN and other personal information after paying Docusearch Inc. \$150. After Youens shot Miss Boyer to death he then turned the gun on himself. Today the company tells visitors to its website that "not all searches are available to the public" and some are reserved for the investigative and legal industry. How's that for homeland security?

With this "different" approach we break down identity theft into two distinct categories. 1.) Basic Identity Theft, and 2.) Credit Hijacking. By definition "Basic Identity Theft" is when the perpetrator steals your identity and then uses it to obtain NEW credit accounts for their personal gain. "Credit Hijacking" falls under a criminal stealing your identity in order to access and use your EXISTING credit accounts. Each type of fraud is different and therefore so is your plan of defense.

BASIC ID THEFT DEFENSE: The best proactive defense against basic identity theft is through the placing of an "Initial Fraud Alert" on all three of your credit reports. This Fraud Alert accomplishes three important factors:

- 1.) Your name and personal information can no longer be sold by the credit bureaus to ANY third parties for any marketing purpose (i.e. credit card offers, loan solicitations or credit pre screenings).
- 2.) No one can be approved for credit with your personal information until the creditor personally calls you at the telephone number you list on your consumer credit report. And,
- 3.) Requesting this initial fraud alert entitles you to a free copy of all three of your credit reports (one copy from each of the three major credit reporting agencies). Please be advised that this is an "Initial Fraud Alert" which lasts only 90 days. To extend the fraud alert and obtain the above mentioned benefits for 7 years you will need to write to each credit bureau at the address provided within your initial fraud alert confirmation letter (Note: It is likely credit bureaus will make the extended alert harder to obtain as a great deal of their revenue comes from the third party rental and sale your information).

CREDIT HIJACKING DEFENSE: Most online merchants now utilize a security feature known as "Address Verification Service" or "AVS". AVS is a security feature for online merchants allowing them to only authorize credit

card transactions for merchandise to be shipped to the same address which appears on the consumers credit card billing statement. If the address does not match that of the credit card billing statement the transaction will automatically be declined.

In other words, if someone gets your credit card number, expirations date and CVV code (the three digit code on the back of the card) the only way a transaction can be authorized online is if the merchandise is shipped to the SAME address that your credit card billing statement is currently sent to. This is what makes credit hijacking so dangerous. When a criminal hijacks your credit they call up the banks (posing as you) and change your address on your credit cards with your personal information (i.e. last four of SSN and mothers maiden name) as if you were moving. They then proceed to order thousands of dollars in merchandise (online or over the phone) to be shipped to the “new” address. Because they changed “your address” on your credit cards they will bypass the AVS security from online merchants and the charges will be approved.

The only real defense against credit hijacking is to establish a personal security code with all your bank accounts and credit cards. This is a form of security which goes beyond your SSN, zip code, date of birth or mothers maiden name to give you a whole new tier of personal security. This is a unique number or group of letters and numbers which you create and give to every credit card provider you have. For example. The number could be as simple as “JACOB2801” which is a combination of your best friend as child and the numerical address of the home you lived in growing up.

By establishing this auxiliary passcode with all your credit providers no one will be granted access to your accounts without providing it to them. Since you are the only one who knows it and it is non public it is truly secure. I have yet to find a credit card company which will not allow you to create a such a passcode and added layer of security.

Summary...

So now with the initial fraud alert established on your credit reports (and later extended) as well as the personal security code set up with all your bank and credit card accounts, you are virtually identity theft proof in under 60 minutes for free. Sure, someone can always “steal” your identity but the

real joke will be on them. If they try to open a new credit account anywhere in the country the creditor is going to have to call YOU at the phone number listed on your report before they can be approved and it’s GAME OVER. If they try to hijack your credit by changing the address on your credit accounts they will be asked for not only the last four digits of your SSN and mother maiden name, but also your personal security code which they will NOT know and again, it’s “GAME OVER.”

More on the ‘KO’ method to eliminating debt collectors!

Let me ask you a question. Can you name one private company who can LEGALLY force you to do business with them to your financial harm (credit bureau reporting, judgments, garnishments, liens, levies, etc.) with or without your consent? Without a contract that’s legally binding? With your consent because of fear of economic harm? No private company can force anyone to do anything unless there’s a contract to enforce. The entire collection industry, including the attorney debt collectors, are skating on nothing but “thin ice.”

The more you understand how the collections game works, the less they can invade your privacy and coerce you out of your hard earned money.

In my opinion, nobody should ever pay a debt collector, unless they have made an agreement or contract with them to settle the debt. Even so, if a consumer has done this accidentally, the debt collector has most likely used deceptive collection practices in not telling the consumer they might be entitled to do business elsewhere. Maybe there is a more friendly debt collector down the street. Maybe the consumer would rather work with the original creditor, instead.

In not telling consumers the full truth, most contracts between debt collectors and consumers are fraudulent. That means once the fraud is brought to light, the contract is unenforceable.

Blacks Law Dictionary defines one activity (I want you to guess what it is) as, "The obtaining of property from another induced by wrongful use of actual or threatened force... Or fear..."

*If you can read and write at the 7th grade level
then I'll show you how to earn up to...*

\$7,000 A Month With A Voice Mail Box And You Never Talk To Anyone...

"It's one thing to "sell" a moneymaking system, but it's something else when you STILL use it yourself. Why would I share a proven (and profitable) secret after using it for over 12 years? Read my story and you'll find out..."

Simply go to: <http://www.VoiceMailMillions.com/free>

You're going to learn...

- How to start part-time with under \$500 and pyramid your profits into an \$84,000 annual income!
- **Why selling the "Credit Secrets Bible" C.O.D. is the best way to fire your boss and sleep in for life!**
- The Confidential "Credit Secrets Bible" C.O.D. Marketing Structure Flow Chart!
- **Seven different ways to sell the "Credit Secrets Bible" and make up to \$7,000 a month!**
- How to make a "Financial Killing" during the coming recession with classified ads in newspapers (how to best choose the papers that will make you money!)
- **And much, much more! Is this for you?**

If you've always known deep in your heart you could be successful if you only had the right product - then this system is definitely for you!

If you feel like you've been searching all your life for an opportunity to replace your income and tell your boss to "Take This Job and Shove It!" - then this system is ABSOLUTELY, POSITIVELY for you!

For more information visit...

<http://www.VoiceMailMillions.com/free>

It's called EXTORTION. Any unlawful attempt to obtain your property should be considered attempted extortion. Please see the Credit Secrets Bible for more information on how to use the 'KO' method to your advantage! Don't let these private companies push you around. They usually have no legal right to force you to do anything.

How to lower your current debt payments on your debt by up to 50% practically overnight!

The first method is quite simple. All you need to do is call your creditor, and explain your situation. Maybe you

lost your job, or you're going through a divorce, or for whatever reason you cannot meet your monthly obligations. Ask the creditor if you can make half payments temporarily until you get back on your feet. Many creditors will agree and allow you to pay LESS than what you thought you were required to pay to keep the account current with no late pays.

If your creditor will not accept any type of partial payment, ask them to waive the interest, or accept an interest only payment. In some cases, this could be a large chunk of your bill. In either case, you're basically stalling the creditor until you get back on your feet in an attempt to avoid any late pays or an eventual charge-off. With a mortgage, you can also use this similar techniques...

How To Start Fixing Your Credit FAST... With The Push Of A Button!

If you'd like to avoid the time consuming and *frustrating* process of typing credit repair letters, then here's a simple and painless solution for you. **The solution is on one computer CD disk.** Pop this disk into almost any computer and your letter writing will be as "easy as cake"! **You'll get all of the "hard-hitting" credit repair letters contained in the Credit Secrets Bible, including...**

- Powerful, highly-effective credit bureau dispute letters that can eliminate bankruptcies, judgements, tax liens, charge-off's, repossessions, and more!
- Debt negotiation and "restrictive endorsement" letters you can use to settle your debts and erase bad credit for as little as .27 cents on the dollar!
- All the letters you need that can nuke collection agencies and attorney debt collectors off your credit report and out of your life - forever!
- ChexSystems dispute letters that can remove negative banking history so you can start doing business more conveniently with checks and debit cards!
- Easy-to-print copies of the Free Annual Credit Report Request form and the ID Theft Affidavit! Get your credit reports fast and start printing and using this special form to get quick results!
- This computer disk is also available along with tons more insider credit information (they wouldn't allow us to publish) in the Gold Member package!

It's called the ULTIMATE Credit Letters Disk! **It's like having your own personal secretary doing the hard work for you!** Picture this... You're in front of a computer, and you can choose any letter you want. Simply type in your name, the creditors name, and any other relevant information. Then, hit the print key. It just doesn't get any simpler than that!

The ULTIMATE Credit Letters Disk is the "Lazy Man's way" to avoid the time consuming and *frustrating* process of typing credit repair letters. **After all, why should you have to suffer through all that hassle when you can do things the EASY way!** And, as a Credit Secrets Bible customer, you WON'T pay the \$49 dollars everyone else has to pay. If you order now, you'll get the ULTIMATE Credit Letters Disk for the ridiculously low price of \$39.85 dollars (you save about \$10 bucks).

To order visit <http://www.creditsecretsbible.com/ultimate/>

How to Prevent Your Home From Going Into Foreclosure!

The same goes for mortgages! Having trouble keeping up with those payments? Every lender has a “loss mitigation department.” They don’t advertise this fact to most consumers. If you are in danger of losing your home or falling behind on payments, contact the lender and ask for the name, phone number, and address of the loss mitigation department.

Now, there are two things you can do, unless you’re too far behind. One is to ask the lender (in writing) for a forbearance on your mortgage. That means you are asking them to suspend your mortgage payments for a specific period of time. Of course, interest will accrue but you may be able to buy some time until you can get caught up and resume normal payments.

You can also ask for mortgage “reconstruction.” Let’s say you are behind on 3 payments. You can ask the lender to add the total of those payments to the loan and allow you to resume normal payments in accordance with the timing of your budget. Lenders are required by LAW to accommodate consumers who fall behind (or are about to fall behind) on their mortgage payments, so put all of your communications in writing and send them as the Credit Secrets Bible instructs in the 2007 edition.

However, you will need to contact your mortgage lender and ask them where to mail your correspondence. Again, you should only correspond with those in charge of “loss mitigation.” Any other department will probably have no idea what you are talking about.

The "Credit Secrets Bible" Wholesale Dealer Program

Because of the awesome life-changing power of the "Credit Secrets Bible" over the last 12 years, many satisfied customers have written in wanting to become C.S.B. Dealers so they can share this knowledge with others less fortunate. As a result, the **C.S.B. Wholesale Dealer Program** was created. If you've ever dreamed of opening up your mail box everyday only to find it filled with checks and money orders from across the Nation, **the NEXT section may be the most important section you'll read...** *It's proved to be the case with other clients in the past and it could very well prove to be the case with you!*

Mail Order

Breakthrough!

Dear Entrepreneur,
(If not now, soon...)

I have a personal question to ask; do you hate your job? *I mean, do you really HATE IT?* If the answer is "YES!", than this will be the most important letter you will EVER READ.

My Personal Story

My name is John Bentley and I used to wake up every morning and go to a job I hated. I say "used to", because things are different now. A LOT DIFFERENT, because like you, one day I finally "woke up" and decided there had to be MORE TO LIFE than working a boring job all day.

I was sick and tired of being "Sick and Tired". I used to be a construction worker in Montecito, California. It was there that I toiled away 6 days a week for my employer, working on some of the finest homes in the country, many of which were featured in national publications such as *Better Homes & Gardens*.

The point I want to make is ALL the people we worked for were VERY RICH. They all drove brand new BMW's or Mercedes Benz, wore the finest jewelry and dined at the finest restaurants. Since they were always taking exotic vacations, full-time live-in nannies were a must.

Sometimes I wondered who the kids would grow more attached to; *their parents or the housekeeper?* **Everyday it would EAT ME UP inside how these "Rich People" made so much money, yet worked no harder than me!** Meanwhile, I was "Busting my Ass" 55 hours a week and GOING NOWHERE FAST! *Can you relate?* I would always tell myself "There has to be a better way", and I was determined to find it...

I Was A Sucker

(go to page 2)

This was when I began researching ways to become Wealthy. If someone was selling a way to get rich overnight, I had to have it. When I saw an ad I sent them whatever they asked. Most of them just asked for \$30. **I was a sucker for "Get Rich Quick" ads because I really wanted to get rich.**

It didn't matter who you were, if you had an opportunity that made even a "lick of sense" I was on it like white on rice. One of the first *Get Rich Quick* programs I ever bought was titled **"Making \$500,000 a Year in Mail Order"** by David Bendah.

This was a book on how to make big money FAST selling information by mail. Except in my case the money wasn't big and it definitely wasn't fast. I spent the next several years moonlighting on projects I thought would make money. Most of them lost money, some broke even and a few actually made money (not enough, though).

I Wanted To Quit

Despite all the crazy *"Get Rich Quick"* schemes I lost money on over the years, I never quit. I never gave up on my dream (and you shouldn't either). **I would love to tell you it was because I wasn't a quitter, but I would be lying to you if I said that...**

You see, I've quit just about everything I've ever started in my life. **I never graduated from high school and I've never held down a job for more than 7 months.** I didn't get my drivers license until I was 19 and I still don't know how to whistle or blow dry my hair. I didn't even have my first girlfriend until I was 25! Some people used to call me a loser and it hurt - *only because [at the time] I was stupid enough to BELIEVE THEM!*

The only reason I didn't quit on my dream of being my own boss was because I didn't have anything to quit to. **You see, I wasn't fortunate enough to have rich parents (unlike some of my friends).** However, that didn't stop me from achieving my dream of self-employment and it shouldn't stop you either...

The Great Life

Imagine... Never having to wake up in the morning to the annoying sound of an alarm clock (a.k.a. electric rooster). **Imagine...** Being your own boss and never having to take orders from ANYONE (take a nap whenever you feel like it). **Imagine...** All this and earning **TWICE** the income working only 25 hours a week from home!

Do you believe this is possible? All you have to do is believe and I can show you how others just like you are doing it - everyday! How do I know this? Because my life today is EXACTLY as described above. It's even hard for me to believe sometimes...

I haven't been "alarmed" by an alarm clock in ages. Every morning I wake up the way God intended; when the bed rejects me! *Does the thought of firing your "BOZO" boss and waking up naturally every morning appeal to you?*

The Big SECRET Revealed

This incredibly Wealthy laid back life-style can be yours, too, because (for a very limited time) I am going to teach a small handful of ambitious young men and women EXACTLY how to create it. If you are fortunate enough to join us I will take you by the hand step-by-step and show you the way to personal freedom.

I'm going to reveal to you a ***Mail Order Breakthrough***. You won't learn about this breakthrough at any college or university and you definitely won't hear about it from your boss or the president of the company you work for. No way. **Your boss wants you to stay right where you are.** *Hey, we both know that!* If you had to figure out this breakthrough on your own it would take you at least 5 years (it took me 7 - but let's face it, I'm a little slow).

This ***Mail Order Breakthrough*** is the most AMAZING thing in the world. It's also the most difficult thing to figure out (unless you're blessed enough to have someone teach you from their experience). Imagine receiving checks and money orders on a daily basis. This ***Mail Order Breakthrough*** can literally transform your mail box into "Golden Egg Laying" goose!

What This Breakthrough Is NOT

In case you're wondering, this breakthrough has nothing to do with mailing catalogs or chain letters and has **ABSOLUTELY NOTHING TO DO with any ridiculous multi-level marketing business (I wasted over 3 years of my life on MLM - you'll laugh at MLM once you try this!)**.

Since there's absolutely ZERO face-to-face selling, telemarketing or special training required, you WON'T need any business experience. You WON'T need any credit. However, you WILL need patience and a desire to learn and... Succeed!

What This Breakthrough Is...

What this breakthrough is, is **amazing!** In a matter of weeks, this method of making money can have you receiving envelopes from across the country-**FILLED WITH CHECKS and MONEY ORDERS for \$73.60.**

Believe me, it's the most amazing "Cash Cow" you've ever seen! The product you will be marketing is a time-tested and a **PROVEN** winner. I don't need to convince you of this because you're holding it in your hands - it's "*The Credit Secrets Bible!*"

Guaranteed To Work

It's one thing to *sell* a moneymaking system, but it's another when you actually use it yourself. That's why this system is guaranteed to work.

You will be provided with the same **PROVEN** product. The same **PROVEN** ads. The same **PROVEN** voice mail system. The same **PROVEN** sales letters. And most importantly, the same **PROVEN** marketing formula. All the difficult creative work has been done for you.

All you have to do is follow the system. This mostly consists of placing ads (each one takes less than 10 minutes) shipping C.O.D. orders and then sitting back and collecting the checks and M.O.'s!

It's the closest thing to winning the lottery! As you know, "*The Credit Secrets Bible!*" retails for \$75.60. Your wholesale cost is only \$12.75 to as little as \$7.75 a copy! **This gives you an unheard of profit margin of up to \$67.85 on every \$75.60 sale!**

✓ If you've always dreamed of owning your own successful direct marketing business that floods your mail box with checks and money orders on a daily basis - *then this system is for you!*

✓ If you've always known deep in your heart you could be successful if you only had the right product - *then this system is definitely for you!*

✓ If you feel like you've been searching all your life for an opportunity to replace your income and tell your boss to "*Take This Job and Shove It!*" - **then this system is ABSOLUTELY, POSITIVELY for you!**

Here's just an example what your MONTHLY INCOME

could be like with this system:

Month 1 \$412.74
Month 3 \$1277.23
Month 5 \$1608.97
Month 7 \$2212.54
Month 9 \$3068.12
Month 11 \$4250.50

Month 13 \$5,175.00 or More Thereafter!

The best part about this system is that **YOU SET THE AMOUNT** you want to make and then relax while your checks and money orders come in week after week-like clockwork!

Why Am I Willing To SHARE My Moneymaking System?

*You may be wondering why I'm willing to share my moneymaking system? To make money, of course. Much like a McDonalds franchise I've designed this program so for every \$1000 you make, I will make about \$200. It's a WIN-WIN situation. The more you make, the more I make - *make sense?**

Please Don't Hate Me For This...

I want to prove to you that my system works. So, I'll show you **how to prove it to yourself-in the next 30 minutes or less!** Here's how: go down to your local magazine stand or grocery store and grab any publication you like. Or save a few magazines you receive in the mail or have access to at the library.

Then, go to the back of that publication and examine all the classified ads, paying close attention to their offers (*you may even see the ad you originally responded to!*).

Finally, a few weeks or months later, go grab the next edition of that publication and examine it again. You'll be surprised to discover that a percentage of the ads you saw the first time will appear again and again!

These ads are successfully making money for their owners, otherwise they wouldn't be running over and over! ***The most important thing you need to understand is that the people making money from those ads (every month) are NO DIFFERENT than you!***

Freedom From "Occupational" Slavery

In my opinion, a job is nothing more than a form of slavery - with a paycheck. You wouldn't let someone else tell you how to dress, act or comb your hair, would you?

*So why would you let someone else tell you when to get up in the morning and how much you will be paid? It really doesn't make any sense when just ONE ad in ONE publication could start the wheels in motion to FREE YOU from this slavery - **FOR THE REST OF YOUR LIFE!***

I have two particular ads I have ran for over 5 years. They cost \$1600 per month. For the last 5+ years they have brought in (on average) no less than \$4,000 a month! **Every month! Month after month! Like clockwork!**

I could sleep in for the rest of my life just from the earnings of these two ads, and you could too! This is because I am going to give you the **EXACT SAME ADS** and **Mail Order Breakthrough** I use.

Start Receiving CHECKS And MONEY ORDERS In Your Mail Box NEXT Month

The most exciting thing about this breakthrough is that the money can roll in FAST! *How would you like to start receiving \$75.60+ checks and money orders made out to you next month? With this breakthrough it's possible!*

Picture yourself pulling in hundreds of dollars a day in checks and money orders from across the country, or just one big fat internet commission check. *Why? Because there are thousands of consumers (just like you) who desperately need the "Credit Secrets Bible" - why not let them order it from you? If not, they'll order it (eventually) from someone else!*

*Are you excited? You should be! **Because there are over 20,000 different publications in the United States eager to help you reach those new customers!** (NOTE: If you don't place the ads you can bet your sweet fanny someone else will!)*

It's estimated there are now **over 50 million people** in the United States who are adversely affected by bad credit. This is your chance to help these people AND help yourself at the same time! This is your opportunity to make thousands of dollars with easy work marketing a PROVEN product with a PROVEN track record. If you're ready to double your income - keep

reading!

Exactly What You're Going To Receive

If you're looking to receive 500 pages of information, 16 hours of audio tapes, 8 hours of video tapes and a password to some stupid "Members Only" website - then the **C.S.B. Wholesale Dealer Program** is NOT for you!

As a Wholesale Dealer (if you're accepted) the first thing you're going to receive is our **Fast Start Training Manual**. It's a short and sweet "Cut to the Chase" training program with NO FLUFF and NO FILLER. It's 90 pages of pure meat - ready to eat! You'll also receive a 60 minute audio program. The audio quality is poor (sorry, just telling it like it is) but the content will knock your socks off - guaranteed!

Your C.S.B. "Wholesale Dealer" Benefits

As a Wholesale Dealer there are major benefits you're going to receive. These benefits can make you a fortune when you take action and act. Here's just a handful of them:

You're going to get the right to buy the "Credit Secrets Bible" wholesale for starting at only \$12.75 a copy. And, the more you buy the MORE you make! Here's a sample of how our Wholesale Dealer pricing works:

10 courses = \$12.75 per course - (your profit margin = \$60.85!)
20 courses = \$11.75 per course - (your profit margin = \$61.85!)
50 courses = \$10.75 per course - (your profit margin = \$62.85)
100 courses = \$9.75 per course - (your profit margin = \$63.85!)
500 courses = \$8.75 per course - (your profit margin = \$64.85!)

As you can see, your profit margin is in the realm of unbelievable! In addition to your **Confidential Wholesale Dealer Pricing** you're also going to receive:

- ✓ Proven Sample Classified Ads!
- ✓ Proven Sales Letters and Cover Letters!
- ✓ Proprietary "Profit and Loss" Ad Tracker Spreadsheets!
- ✓ Access to our "Proprietary Flat Rate" Voice Mail System!

- ✓ Notification to monthly "wholesale" specials and offers for FREE shipping etc!
- ✓ Access to our online affiliate program at www.CreditSecretsBible.com which pays out an unheard of 60% commission on hard product delivery! *We charge the cards, ship the packages and send you monthly commission checks!*
- ✓ 1 hour of telephone consultation (a \$200 value) to help you get started right. *Need help? It's only a phone call away. Remember, your success is our success!*

What You're Going To Discover

The only thing more exciting than what you're going to get is what you're going to discover! If accepted as a new **Wholesale Dealer** here's just a little of what you're going to discover in one evening:

- ✓ How to start part-time with under \$500 and pyramid your profits into a \$84,000 annual income!
- ✓ Why selling the "*Credit Secrets Bible*" through this breakthrough is the best way to fire your boss and sleep in for life!
- ✓ The Confidential "*Credit Secrets Bible*" Marketing Structure Flow Chart!
- ✓ Seven different ways to sell the "*Credit Secrets Bible*" and make up to \$7,000 a month!
- ✓ How to make a "Financial Killing" during the coming recession with direct mail magazines NOT on the newsstands (*how to best choose the publications that will make you money!*)
- ✓ The "One Day" that is best to test when using daily newspapers (*over 50% of your response will be from this day!*)
- ✓ Why you should NEVER buy your ads by the week when using daily newspapers (*another one that can save you a fortune!*)
- ✓ "Two Ways" newspapers and magazines will try and rip you off (*don't learn this one the hard way!*)
- ✓ The difference between low "Cost Per Order" and low "Cost Per Sale" (and why you need to know the difference!)

- ✓ **Three "Magic Words" that can double the response to all your advertising (this one is worth \$1,000 alone!)**
- ✓ **A 375+ page directory of 14,000 U.S. publications!**
- ✓ **Five Secrets mailing list brokers DON'T want you to know.**

Time Sensitive Offer!

As you can imagine, I don't want to share this breakthrough with just anyone, therefore this offer is time sensitive. We know we can't advertise in 20,000 publications ourselves, so we're "Sharing the Wealth" with our independent **C.S.B. Wholesale Dealers**.

However, we have to look out for our dealers by NOT saturating the market. **Don't be offended in the event your order is returned to you.** If you're serious-*Clip and mail or fax the No-Risk Reservation Form today!*

If you're not satisfied with the package I guarantee you a fast FULL refund. However, I cannot guarantee your order will be accepted. Therefore, it's in your best interest to order RIGHT NOW! (*Note: in the event you are not accepted your order will be returned in full*).

Unconditional 30-Day/\$30,000 GUARANTEE

Because this breakthrough is unlike anything else out there (**giving you an unheard of profit margin of up to \$65.85 on every \$73.60 sale**) I am offering it for a limited time with an Unconditional 30-Day/\$30,000 Guarantee. *Yes, I said \$30,000.*

Here's how it works: order your **C.S.B. Wholesale Dealer Program** today. Read the Fast Start Manual from cover to cover and then read it again. Study this breakthrough from inside out. "Kick the tires" and test drive it for up to 30-Days if you like.

If after studying all the materials and opportunity you don't feel you can earn (at the very minimum) at least \$30,000, then write a short letter why you're unhappy and send everything back for a FULL refund. *You heard me right!* I said a FULL refund - with a guarantee like this acting today [fast] is in your best interest (But remember, there are no guarantees you will be accepted. Will the mark up we are giving people there is no shortage of people

applying!)

Your Moment Of Decision

Now is your moment of decision. This is where the DOERS and "TALKERS" part ways. We can't make you successful (no one can). However, we can show you how to become successful.

How much longer are you going to dream about being your own boss and providing a second income for you and your loved ones? How much longer are you going to let them down - let yourself down? Or, worse yet, how long are you going to keep "chasing rainbows" with those ridiculous MLM games?

Personally, I can't imagine why someone wouldn't take advantage of this opportunity? It's as easy as A,B,C. **A.) You saw an ad for the Credit Secrets Bible and ordered. B.) You paid for the Credit Secrets Bible C.) Now you have an opportunity to PROFIT BIG TIME by selling the "Credit Secrets Bible!" yourself-USING THE EXACT SAME MARKETING SYSTEM THAT SOLD YOU!**

How much more convincing could you possibly need? It's like there's THOUSANDS and THOUSANDS of dollars out there just waiting to flow into YOUR MAIL box and all you have to do is place the ads! You know the system works because it SOLD YOU!

Are you ready to wake up every morning to a mail box full of money? Did you know if you had to pay a professional Copywriter to create the entire marketing system you're going to receive in your **C.S.B. Wholesale Dealer Package** it would cost you over \$15,000?

We're talking about a \$15,000 dollar marketing system you can use to profit yourself! Your cost? Absolutely FREE with your **C.S.B. Wholesale Dealer Package!**

I like people who are motivated to better themselves and their loved ones. I also like people who know a good thing when they see it and can make a decision to ACT QUICKLY. For these people (I hope you're one of them), I have a very special offer if you order within the next 15 days.

\$255 FREE When You Order Today!

\$255 free. That's right. When you order within 15 days [and are accepted] you will receive 20 wholesale copies of "**The Credit**

"Secrets Bible" FREE with your **Wholesale Dealer Program**. This is a \$255 value - but it's yours free upon acceptance (within 15 days!).

How Much Does The C.S.B. "Wholesale Dealer Program" Cost?

At this point you must be wondering how much all this is going to cost? First let's talk about what it's worth. 1.) You're getting a system that's PROVEN beyond a "shadow-of-a-doubt". Because you ordered from it, you know it works! 2.) You're getting a system that contains \$15,000 worth of tested and proven marketing strategies over the last 10+ years. And... 3.) You're getting a system which is severely limited and NOT sold to every Tom, Dick, Harry, Sue and... Jane.

With all this in mind (and much more) the price of the "**C.S.B. Wholesale Dealer Program**" is normally \$798. However, since you have already purchased the "**Credit Secrets Bible**" you can deduct \$100 from the normal price of \$797 so your onetime investment is only \$698. This is your chance to help other people AND help yourself in the process (to the tune of thousands of dollars a month!). Don't act today... Act **RIGHT NOW** while you're still in control!

Sincerely,

John W. Bentley III

P.S. I cannot stress enough that this is a very time sensitive offer. There are no guarantees you will be accepted. If you are not accepted your payment will be returned in full with our regrets. Clip and mail or fax the Risk-Free Reservation Form **RIGHT NOW!** The sooner you do, the greater your odds of acceptance will be!

P.P.S. In the event you are accepted I would celebrate the minute your package shows up. Why? Because you essentially being handed on a silver platter one of the greatest **Mail Order Breakthroughs** in history!

(Please photocopy this order form for your records. Credit Card orders may be faxed to: **1-801-720-7077**. Include card number, expiration date and SIGNATURE. Orders are shipped to **CardHolders name, address and zip code ONLY**. No exceptions!)

30-Day/\$30,000 Risk-Free Reservation Form!

YES!

OK Mr. Bentley, I'm game! Send me the "**C.S.B. Wholesale Dealer Program**" containing everything I need to begin receiving checks and money orders in my mail box as early as next month! I understand as a dealer my *wholesale* cost on the courses with CD's will be just \$12.75 to \$7.75 a copy! Furthermore, I can review all the materials and opportunity if I don't feel I can earn at least \$30,000, I can return it for a fast, FULL refund. On those conditions only, enclosed is my check or money order for **\$698** (checks held for clearance) plus **\$20 S/H** for a total of **\$718**. I'm ordering within 15 days! Please include my 20 wholesale C.S.B. courses FREE (a \$255 value!). Furthermore, I understand acceptance is not guaranteed.

Full Name _____

Email _____

Address _____

City _____

State _____

Zip _____

Ph# () _____

Consumer Publishing Group (Attn: Wholesale Dept.)
Mail to: 18124 Wedge Pkwy Ste 700, Reno NV 89511-8134