

PRESENTED BY

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THANK YOU FOR YOUR PURCHASE  
& WELCOME TO...

# CREDIT SAVVY

SIMPLE STEPS TO RAISING  
YOUR CREDIT SCORE AND  
SAVING YOU THOUSANDS  
OF DOLLARS!





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Let's start off by defining what a credit score is and what it means to you. A credit score is a statistical number that ranges from 300 to 850 that predicts the chances of you becoming 90 days late or more on a loan obligation. The higher your score is, the less the probability that you will default on that loan obligation. This explains why a certain score will get you a certain interest rate on your loans and credit cards. There are many different credit scoring programs out there, but Fair Isaac is the most widely used and also the program relied on by the mortgage industry. Fair Isaac's credit scoring software is referred to as FICO. Much like Microsoft is to computer operating systems, FICO is not the only credit scoring software out there, but is the most popular by a large margin. Fair Isaac's credit scoring software is a program made by Fair Isaac that they use to analyze what is in your credit report at that point in time. Then the software assigns values to different factors about your credit history and generates a score as to your credit worthiness.

A credit score is determined by analyzing the information contained in your credit report. Each analysis is geared towards the particular credit reporting bureau the score is being generated for. Since each of the three bureau credit reports has slightly different data being reported on you, the scores will slightly differ because the credit scoring software only looks at what is in that particular bureau report at that moment in time. So, if a 30 day late payment is removed from your credit report today and your credit score was 630 yesterday, then your credit score will be higher if you pull your report today. Credit scoring software has no memory and does not see information no longer contained in your report.

Now, let's look at the odds of a consumer becoming 90 days late or more on a loan:

<b>Credit Score</b>	<b>Odds of Becoming 90 Days Late or More</b>
<b>Above 800</b>	<b>1292 to 1</b>
<b>760 to 799</b>	<b>597 to 1</b>
<b>720 to 759</b>	<b>323 to 1</b>
<b>700 to 719</b>	<b>123 to 1</b>
<b>680 to 699</b>	<b>55 to 1</b>
<b>660 to 679</b>	<b>38 to 1</b>
<b>620 to 659</b>	<b>26 to 1</b>
<b>600 and below</b>	<b>8 to 1</b>

If you look at the chart above it tells the creditor that if your score is over 800 points then they know that only 1 out of every 1293 people with a score of 800 or above will default on that loan. That is why people with higher scores get a better interest rate on their credit cards and loans. Credit scoring is nothing more than a numbers game. If you can increase your score to a higher number then the creditors will risk lending you more money at a better interest rate because they know that there is a better chance of getting repaid when your score is higher.

So, how do people score across the United States? The percentages below represent the population pertaining to their credit score and where they fit in compared to the rest of the population.

<b>Credit Score</b>	<b>Percentage of Population</b>
<b>Above 780</b>	<b>20%</b>
<b>740-780</b>	<b>20%</b>
<b>690-740</b>	<b>20%</b>
<b>620-690</b>	<b>20%</b>
<b>Below 620</b>	<b>20%</b>



# Chapter 1

## How To Read Your Credit Report

Before we get into the details of what determines a credit score, let me explain how to read a credit report. If you are already familiar with reading a credit report then you can skip this section and move on to the next chapter. There are three major credit reporting agencies that creditors use when deciding whether or not to lend you money. They are Experian, Equifax and Trans Union. Experian is the largest and most widely used of the three, although most creditors will pull all three reports because even though 90% of all information is on any one report, there are always companies that may only report your credit history to one or two bureaus because it costs them money to report your information to each bureau. For that reason, it is important to get a copy of all three or a tri-merge report that contains all three credit bureau reports merged into one report.

This book will explain how to read your individual credit report from Experian. You can order your Experian report by calling 1-888-397-3742. The report we are using in this book is the Experian report you receive in the mail and also the one sent to you in the mail if you dispute items on your Experian report. I highly suggest ordering your Experian report over the phone and having it mailed to you in order to receive it in the easy to understand format that I will be explaining here. There are hundreds of companies out there that are connected to the three major credit bureaus' databases that sell the big three reports in their own format, but the important thing to remember is that the information is the same no matter what reseller you buy it from. The only thing different is the format the information is presented in. Some companies sell what is known as a tri-merge credit report. This report merges your information from all three credit bureaus and presents it as one report. A tri-merge may be a less expensive option than purchasing all three of your bureau reports, but the drawback of this type of report is that certain things cannot be determined when looking at a tri-merge report. For example, if Discover Card mistakenly reports to Trans Union that you were 30 days late, some tri-

merge reports will not differentiate which bureau is reporting this information and lead you to believe all three bureaus have this information, when in fact, it is only one. Please note that this is only the case in a limited number of circumstances because each creditor that reports information on you to all three credit bureaus usually reports the same data to all three at one time.

**See page 1 of 7 of the sample Experian Credit Report in Appendix B.** If you look at the center of the page you will see a subject entitled, “Information affecting your creditworthiness.” This section will summarize the amount of public records, negative credit accounts and the number of accounts you have in good standing. This page also lets you know that you can go to [www.experian.com/disputes](http://www.experian.com/disputes) to dispute inaccurate information that is on your report (see Chapter 2 - “Disputing Information on Your Report”).

This page will also tell you how to order your Experian credit score, not your Fair Isaac Credit Score that is used when getting a mortgage. Although the scores are similar, they will fluctuate by a few points. If you are in the market for a home loan or refinancing a home loan, you should make sure you know your Fair Isaac Credit Score (FICO score). This is the score a mortgage broker pulls to determine what home loan products you qualify for. You can get your FICO score by going to [www.myfico.com](http://www.myfico.com) or by having a mortgage broker run your report.

**See page 2 of 7 of the sample Experian Credit Report in Appendix B.** Page 2 of 7 is where the credit report information about you starts. This page also includes any statements you may have added to your report. Then, Experian will list all public records first, followed by all other negative information, and then, list all positive information. Experian also inserts dashes before and after the number on all negative information.

If you look at item #1, you see that there are dashes before and after the number which tells you the information is negative. Look at the heading of each column to determine what the column is for.

HOLLY CO DIST CT is the Source of the information.

The Location number column is the identifying number associated with this item.

The Date filed/Date resolved column tells you when the public record was filed and when resolved or satisfied “if applicable.”

The Responsibility column will tell you whether the account is the sole responsibility of the consumer or whether the account is jointly held, or whether the person is only a cosigner.

The Claim amount/Liability amount column states the amount of the claim when it was filed.

The Status details column explains facts associated with that item and the history of the item.

I will now explain to you what I see looking at each item when analyzing a person’s report.

- I see a judgment against the client that is jointly held with someone else for \$3,756 that was filed in 3/1997 and disputed by the consumer in 8/1997 but remained unchanged. This tells me that the consumer must have disagreed with a certain portion of what was being reported and disputed it with the credit bureau. The credit bureau investigated the dispute and verified the information as being correct in 8/1997 (See Status details).
- I see a bankruptcy that was filed in 11/1997 and discharged in 10/1998 with total liabilities being \$57,786 that was also disputed and unchanged in 8/1997. Please note that this report is an example provided by Experian and that it is impossible to dispute an item before it happens, so the date of the dispute should show a date after the original filing of the item. This mistake in Experian’s sample credit report is a wonderful example of why it is important to check your credit report for errors.

**See page 3 of 7 of the sample Experian Credit Report in Appendix B.**

- I see an unpaid charge-off from Fidelity Bank that was charged-off in 12/1996 for \$4,549 that has a balance of \$4,549. This item will remain on this credit report until 12/2003, which is seven years from the time the account was charged off.
- I see a collection agency called BB Credit that was collecting an unpaid obligation from Bally's Health club for \$8500 that was included in a bankruptcy at a later point.

**See page 4 of 7 of the sample Experian Credit Report in Appendix B.**

- Notice how there are not any dashes before and after the number. This tells me right away that this is a positive account. I see a paid in full installment account from First Credit Union with a perfect payment history.
- I see a closed credit card that was opened in 6/1993 and is paid in full with a perfect payment history.
- I see an open revolving credit card from National Credit Card with a credit limit of \$8000 that currently has a zero balance. This account is jointly held with another person and was originally a Citibank card before being sold to National Credit. Since this is not a negative account, I am assuming the reason the card was sold was due to a selling off of a division of Citibank's credit cards to National.

**See page 5 of 7 of the sample Experian Credit Report in Appendix B.**

Page 5 of 7 summarizes the balances the consumer carried over time with the particular lender. This section gives insight to your spending patterns on a particular account.

**See page 6 of 7 of the sample Experian Credit Report in Appendix B.**

Page 6 of 7 displays the inquiries on your report. An inquiry denotes when your report was pulled by yourself or a creditor. The left side of the page tells you when you applied for credit and a credit report was supplied to the creditor as a result of that application. These inquiries on the left are the inquiries that hurt your credit score. ABC Mortgage was a company that received the consumer's report as a result of the consumer applying to them for credit. The right side of the page displays all of the inquiries that were a result of one of the following reasons:

- Promotional offers
- Reports generated by Experian to reflect changes made to your report due to a dispute on your behalf
- Account reviews are when a creditor you currently have credit with checks up on you to make sure you are not getting in over your head credit wise. If they pull this report and think you are crumbling financially, then they may decide to cancel your credit or reduce your limit.
- Credit reports pulled by potential employers

These inquiries on the right side of the page do not affect your credit score.

**See page 7 of 7 of the sample Experian Credit Report in Appendix B.**

Page 7 of 7 displays your personal information that includes previous addresses and other social security numbers that may have been used by you. Please do not be automatically alarmed if you see other social security numbers and/or your old address reported several times and spelled several different ways. This is usually a result of data entry errors when a creditor pulled your credit report or merged information in the

credit bureau databases themselves. Any information on this page that is incorrect can be fixed automatically by sending a letter requesting such to the credit bureau stating the incorrect information that needs corrected.



# Chapter 2

## Disputing Information On Your Report

Before you can dispute any inaccurate information on your credit report, you must first have a copy of your report from that credit bureau you are disputing with. It can either be a single report for each bureau or a tri-merge containing all three in one report. To order a copy of your report, if you don't already have a recent one, I suggest going to the websites of the bureaus themselves or calling each one individually. Here are the web site addresses and phone numbers to order your individual credit report from each of the three credit bureaus. All three websites give you the ability to order all three at one place if you do it online.

### **Trans Union**

**[www.transunion.com](http://www.transunion.com)**

**1-800-916-8800**

### **Equifax**

**[www.equifax.com](http://www.equifax.com)**

**1-800-685-1111**

### **Experian**

**[www.experian.com](http://www.experian.com)**

**1-888-397-3742**

You can dispute inaccurate information on your credit report by writing a letter to the three major credit bureaus explaining to them what is inaccurate and what you want them to do about the inaccurate information. Identifying information such as previous address' and misspelled names and addresses will be corrected immediately. Other information like incorrect balances, late payments you claim are incorrect and/or accounts you claim are not yours will be investigated by the credit bureaus contacting the source of the information to verify the information is correct. One of three things will happen at that point:

1. The creditor will respond saying the information is correct as currently being reported.

2. The information is incorrect and will update it with the correct information.
3. The creditor will not respond within the 30 days prescribed by Federal Law and the item will be deleted from your credit report.

When disputing information on your credit report, you should send your letter with proof of address and proof of social security number. The credit bureaus consider the following to be valid forms of proof. You only need one for each:

Proof of social security number: Copy of the card itself, pay-stub, 1099, 1040, W2

Proof of address: A utility bill with your name and mailing address showing, a drivers license with current mailing address or a bank statement with your name and current mailing address on it. It is all right to have your mailing address be a P.O. Box. Just be sure that whatever form of proof you decide to send has your name and current mailing address on it.

Almost everyone has inaccurate information on their credit report. You should include a copy of the credit report that contains the inaccurate information on it along with your letter and proof of social security number and address. Please make sure the copy of the report you are attaching is from the bureau you are sending the letter too or that it is a tri-merge report that contains their information also. You are not required to send a copy of the credit report along with your letter, but I think it makes your point more clear when sending the letter to have a copy of what you are complaining is wrong.

**Below is a sample letter to the credit bureau disputing information on a credit report:**

John Q Consumer  
123 Somewhere Lane  
Los Angeles, CA 90005

Social Security Number 123-45-6789  
Birth Date 4/4/1965  
Today's date: April 18, 2004

Re: Inaccurate information on my credit report

Dear Credit Bureau,

I am attaching a copy of my social security card as proof of social security number and also a copy of my driver's license to prove my current mailing address. I am also including a copy of the credit report that shows the inaccurate information. Will you please correct the following items and send me a corrected copy of my credit report when you are finished? I appreciate your prompt response to this matter.

Sincerely,

John Q Consumer

#1 Discover account # 6011234432229899- On page 4 of the attached credit report, it says I was late in March of 2000. I was never late on this credit card. Please remove the late payment.

#2 Collect America account # 3554666- This collection account on page 3 of the attached credit report is not mine. Please delete it.

#3 You have a previous address of 133 Wabash St listed on page 8 of the attached report. I never lived there. Please delete that.

#4 You have my employer on page 2 as Stu's Shoe Repair, I no longer work there and am self-employed. Please correct that.

#5 You have 123-33-2211 as a social security number I used in the past. I never used that number and it is not my social security number. Please delete that.

## Instructions on Mailing a Dispute Letter

You should mail a copy of your letter to all three credit bureaus. Make sure you are attaching a report from that bureau you are mailing it to. If you have a tri-merge report you can mail the same report to all three bureaus.

- The first page should be your dispute letter.
- The second page should be your proof of social security number.
- The third page should be your proof of address.
- If applicable, the fourth page should be any letter you have from creditors that support your claims in your dispute letter. This may be a letter stating your current credit card balance or a letter from a creditor saying you were never late.
- The fifth and final page should be a copy of the credit report that contains the inaccurate information (not required, but recommended).

You should send these five items by certified mail and keep copies of everything you send for your files in the event there is a mistake made by the credit bureaus and you need to prove what you sent them and when you sent it.

Send all correspondence to the following addresses for each bureau:

**Trans Union**  
**P.O. Box 1000**  
**Chester, PA 19022**

**Experian**  
**P.O. Box 2002**  
**Allen TX 75013**

**Equifax**  
**P.O. Box 105069**  
**Atlanta, GA 30349**

30 to 45 days after you send the dispute to the bureaus, they will send you a corrected copy of your report reflecting the changes made, if any. If you still disagree with their findings you should contact the creditor directly and resolve the issue with them in order to get them to change the way the information is reported.





# Chapter 3

Understanding  
&  
Increasing Your  
Credit Score

## What determines your credit score?

**35% Payment History**

**30% Outstanding Balances Being Carried on Revolving Accounts**

**15% Average Length of Credit History**

**10% Types of Credit Being Carried on Your Report**

**10% Inquiries**

When determining a credit score, these five characteristics in these percentages separate the cream of the crop from everyone else.

### **35% Payment History**

35% of your credit score is determined by payment history and past delinquency. People who have failed to make payments in the past tend to do the same in the future which is why this factor is the most significant of the five factors. I would now like to discuss the intricacies of this aspect of the score and things you can do to help maximize your score.

- The more recent the delinquency, the more of a negative effect it has on your credit score. Your score will be more affected by a late payment that happened last month than a late payment from three years ago. The good news is that if you keep paying your bills on time, the effect of the late payment will diminish over time.
- The more serious the delinquency, the more of a negative effect it will have on the score. Being 90 days late is much worse than being 30 days late. Having a charge-off is worse than being 90 days late and a bankruptcy is the worst of all.
- Paying a collection account can actually reduce your credit score. The credit scoring software looks at the date of last

activity on the credit report to determine what effect it will have on the credit score. Collection agencies will update your credit report to say “Paid Collection” whenever you pay a collection. This will in turn make the date of last activity current and the credit scoring software sees it as recent collection activity and lowers your score as a result. This is a flaw in the scoring software that is unfair but it is something you have to work around when trying to maximize your score. The best way to handle this problem is to contact the collection agency and tell them that you are willing to pay but you want a letter from them stating that they will delete the account if you pay it. Some collection agencies will do this and some will not, but getting the account completely deleted will increase your score and is definitely worth the effort.

- Past due balances destroy a credit score. If you look on your delinquent accounts showing on your credit report you will see a column called “PAST DUE.” If you see an amount in this column, I suggest paying the creditor the amount that shows. Credit scoring software penalizes you for having accounts with an amount in the past due column.
- Paying a charge-off or a lien won’t help or hurt unless it occurred within the past 24 months. Charge offs and Liens do severely effect the credit score, but after the charge off or lien is more than two years old paying it will not effect the score dramatically. If you have limited funds available I suggest using it to pay past due balances first, then pay collection agencies that agree to delete if you pay them.
- Call all of your creditors that show late payments on your report and ask them if they will give you a “good faith adjustment” and remove the late payments on your account. Be persistent if they refuse and remind them that you have been a good customer and would deeply appreciate their help. If they still refuse then call back and try with someone else. Persistence and politeness pays off in this scenario. If you are rude they will definitely not be very helpful.

- When you have to miss a payment it is better to miss a low payment than a high payment when considering the effect it will have on your credit score. Your credit score will drop more by missing a \$1000 mortgage payment as compared to missing a \$300 car payment.

### **30% Outstanding Balances Being Carried on Revolving Accounts**

30% of your credit score is determined by balances being carried on revolving accounts. Someone who is maxed out or close to the limit on a credit card is considered a greater risk than someone who keeps their credit card balances close to zero.

- Make sure that the credit limit for each of your credit cards is being reported on the credit bureau report. No limit being reported gets scored as though the current balance is maxed out. So, if someone has a \$5,000 balance on a credit card and the credit limit doesn't get reported, the scoring software will score the account as having a credit limit of \$5000. If you know that you have a \$10,000 limit on your credit card, make sure that the limit shows on the credit report, otherwise you will get scored as though you are maxed on that card. The credit scoring software likes to see your credit card balances as close to zero as possible, but if that is impossible for you to do then follow these guidelines to make sure you are maximizing your score as much as possible under the circumstances. There are certain levels that the scoring software will penalize you even more if you go beyond them with your credit card balances. Being over 70% of your credit limit on any card is the worst thing you can do in terms of credit scoring in this area. The next threshold amount you want to get under is 50% and then 30%, but as close to zero as possible. Remember that it is also important to know that your score will be higher if you evenly spread your credit card balances among all of your credit cards rather than have the entire balance on one credit card. So, if you owe 50% of your credit limit in debt and you have three credit cards with

a \$3000, \$5000 and \$10,000 limit, I suggest having a \$1500 balance on the first card, \$2500 on the second and \$5000 on the third rather than carry the entire \$9000 on the one card with a \$10,000 limit.

- Do not close credit cards except in certain circumstances. If you have too many department store cards, I would close the newest ones if you have more than six credit cards, otherwise do not close any at all. Closing a credit card can hurt you because it will increase your debt ratio due to the fact that you will have less credit available after closing the card, but still have the same amount of debt. When you owe \$10,000 in credit card debt and have limits totaling \$20,000 you are at 50% of your total credit, but if you close a \$5,000 card you will only have \$15,000 total in credit card limits and now owe 66% of your limit. Never close a credit card unless it was opened within the past two years and you have over six credit cards. The magic number of credit cards you want to have to maximize your score is 3 to 5, but having more won't significantly effect your score.

- Keep credit separate from your spouse. When you have a joint credit card with a spouse the card will report on both of your credit reports. If one spouse is maxed on a credit card, then the other spouse is maxed, too. If one spouse is delinquent, then the other spouse is also delinquent. This is very important and is not being advised just in case there is a divorce, but this will make it easier for you to have your spouse carry all of the credit card debt on their card without hurting you in the meantime. This would be a good idea if you are about to make a purchase, but your credit card debt is hurting your score. If you keep your credit separate from your spouse you can help each other out by carrying each others debt during a time when you are about to make a purchase. Simply have your spouse do a balance transfer to pay off your credit cards and watch your score go up and your spouses go down. Then you can purchase the house solely on your credit and not use your spouse as a co-applicant since their score is lower. After you make the purchase with your high credit score you can do a balance transfer to pay your

spouse back, but if you both have jointly-held credit cards, you can't do this because your debt will be the same no matter what you do, unless of course, you pay it off with money on hand.

- The flip side to this coin is when you have a spouse or a family member that has a long credit card history with no debt. If you have a limited credit history you can ask that person to add you on the account as a joint account holder or an authorized user in order to have that person's credit card show on your report. The credit scoring software will treat it as though it is your account and you will benefit from the low balance and the long history with that creditor. Remember though, this is only a good idea if the person is carrying debt below 10% of the limit and has had the card for seven years or longer (the longer the better). This is never a good idea if the person has a high balance on the card and has had it less than five years. In that case it would bring your score down as discussed earlier pertaining to keeping things separate from your spouse.

### **15% Average Length of Credit History**

15% of your credit score is determined by the age of the credit file. Fair Isaac's credit scoring software assumes people who have had credit for a long time are less risky. That is why it is better to keep old credit cards, even if they have horrible interest rates, because closing those cards will decrease the average length of time you had credit, but make sure to use the card at least once every six months to avoid the account being rated as "Inactive". When you don't use a credit card for six months it gets updated on your credit report as being inactive. An inactive account is ignored by credit scoring software and you won't get the benefit of the positive payment history and low balance that card may have. I suggest to use every credit card you have at least once every six months to avoid this. Get gas once every six months on each credit card and wait for the bill to come in and then pay it off. It will assure that the account remains active and is used when determining your score. The one thing all scores over 800 have in common is a credit card that is twenty years or older.

## **10% Types of Credit Being Carries on Your Report**

10% of your credit score is determined by the number of times a person asks for credit: The scoring system frowns upon those who have initiated several requests for credit cards, loans or other debt instruments over a short period. The first ten inquiries count towards the score. The score only counts inquiries made in the past year. Even though your credit report will show inquiries from the past two years, only the inquiries in the past year will affect your score. Multiple inquiries made in a 14 day period that are related to auto and mortgage loans are only treated as one inquiry for determining your credit score and they will not be counted until 30 days after they are made. The reason for this is to not penalize people for rate shopping when trying to purchase a car or a house.

## **10% Inquiries**

10% of your credit score is determined from a the mix of credit accounts being reported on the credit report. Someone with only a secured credit card is generally riskier than someone who has a combination of installment and revolving loans (on installment loans, a person borrows money once and makes fixed payments until the balance is gone, while revolving borrowers make regular payments, each of which frees up more money to access). The best possible way to increase your score in this area is to have three to five credit cards, a car loan and a mortgage loan. When you have these three types of loans you are helping increase your score as a result. If you never had a mortgage and obtain one in the future, pull your credit report two months after you get the mortgage and your score will be higher than it was before you got the mortgage. This is attributed to this aspect of credit scoring that determines 10% of the score.



# Appendix A

Summary Of  
What Determines  
Your Credit Score

**35% of your score is derived from payment history, collections, and public records.**

- The more recent the delinquency, the more negative the effect it will have on your score.
- The later the payment, the more negative the effect it will have on your score. A 90 day late is worse than a 60 day late.
- Weight is given pertaining to the derogatory information in the following order: serious delinquency, charge-off, repossession, foreclosure and bankruptcy.
- Missing low dollar amount payments is better than missing high dollar amount payments.

**30% of your score is derived from outstanding balances being carried on accounts.**

- Ideally, your balances should be below 10% of your credit limit.
- It is better to spread balances evenly over a few cards rather than all on one.
- An authorized user is treated as a joint account holder.

**15% of your score is derived from the length of your credit history.**

- Again, remember to hold on to old credit cards, even if the rate is not great.
- The longer the history, the better. One thing all 800 scores have in common is a long history with the same companies.

**10% of your score is derived from what types of credit you have.**

- A mixture of all types of credit is best.
- 3 to 5 revolving credit cards is optimal.
- Having a mortgage in your mix raises your score.
- New credit temporarily decreases the score for a month until the unrated notation goes away. After you make one month of good payments on time it will update on your credit report as being “paid as agreed.”

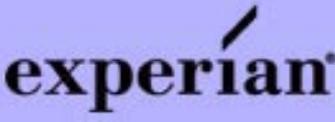
**10% of your score is derived by the frequency and number of inquiries.**

- Multiple auto and mortgage inquiries are treated as one if made within 14 days of each other.
- Inquiries affect your score for one year.
- Your score is only reduced for the first ten inquiries.
- Personal, promotional and account review inquiries do not count.
- Inquiries can cause your score to decrease between 2 and 50 points.
- Insurance inquiries do not count.



# Appendix B

## Sample Credit Report



Prepared for  
JOHN Q CON  
Report number  
1234567890

## Personal Credit Report

### About this report

Experian collects and organizes information about you and your credit history from public records, your creditors and other reliable sources. We make your credit history available to your current and prospective creditors and employers as allowed by law. We do not grant credit or evaluate credit history. Personal data about you may be made available to companies whose products and services may interest you.

*Important decisions about creditworthiness are based on the information in this report. Before contacting us, you should review it carefully for accuracy.*

SAMPLE CREDIT REPORT (Page 1 of 7)

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or  
SUMER  
number

Report date  
January 2, 2004

Page 1 of 7

experian.com/disputes

Information affecting your creditworthiness

Below is a summary of the information contained in this report

potentially negative items listed	
<hr/>	
Public records	2
Accounts with creditors and others	5
Accounts in good standing	3

*you believe that information is accurate, use our new, easy-to-use online dispute service at [www.experian.com/disputes](http://www.experian.com/disputes).*

**If you have questions**

Locate your Report Number, then, contact us.

For efficient, self-directed service, log on to **www.experian.com/disputes** and select **"Dispute it online"**.

For assistance, call **800-XXX-XXXX**  
M - F 9am - 5pm in your time zone.

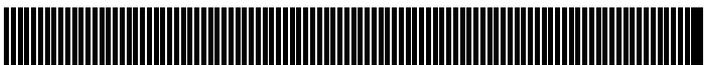
Information is updated frequently, so you should **contact us within 90 days** from the date on this report.

**To order a copy of your Experian Credit Score Report, call 1 888 322 5583.**

**Protect and manage your credit with Credit Manager**  
[www.creditexpert.com](http://www.creditexpert.com)

To submit your request for investigation in writing, include your full name, current mailing address, Social Security number, date of birth, your Report Number, the account number of the item you are disputing, and the specific reason why you believe the information is inaccurate. Send all of the requested information to {address}.

SAMPLE CREDIT REPORT (Page 1 of 7)





Prepared for  
JOHN Q COM  
Report number  
1234567890

### Information affecting your creditworthiness

Items listed with dashes before and after the number, *for example* -- 1 --, may have a potentially negative effect on your future credit extension and are listed first on the report.

Credit grantors may carefully review the items listed below when they check your credit history. Please note that the account information connected with some public records, such as bankruptcy, also may appear with your credit accounts listed later in this report.

### Public Records

	<i>Source/ Identification number</i>	<i>Location number</i>	<i>Date filed/ Date resolved</i>	<i>Response</i>
-- 1 --	<b>HOLLY CO DIST CT</b> 305 MAIN STREET HOLLY NJ 08060	B312P7659	3-1997 / NA	Joint
-- 2 --	<b>BROWN TOWN HALL</b> 10 COURT ST BROWN, NJ 02809	BK443PG14	11-1997/ 10-1998	Joint

SAMPLE CREDIT REPORT (Page 2 of 7)

<p>for CONSUMER number</p>	<p><b>Report date</b> January 2, 2004 www.experian.com/disputes Call 1 800 XXX XXXX</p>	<p><b>Page 2 of 7</b></p>
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**Statement(s)**

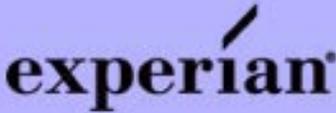
At your request, we've included the following statement every time your credit report is requested.

*"Identification has been used without my consent on applications for credit. Please call me at 999 999 9999 before approving credit in my name."*

<i>Account</i>	<i>Claim amount/ Liability amount</i>	<i>Status details</i>
t	\$3,756 / NA	Status: civil claim judgment filed. Plaintiff: Dime Savings. This item is scheduled to continue on record until 3-2004. This item was verified on 8-1997 and remained unchanged.
t	\$57,786 / NA	Status: chapter 7 bankruptcy discharged. This item is scheduled to continue on record until 11-2007. This item was verified on 8-1997 and remained unchanged.

SAMPLE CREDIT REPORT (Page 2 of 7)





Prepared f

JOHN Q COM

Report nu

1234567890

### Credit items

<i>Source/ Account number (except last few digits)</i>	<i>Date opened/ Reported since</i>	<i>Date of status/ Last reported</i>	<i>Type/ Terms/ Monthly payment</i>	<i>Responsibility</i>
-- 3 -- <b>FIDELITY BK NA</b> 300 FIDELITY PLAZA NORTHSHORE NJ 08902 46576000024....	6-1994/ 6-1994	12-1996/ 12-1996	Installment 10 Months/ \$0	Individual
-- 4 -- <b>B.B. CREDIT</b> 35 WASHINGTON ST DEDHAM MA 547631236	10-1990/ 4-1995	3-2002/ 3-2002	Installment/ 80 months/ \$34	Individual

**Original creditor: Bally's Health Club/Personal Services.**

or  
SUMER  
mber

**Report date**

January 2, 2004  
www.experian.com/disputes  
Call 1 800 XXX XXXX

**Page 3 of 7**

*Credit limit or  
original amount/  
High balance*

*Recent balance/  
Recent payment*

*Status details*

\$4,549/  
NA

\$4,549 as of  
12-1996/

Status: charge off. \$4,549 written off in  
12-1996.  
This account is scheduled to continue on  
record until 12-2003

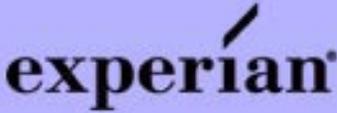
\$8,500/  
\$8,500

\$0 as of  
3-2000/  
\$34

Status: Debt re-included in chapter 7  
bankruptcy. \$389 written off in 3-2002  
Account history:  
Collection as of 9-2000 thru 6-2001  
90 days as of 7-2000  
60 days as of 11-1999, 6-2000  
30 days as of 9-1999, 1-2000 and 2 other  
times.  
This account is scheduled to continue on  
record until 6-2007.  
This item was verified and updated on  
6- 2001.

SAMPLE CREDIT REPORT (Page 3 of 7)





Prepared for

JOHN Q COM

Report number

1234567890

### Credit items

	<i>Source/ Account number (except last few digits)</i>	<i>Date opened/ Reported since</i>	<i>Date of status/ Last reported</i>	<i>Type/ Terms/ Monthly payment</i>	<i>Responsibility</i>
5	<b>FIRST CREDIT UNION</b> 78 WASHINGTON LN LANEVILLE TX 76362 129474	3-1996/ 3-1996	11-1998/ 11-1998	Installment/ 48 Months/ \$420	
6	<b>AMERICA FINANCE CORP</b> PO BOX 8633 COLLEY IL 60126 6376001172....	6-1993/ 7-1993	11-1998/ 11-1998	Revolving/ NA / \$400	
7	<b>NATIONAL CREDIT CARD</b> 100 THE PLAZA LANEVILLE NJ 08905	6-1993/ 6-1993	6-2003/ 6-2003	Revolving/ NA / \$0	Joint with CONSUMER

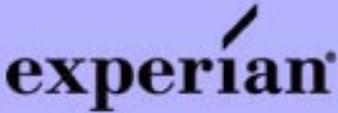
**Purchased from CITIBANK VISA**

<p>for CONSUMER number</p>	<p><b>Report date</b> January 2, 2004 www.experian.com/disputes Call 1 800 XXX XXXX</p>	<p><b>Page 4 of 7</b></p>
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<i>Account type</i>	<i>Credit limit or original amount/ High balance</i>	<i>Recent balance/ Recent payment</i>	<i>Status details</i>
	\$17,856/ NA	\$0 as of 11-1998/ \$420	Status: open/never late.
	\$0/ \$18,251	\$0 as of 11-1998/	Status: card reported lost or stolen. This account is scheduled to continue on record until 11-2008.
JANE R	\$8,000/ \$8,569	\$0 as of 11-1998/	Status: open/never late.

SAMPLE CREDIT REPORT (Page 4 of 7)





Prepared for

JOHN Q COM

Report number

1234567890

## Your use of credit

The information listed below provides additional detail about your accounts, showing up to 24 months of balance history and your credit limit, high balance or original loan amount. Not all balance history is reported to Experian, so some of your accounts may not appear. Also, some credit grantors may update your information more than once in the same month.

<i>Source/Account number</i>	<i>Date/balance</i>	
<b>6 AMERICA FINANCE CO CORP</b>	11-1998/\$0	10-1998/\$4,325
6376001172...	9-1997/\$3,451	7-1997/\$4,200

*Between 1-1994 and 11-1998 your credit limit was unknown.*

<b>7 National CREDIT CARD</b>	4-2003/\$0	2-2003/\$225
420000638...	3-2002/\$2,500	1-2002/\$2,700
	4-2001/\$2,387	3-2001/\$3,400

for  
CONSUMER  
number

**Report date**

January 2, 2004  
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Call 1 800 XXX XXXX

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24 months of  
history is reported to  
the information

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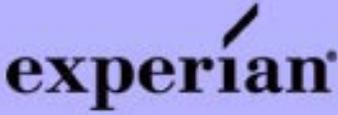
9 8-1998/\$0 5-1998/\$0 2-1998/\$250 1-1998/\$0 12-1997/\$2,951  
51 5-1997/\$4,561

---

11-2002/\$425 9-2002/\$542 7-2002/\$300 6-2002/\$686 4-2002/\$1,400  
74 12-2001/\$599 9-2001/\$873 7-2001/\$1,413 5-2001/\$1,765  
00 2-2001/\$3,212 1-2001/\$4,412

SAMPLE CREDIT REPORT (Page 5 of 7)





Prepared for

JOHN Q COM

Report number

1234567890

### Others who have requested your credit history

Listed below are all those who have received information from us in the recent past about your credit history.

### Requests initiated by you

You took actions, such as completing a credit application, that allowed the following sources to review your information. Please note that the following information is part of your credit history and is included in our reports to others.

<i>Source</i>	<i>Date</i>	<i>Comments</i>
<b>ABC MORTGAGE</b> 64 MAPLE ROSEVILLE MD 02849	10-18-2002	Real estate loan of \$214,000 on behalf of State Bank with 30 year repayment terms. This inquiry is scheduled to continue on record until 10-2004

<p>for CONSUMER number</p>	<p><b>Report date</b> January 2, 2004 www.experian.com/disputes Call 1 800 XXX XXXX</p>	<p><b>Page 6 of 7</b></p>
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**Requests viewed only by you**

You may not have initiated the following requests for your credit history, so you may not recognize each source. We offer credit information about you to those with a permissible purpose, for example to:

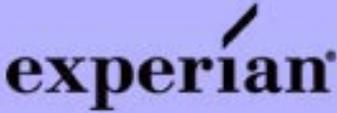
- other creditors who want to offer you preapproved credit;
- an employer who wishes to extend an offer of employment;
- a potential investor in assessing the risk of a current obligation;
- Experian Consumer Assistance to process a report for you;
- your current creditors to monitor your accounts (date listed may reflect only the most recent request).

We report these requests **only** to you as a record of activities, and we do not include **any** of these requests on credit reports to others.

<i>Source</i>	<i>Date</i>
<b>Experian</b> PO BOX 2002 ALLEN TX 75013	3-03
<b>WORLD BANK</b> 4578 DRIVE NORTH YORKVILLE NY 03939	3-03, 12-02, 9-02, 6-02, 3-02, 12-01, 9-01, 7-01
<b>FIDELITY BANK NA</b> 300 FIDELITY PLAZA NORTHSHORE NJ 08902	1-03, 7-02, 1-02, 7-01
<b>NATIONAL CREDIT CARD</b> 100 THE PLAZA LANEVILLE NJ 08905	7-02, 2-02

SAMPLE CREDIT REPORT (Page 6 of 7)





Prepared for

JOHN Q CONSUMER

Report number

1234567890

### Personal information

The following information is reported to us **by you, your creditors** and **other sources**. Each source may report your personal information differently, which may result in variations of your name, address, Social Security number, etc. As part of our fraud -prevention program, a notice with additional information may appear.

### Names

JOHN Q CONSUMER

### Residences

Our records show you currently are a homeowner. The geographical code shown with each address identifies the state, county, census tract, block group and Metropolitan Statistical Area associated with each address.

<i>Address</i>	<i>Type of address</i>	<i>Geographical code</i>
7972 PADDOCK CT LANEVILLE TX 71144-1735	Single family	0-192053-3-0
1704 BEVERLY AVE SPRING LAKE NJ 07762-2004	Single family	0-224681-25-0
2562 GARDEN DR BRIDGE NJ 00160-9712	Single family	0-9004-93-0

### Social Security number variations

228-00-0117

282-00-0117

228-00-1017

### Date of birth

10-05-1966

for  
CONSUMER  
number

**Report date**

January 2, 2004  
www.experian.com/disputes  
Call 1 800 XXX XXXX

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**Driver's license number**

TX 9840295

**Telephone numbers**

XXX XXX XXXX

**Spouse's Name**

JANE

**Notices**

The first Social Security number listed shows that credit was established before the number was issued.

SAMPLE CREDIT REPORT (Page 7 of 7)





# Appendix C

## Summary Of Your Rights Under The Fair Credit Reporting Act

**The federal Fair Credit Reporting Act (FCRA) promotes the accuracy, fairness, and privacy of information in the files of consumer reporting agencies. There are many types of consumer reporting agencies, including credit bureaus and specialty agencies (such as agencies that sell information about check-writing histories, medical records, and rental history records). Here is a summary of your major rights under the FCRA:**

1. You must be told if information in your file has been used against you. Anyone who uses a credit report or another type of consumer report to deny your application for credit, insurance, or employment – or to take another adverse action against you – must tell you, and must give you the name, address, and phone number of the agency that provided the information.
2. You have the right to know what is in your file. You may request and obtain all the information about you in the files of a consumer reporting agency (your “file disclosure”). You will be required to provide proper identification, which may include your Social Security number. In many cases, the disclosure will be free. You are entitled to a free credit file disclosure under one of the following conditions: if a person has taken adverse action against you because of information in your credit report, if you are the victim of identify theft and place a fraud alert in your file, if your file contains inaccurate information as a result of fraud, if you are on public assistance, or if you are unemployed but expect to apply for employment within 60 days. In addition, by September 2005 all consumers will be entitled to one free disclosure every 12 months upon request from each nationwide credit bureau and from nationwide specialty consumer reporting agencies. See [www.ftc.gov/credit](http://www.ftc.gov/credit) for additional information.
3. You have the right to ask for a credit score. Credit scores are numerical summaries of your credit-worthiness based on information from credit bureaus. You may request your credit score from the consumer reporting agencies that create scores or distribute scores used in residential real property loans, but

you will have to pay a fee for it. In some mortgage transactions, you will receive free credit score information from the mortgage lender.

4. You have the right to dispute incomplete or inaccurate information. If you identify and report information in your file that is incomplete or inaccurate, and report it to a consumer reporting agency; then unless your dispute is frivolous, the agency must investigate the information. For an explanation of dispute procedures, visit [www.ftc.gov/credit](http://www.ftc.gov/credit).

5. Consumer reporting agencies must correct or delete inaccurate, incomplete, or unverifiable information. Inaccurate, incomplete or unverifiable information must be removed or corrected, usually within 30 days. However, a consumer reporting agency may continue to report information if it was verified as accurate.

6. Consumer reporting agencies may not report outdated negative information. In most cases, a consumer reporting agency may not report negative information that is more than seven years old, or bankruptcies that are more than 10 years old.

7. Access to your file is limited. A consumer reporting agency may provide information about you only to people with a valid need – usually, those individuals are considering an application with a creditor, insurer, employer, landlord, or other business. The FCRA specifically describes those with a valid need for access to their information.

8. You must give your consent for reports to be provided to employers. A consumer reporting agency may not give out information about you to your employer, or a potential employer, without your written consent given to the (potential) employer. The only exception is the trucking industry, where written consent is generally not required. For more information on this matter, go to [www.ftc.gov/credit](http://www.ftc.gov/credit).

9. You may limit “prescreened” offers of credit and insurance you get based on information in your credit report. Unsolicited “prescreened” offers for credit and insurance must include a toll-free phone number you can call if you choose to remove your name and address from the lists these offers are based on. You may opt-out of all “prescreened” offers with the nationwide credit bureaus at 1-888-5-OPTOUT (1-888-567-8688).

10. You may seek damages from violators. If a consumer reporting agency a user of consumer reports or a furnisher of information to a consumer reporting agency violates the FCRA, you may file an action against them in state or federal court.

11. Identity theft victims and active duty military personnel have additional rights. For more information, visit [www.ftc.gov/credit](http://www.ftc.gov/credit).

States may enforce the FCRA, and many states have their own consumer reporting laws. In some states, such as California, you may have more rights under state law. For more information, contact your state or local consumer protection agency or your state Attorney General. For more information, including information about additional individual state rights, go to [www.ftc.gov/credit](http://www.ftc.gov/credit) or write to:

**Consumer Response Center  
Room 130-A  
Federal Trade Commission  
600 Pennsylvania Ave. N.W.  
Washington, D.C. 20580**





# Appendix D

## The Fair And Accurate Credit Transaction Act

(Amendment To Fair Credit Reporting Act)

**The Fair and Accurate Credit Transactions Act of 2003 “FACT Act” amends the original Fair Credit Reporting Act “FCRA”. Although the FCRA is still in effect, the provisions covered in the FACT Act either add to or change the protections the consumer already has under the FCRA. The Consumer should go by the language of the FCRA unless the same exact topic is covered under the FACT Act; in which case the consumer should adhere to the language in the FACT Act.**

What does this mean in plain English? Think of the FCRA as the original manual to explain what is legal or not legal in the credit world. Think of the FACT Act as the items the legislators were not thinking of 30 years ago when they made the FCRA but knew that the items should be addressed because times have changed. The Legislators decided to create the FACT Act of 2003 as the “icing on the cake” for the FCRA to address the problems the original FCRA did not address. The legal effect of all of this is that the original FCRA is still good law, but if the FACT Act contradicts anything in the FCRA, you should listen to the language in the FACT Act since it is the newer law. The newer law only controls on issues it talks about. If the FACT Act does not address a specific issue then you should go with the language in the FCRA. A good way to approach this is to look at the FCRA first to find the answers to your credit dilemma. After you are done looking through the FCRA you need to look at the FACT Act to see if it says anything different. If it does, then you use the language in the FACT Act, but if the FACT Act is silent then you use the language in the FCRA. If you can’t find the answer to your dilemma in either ACT, then either you have the wrong body of law or no case at all. Hopefully it’s the wrong body of law!

The following is a summary of its provisions and are in addition to the FCRA

### Fair and Accurate Credit Transactions Act of 2003 “FACT Act” Summarized

Title I: Identity Theft Prevention and Credit History Restoration - Subtitle A: Identity Theft Prevention - (Sec.111) Amends the Fair Credit Reporting Act (FCRA) to define fraud alert and active duty alert as a statement in the consumer’s file that does the following: (1) notifies all prospective users of a consumer report that the consumer may either be a victim of fraud, including identity theft, or is an active duty military consumer, as applicable; and (2) is presented in a manner that facilitates a clear and conspicuous view of the statement by any person requesting such report.

Defines identity theft report as a report that alleges identity theft and is a report that is filed by a consumer with an appropriate Federal, State, or local government agency, including the U.S. Postal Inspection Service and any law enforcement agency.

(Sec. 112) Requires a consumer reporting agency, upon consumer good faith allegation and direct request, to include a fraud alert in the consumer’s file for at least 90 days.

Requires a consumer reporting agency, upon the request of a consumer who files an identity theft report, or upon receipt of a properly completed copy of a Federal Trade Commission (FTC)-developed and standardized affidavit of identity theft, to include a fraud report in the consumer’s file for seven years (unless the consumer requests its removal sooner) and for five years to exclude the consumer from any list provided to a third party to offer credit or insurance to the consumer as part of a transaction the consumer has not initiated.

Requires a consumer reporting agency to refer such fraud alert or an active duty alert to other consumer reporting agencies.

Requires a reseller to reconvey such fraud alerts.

(Sec. 113) Mandates truncation of credit card and debit card numbers, with printing of no more than the last five digits.

(Sec. 115 ) Requires a consumer reporting agency upon consumer request for nondisclosure of the number, to truncate a consumer's social security by removing the first five digits.

Subtitle B: Protection and Restoration of Identity Theft Victim Credit History - (Sec. 151)

Prescribes procedural guidelines under which a business entity, upon victim request, must provide a copy of the business records evidencing a transaction alleged to be a result of identity theft to the victim and to any law enforcement agency or officer specified by the victim, or investigating the identity theft.

Sec. 152) Requires a consumer reporting agency to block the reporting of information that the consumer alleges resulted from identity theft.

(Sec. 153) Prescribes guidelines for coordination of consumer complaint investigations prevention of replanting of consumer reports with fraudulent accounts.

(Sec. 156) Extends the statute of limitations for civil liability for violations of FCRA from two to five years after the date on which the violation occurs (but not later than two years after the violation is discovered).

Title II: Improvements in Use of and Consumer Access to Credit Information - (Sec. 211) Requires big three consumer reporting agencies to furnish free credit reports upon consumer request once during any 12-month period.

(Sec. 212) Requires both consumer reporting agencies and users of credit scores who make extensions of credit for home buyers to: (1) disclose to the consumer the availability of credit scores in connection with a credit application secured by a dwelling and to furnish a statement indicating that the information and credit scoring model may be different than that used by the lender.

Permits a consumer reporting agency to charge a fee, determined by the FTC for providing such information.

States that if a key factor that adversely affects the credit score of a consumer consists of the number of inquiries made with respect to a consumer report, that factor must be included in the disclosure.

Requires certain mortgage lenders to disclose credit scores in connection with a consumer loan secured by 1 - 4 units of residential real property.

Declares void any contract provision prohibiting such mandatory disclosures. This shields lenders from liability for making mandatory disclosure of a credit score.

(Sec. 214) Requires affiliates who exchange consumer information for market solicitation purposes to alert the consumer of such practice and to allow the consumer to prohibit permanently all solicitation for marketing purposes.

(Sec. 217) Requires certain financial institutions to provide written notice to the consumer if they furnish negative information to a consumer reporting agency regarding credit extended to such consumer.

Title III: Enhancing the Accuracy of Consumer Report Information - (Sec. 311) Prescribes guidelines requiring certain persons who grant credit based upon consumer reports to notify the consumer if the credit terms are materially less favorable than the most favorable terms available to a substantial proportion of consumers (risk-based pricing notice).

Prohibits enactment of any State law imposing a requirement or prohibition relating to the duties of users of consumer reports to provide notice with respect to terms in certain credit transactions (thus, precludes enactment of State consumer protection laws that may be more stringent than Federal law).

(Sec. 312) Directs the Federal banking agencies to jointly prescribe regulations identifying the circumstances under which a furnisher must reinvestigate a dispute concerning the accuracy of information contained in a consumer report on the consumer, based upon direct consumer request.

(Sec. 313) Prescribes guidelines for FTC treatment of consumer complaints of incomplete or inaccurate information maintained by a consumer reporting agency and transmission of such complaints to the agency.

Directs the Board and the FTC to study jointly and report to Congress on how consumer reporting agencies and furnishers of consumer information to those agencies comply with statutory procedures, time lines, and requirements for the prompt investigation of the disputed accuracy of consumer information, the completeness of the information provided to consumer reporting agencies, and the prompt correction or deletion of inaccurate, incomplete, or non-verifiable information.

(Sec. 314) Requires consumer reporting agencies that determine, upon reinvestigation, inaccurate, incomplete, or unverified information to promptly notify the information furnisher of such action. Requires information furnishers in such instances to promptly delete or modify such information.

(Sec. 315 ) Requires a consumer reporting agency to notify consumer report users whenever the consumer address contained in a report differs substantially from that provided by the user when the agency it requested the report.

(Sec. 316 ) Sets forth reinvestigation requirements for resellers notified of disputed consumer information.

(Sec. 317) Revises the requirement that a consumer reporting agency reinvestigate disputed information to require a reasonable reinvestigation to determine whether the disputed information is inaccurate.

Title IV: Limiting the Use and Sharing of Medical Information in the Financial System

Title V: Financial Literacy and Education Improvement

Title VI: Protecting Employee Misconduct Investigations - (Sec. 611 ) Amends FCRA to exclude from consumer disclosure requiring certain communications made to an employer concerning employee misconduct.

Mandates disclosure to the consumer of a summary containing the nature and substance of a communication which forms the basis of an adverse action regarding employee misconduct investigations. States that sources of the information acquired solely for use in preparing what would otherwise be an investigative consumer report do not need to be disclosed.

Title VII: Relation to State Law - (Sec. 711) Repeals the termination after January 1, 2004, of Federal preemption of State law by FCRA (thus extending such Federal preemption indefinitely).

Title VIII: Miscellaneous - (Sec. 811) Makes clerical and technical amendments to FCRA



# Appendix E

## The Fair Debt Collection Practices Act

**The Fair Debt Collection Practices Act “FDCPA” requires that a debt collector treat a debtor fairly by prohibiting certain methods of debt collection. Below is a summary for consumers and their rights under the Fair Debt Collection Practices Act.**

### **Who is a debt collector?**

A debt collector is any person, other than the original creditor, who regularly collects debts owed to others. Under a 1986 amendment to the FDCPA, this includes attorneys who collect debts on a regular basis.

### **What debts are included?**

Personal, family, and household debts are all included under the FDCPA. This includes money owed for the purchase of a motor vehicle, medical care, and credit card accounts.

### **How may a debt collector contact you?**

A debt collector may contact a debtor in person, by mail, telephone, telegram, or fax. A debt collector may not contact you at an unreasonable time or place, such as before 8 a.m. or after 9 p.m., unless the debtor provides such consent. Also, a debt collector may not contact a debtor at work if the collector knows that the employer disapproves. This means that if a debt collector contacts you at work and you inform him or her that your employer does not approve of personal collection calls at their your workplace, the debt collector cannot contact you at work in the future.

### **Can you stop a debt collector from contacting you?**

You can stop a debt collector from contacting you by writing a letter to the collection agency indicating that you do not wish for them to contact you further regarding the debt. Once the debt

collector receives that letter, they may not contact you again, except in two circumstances: First, to let you know there will be no further contact, or second, to inform you that the debt collector or the creditor intends to take specific legal action against you.

### **May a debt collector contact anyone else about your debts?**

If you have an attorney, the debt collector may not contact anyone other than your attorney provided they are aware that you have an attorney. If you do not have an attorney, a debt collector may contact other people, but only to obtain information as to where you live and work. Debt collectors are usually prohibited from contacting such permissible third parties more than once. In most cases, the collector may not tell anyone other than you and your attorney that you owe money.

### **What must a debt collector tell a debtor about the debt?**

Within five days after you are first contacted by a debt collector, they must send you a written notice informing you of the amount of money you owe, the name of the creditor to whom you owe the money and what action to take if you believe that you do not owe the money.

### **May a debt collector continue to contact a debtor if the debtor believes he does not owe money?**

Once you send a debt collector a letter indicating that you do not owe the money within thirty days after you are first contacted by them, they may not contact you further. However, a debt collector can renew collection activities if you are sent proof that you actually owe the debt, such as a copy of a bill for the amount owed.

## What type of debt collection practices are prohibited?

**Harassment:** Debt collectors may not harass, oppress or abuse anyone. Debt collectors may not:

- Use threats of violence or harm against the person, property, or reputation.
- Use obscene or profane language.
- Repeatedly use the telephone to annoy someone.
- Telephone people without identifying themselves.

**False Statements:** Debt collectors may not use any false statements when collecting a debt. Debt collectors may not:

- Falsely imply that they are attorneys or government representatives.
- Falsely imply that you have committed a crime.
- Falsely represent that they operate or work for a credit bureau.
- Misrepresent the amount of your debt.
- Misrepresent the involvement of an attorney in collecting a debt.
- Indicate that papers being sent to you are legal forms when they are not.
- Indicate that papers being sent to you are not legal forms when they are.
- State that you will be arrested if you do not pay your debt.
- State that they will seize, garnish, attach, or sell your property or wages, unless the collection agency or creditor intends to do so, and it is legal to do so.
- State that actions, such as a lawsuit, will be taken against you, which legally may not be taken, or which they do not intend to take.
- Give false credit information about you to anyone.
- Send you anything that looks like an official document from a

court or government agency when it is not.

- Use a false name.

**Unfair Practices:** Debt collectors may not engage in unfair practices when they try to collect a debt. For example, a debt collector may not:

- Collect any amount greater than your debt, unless allowed by law.
- Deposit a post-dated check before the date on the check.
- Make you accept collect calls or pay for telegrams.
- Take or threaten to take your property unless it can be done legally.
- Contact you by postcard.

### **What can you do if you believe a debt collector violated the law?**

You have the right to sue a debt collector in a state or federal court within one year from the date you believe the law was violated. If you win, you may recover money for the actual damages you suffered or statutory damages if no actual damages exist, court costs and attorneys fees.

Where can you report a debt collector for an alleged violation of FDCPA?

You can report violations to your state Attorney General's Office and/or the Federal Trade Commission.

If you have questions about the Fair Debt Collection Practices Act, or your rights under the Act, go to [www.ftc.gov/os/statutes/fdepajump.htm](http://www.ftc.gov/os/statutes/fdepajump.htm) or write to:

**Correspondence Branch  
Federal Trade Commission  
600 Pennsylvania Ave. N.W.  
Washington, D.C. 20580**



# Appendix F

Remedying The Effects  
Of Identity Theft

Identity theft occurs when someone uses your name, Social Security number, date of birth, or other identifying information, without authority, to commit fraud. For example, someone may have committed identity theft by using your personal information to open a credit card account or get a loan in your name. The Fair Credit Reporting Act (FCRA) gives you specific rights when you are, or believe that you are, the victim of identity theft. Here is a brief summary of the rights designed to help you recover from identity theft.

- You have the right to ask that nationwide consumer reporting agencies place “fraud alerts” in your file to let potential creditors and others know that you may be a victim of identity theft. A fraud alert can make it more difficult for someone to get credit in your name because it tells creditors to follow certain procedures to protect you. It also may delay your ability to obtain credit. You may place a fraud alert in your file by calling just one of the three nationwide consumer reporting agencies. As soon as that agency processes your fraud alert, it will notify the other two, which then also must place fraud alerts in your file. An initial fraud alert stays in your file for at least 90 days. An extended alert stays in your file for seven years. To place either of these alerts, a consumer reporting agency will require you to provide appropriate proof of your identity, which may include your Social Security number. If you ask for an extended alert, you will have to provide an identity theft report. An identity theft report includes a copy of a report you have filed with a federal, state, or local law enforcement agency, and additional information a consumer reporting agency may require you to submit. For more detailed information about the identity theft report, visit [www.consumer.gov/idtheft](http://www.consumer.gov/idtheft).

- You have the right to free copies of the information in your file (your “file disclosure”). An initial fraud alert entitles you to a copy of all the information in your file at each of the three nationwide agencies, and an extended alert entitles you to two free file disclosures in a 12-month period following the placing of the alert. These additional disclosures may help you detect

signs of fraud, for example, whether fraudulent accounts have been opened in your name or whether someone has reported a change in your address. Once a year, you also have the right to a free copy of the information in your file at any consumer reporting agency, if you believe it has inaccurate information due to fraud, such as identity theft. You also have the ability to obtain additional free file disclosures under other provisions of the FCRA. See [www.ftc.gov/credit](http://www.ftc.gov/credit).

- You have the right to obtain documents relating to fraudulent transactions made or accounts opened using your personal information. A creditor or other business must give you copies of applications and other business records relating to transactions and accounts that resulted from the theft of your identity, if you ask for them in writing. A business may ask you for proof of your identity, a police report, and an affidavit before giving you the documents. It also may specify an address for you to send your request. Under certain circumstances, a business can refuse to provide you with these documents.

See [www.consumer.gov/idtheft](http://www.consumer.gov/idtheft)

- You have the right to obtain information from a debt collector. If you ask, a debt collector must provide you with certain information about the debt you believe was incurred in your name by an identity thief – like the name of the creditor and the amount of the debt.

- If you believe information in your file results from identity theft, you have the right to ask that a consumer reporting agency block that information from your file. An identity thief may run up bills in your name and not pay them. Information about the unpaid bills may appear on your consumer report. Should you decide to ask a consumer reporting agency to block the reporting of this information, you must identify the information to block, and provide the consumer reporting agency with proof of your identity and a copy of your identity theft report. The consumer reporting agency can refuse or cancel your request

for a block if, for example, you don't provide the necessary documentation, or where the block results from an error or a material misrepresentation of fact made by you. If the agency declines or rescinds the block, it must notify you.

Once a debt resulting from identity theft has been blocked, a person or business with notice of the block may not sell, transfer, or place the debt for collection.

- You also may prevent businesses from reporting information about you to consumer reporting agencies if you believe the information is a result of identity theft. To do so, you must send your request to the address specified by the business that reports the information to the consumer reporting agency. The business will expect you to identify what information you do not want reported and to provide an identity theft report. To learn more about identity theft and how to deal with its consequences, visit

[www.consumer.gov/idtheft](http://www.consumer.gov/idtheft), or write to the FTC. You may have additional rights under state law. For more information, contact your local consumer protection agency or your state attorney general. In addition to the new rights and procedures to help consumers deal with the effects of identity theft, the FCRA has many other important consumer protections. They are described in more detail at [www.ftc.gov/credit](http://www.ftc.gov/credit).

For more information, including information about additional rights, go to [www.ftc.gov/credit](http://www.ftc.gov/credit) or write to:

**Consumer Response Center  
Room 130-A  
Federal Trade Commission  
600 Pennsylvania Ave. N.W.  
Washington, D.C. 20580**



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- **To manage your credit score and increase it.**
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- **To reverse the effects of identity theft.**