

Credit Restoration Presentation Outline

Credit Matters – The Company

- We started business in August, 2003 – Located in Fond du Lac, WI. We have offices there and in northern Illinois.

We help people get negative items removed from their credit reports.

- We challenge the credit bureaus to verify the accuracy of items reported.
- We use the legal basis described in the Fair Credit Reporting Act which requires the credit bureaus to verify information reported about an item when it is disputed.
- About 30% of all credit reports contain serious errors that result in the denial of credit.
- There are 3 credit bureaus; TransUnion, Experian and Equifax (CSC Credit Services is their affiliate that holds the credit profiles for consumers in the Midwest).
- The bureaus then have 30 days to verify items with the creditors that reported the items.
- Items UNVERIFIED – The bureau must remove the item from the credit report.
- Items VERIFIED – We use another dispute strategy to require verification again.
- As items are deleted from your credit reports, the scores go up.

We average removing 30% - 60% of negative items reported within the first 2- 6 months.

- We dispute derogatory items in the credit report. However, we can only dispute 10 – 15 items at a time; otherwise the credit bureau tends to consider the dispute frivolous.
- Credit restoration usually takes from 2 - 6 months, and sometimes up to 1 year (depending on the number of items reporting). We average removing between 30% - 60% of derogatory items.
- All items have an equal chance of being removed from the report. Late pays are not any more difficult to remove than collections. Unpaid items are not any more difficult than paid items. New items are not any more difficult to get removed than old items.

The restoration process works as follows;

- We send letters, including copies of identification, to the credit bureaus disputing negative items in your credit report.
- Upon receiving our dispute letter, the bureaus have 30 days to verify the accuracy of items reported by asking the creditors to provide verification.
- After 30 days, items that have not been verified will be removed from the report. Items that are verified will be updated if they were reporting inaccurately and remain on the report.
- The bureaus will then send you a summary of the items investigated showing what has been deleted and verified. They will also include new copy of your credit report from their bureau.
- Each bureau operates independently and doesn't share information with the other bureaus. So you will be receiving correspondence and reports from all three bureaus.
- You need to forward any correspondence received from the credit bureaus to Credit Matters (Fax or Mail – please don't email since this is not a secure format to send confidential information). The bureaus aren't going to send your confidential information to anyone but you.
- When we receive your bureau correspondence, we then update your file showing what has been deleted or updated to a positive reporting account, and then identify any remaining items that need to be disputed and the process repeats itself.
- At this time we also generate a status report and email you and your loan officer this report.
- This dispute cycle takes 40 to 50 days when you consider the 30-day investigation period and mail delivery time.
- We don't correspond or communicate with any creditors, only the credit bureaus.

Our goal is to increase your scores as much as possible.

- It is common that an item will be removed from one bureau but be verified on another.
- If two of your three scores increase, then your middle score will be increased, which is what your loan officer is primarily concerned about.
- Establishing positive credit (if you don't have any) is equally as important in raising scores as removing derogatory items. **The credit score is primarily a measurement of your ability to make payments on time during the last 24 months.**
- Increasing your credit score is largely dependent on the number of negative items that you have and how old they are, compared to the amount of positive payment history accounts that you have, and how old they are. For example; if you have 35 negative items reporting and 25 of these items are removed, your score will definitely increase, but you still have 10 negative items left. Depending on how old these are, and what they are (unpaid collections for instance) may still have a significant impact on limiting just how high your score will be. If you have a lot of positive credit to counter this, and these remaining items are all old paid accounts, then your score will increase a lot. If on the other hand you have only one or two positive reporting items that were closed three years ago, then the negative items will still greatly outweigh your positive items and the score will be limited in how much it will increase.

A word about Collections, Charge-Offs and Judgments

- Collections and judgments that are removed doesn't mean that you don't owe the money. They just aren't reporting.
- If a collection is removed from one bureau but remains on another bureau, it will still show on the tri-merged report pulled by your loan officer, however; the score for the bureau that removed it will increase. Remember, one bureau's reported items or score has no impact on the other bureaus scores.
- Judgments will still show up on title.
- Paying on collections and judgments after being deleted from the report will cause the item to reappear on the credit report as a paid item if the collection agency or public records office reports it to the bureaus. We then dispute it again.
- Items that are paid (like collections and judgments) remain on the report for 7 years from the date of last activity. Payment on an account is an activity.
- If a collection is unpaid and has a last reported date from three years ago and is now paid, it will report a \$0 balance and reestablish the DLA to the present and remain on the report for 7 more years.
- Paying off a collection, a "charged off" account, or a judgment that has an old "reported date" will have a temporary impact of lowering your score... 20 to 40 points. However; the score will rebound and increase above the original score after about 60 days. The key here is that it had an old reported date and is updated to a more recent reporting date which has a greater immediate impact on your score, even though the item is now paid off.
- Payment arrangements on collections or charge-offs should be avoided since this will cause the reporting date for these items to be updated to a more recent date with an outstanding balance still showing every time you make a payment. This will lower the score.

Credit cards and charge cards with high balance to credit limit ratios will greatly reduce credit scores.

- The ratio of revolving account balance to limit is referred to as your "utilization ratio".
- It is figured collectively, meaning that you add up all of your balances owed on credit and charge cards and compare this to the total of all these card limits.
- If the total balance to limit ratio for all of your cards is over 30%, it will reduce your score.
- The higher the percentage of utilization, the greater the impact on score. If you are at a 40% to 50% ratio, this may affect your score by 20 or 30 points. If you are at a 80% utilization ratio or above, this may affect your score by 80 to 120 points, depending on other items reporting.

We don't need your "paid receipts" or BK papers.

- It is common that items show unpaid when they are actually paid or included in BK. We don't submit any of this paperwork to the bureaus since it will only provide the verification that the account even existed.
- Our purpose is to put the burden of proof on the bureau to obtain verification from the creditor and hopefully cause the item to be removed entirely from the report.
- If the item is verified, then it will usually be updated to report correctly anyway.

The following is a breakdown of how long items report on the credit report.

- BKs report for 10 years from the discharge or dismissal date. These dates are the Date of Last Activity.
- Items included in BK are reported for 7 years from discharge date.
- Unpaid tax liens are reported for 15 years.
- All other items report for 7 years from DLA.

What about joint accounts or when someone else's accounts are showing on my report?

- Each person's credit profile is held separately with the bureaus. Working on one spouse with joint accounts that are derogatory will have no impact on other spouse's credit.
- Accounts that don't belong to you are disputed in the same manner as those that do belong to you. It is up to the creditor to verify information back to the credit bureau. If it is not yours and the creditor doesn't verify it because of this, then it will be removed. However; if the creditor is erroneously reporting the information about someone else to the credit bureau and verifies the error, then the problem must be addressed with the creditor. We don't communicate with your creditors because they typically won't communicate with anyone other than you. You need to contact them and get it straightened out.
- The same is true for issues regarding ID theft. Basically we can't control or enforce a creditor to not report erroneous information about you. This is something that would be handled with legal action using the Fair Debt Collections Practices Act and Fair Billing Practices Act. You may need legal assistance in dealing with creditors.

Items we don't dispute

- Inquiries – They have little impact on score (less than 5% impact) and after 6 months have virtually no impact.

To get started we need the following;

- Credit reports – a tri-merged report will do.
- Copies of your identification. The credit bureaus require that copies of your ID accompany any dispute. Basically, they want to verify that they have the correct person for beginning an investigation into the dispute.
- Copy of government ID – Driver's License (enlarge 120%)
- Copy of social security number – SSA card (enlarge 120%) or a pay stub or copy of W-2 (not tax returns)
- Copy of a utility or phone bill showing current address – to establish residence address
- Previous Address – if you've moved within the last two years we need your previous address (on application)
- Email Address – This is how we send you status reports. (on application)
- Choose a payment option.

What you will receive from Credit Matters

- Welcome Package – [Explanation](#) of the program, [Privacy Policy](#), [Application](#) for customer to sign and return, [ID Reminder](#) to send IDs if we don't already have them. [Refrigerator Magnet](#) with our contact info.
- Status Reports – these are sent via email as items are deleted.