

Title:

Credit Repair - Blueprint Part 1

Word Count:

660

Summary:

Repairing your own credit is one of the best ways to get the job done right. First you will need to a copy of your credit report and credit score from each of the main credit bureaus. Once you know the damage, it's time to devise a game plan to remove negative items and begin building new credit.

Keywords:

credit repair, credit monitoring, personal finances

Article Body:

If you are just getting started on the process of repairing your credit, one of the big questions is whether to do it yourself or commit to using a lawyer or credit repair service. If you feel that doing it yourself will get the job done right, I am going to have to agree with you. Many credit repair services will charge you a monthly fee and you will have no idea what you are getting. I have known several people to try repair services and be extremely disappointed. I am not saying they are all bad, but if you were charging a monthly fee, do you think you would be racing to get the job done quickly?

So by now you have probably figured out that this series of articles will be about repairing your own credit. In this first series we will get started in finding out how damaged your credit is, and then prepare a game plan to begin the healing process. It would be difficult to prepare a halftime comeback if you didn't even know what the score was. But what if I told you there were three scores and they may all be different? Don't despair it will make sense in a minute.

There are three major consumer credit reporting agencies, and each one keeps a file on you called a credit report. This report contains information such as name, address, social security number and other personal information about you. The biggest section of this report keeps a history of all your current and past trade lines. This information will have the name of the lender, account numbers, and payment history information that other lenders will look at to see if you make your payments on time or have ever had late payments. Noted will also be approved limits and the type of credit, installment or revolving, and the status of the loan (open, closed, paid, and inactive or whether it's been sent off to collection).

The next section of your report, Public Record, will have the most impact on your scores. This is the section that lists any tax liens, bankruptcies, foreclosures or other judgments against you. If you are lucky this section will be clean. If not there are actions that can be taken to help clean up this section of your report. In a later article I will touch on some of these advanced credit repair techniques. Just know that if done correctly you will not have to wait 7 to 10 years for these items to drop off your report.

The last section is Inquiries. Each time you apply for credit, a lender will pull a copy of your credit report to gauge your credit worthiness. Each lender's formula on how to approve you will be slightly different, but will most likely be checking your report, your FICO score and looking at your income statements. Each inquiry into your credit actually counts against you and will knock a few points off your score. However, if you pull the report yourself, this is considered a soft inquiry and will not have any impact.

Lenders will begin reporting on you to the bureaus once you have established a loan and begun making payments. Because this is a voluntary system for lenders, you will not know which if any of the reporting agencies a lender is submitting data to. For this reason you will find that your credit report will be different as well as your credit score at each of the 3 big credit bureaus. So to begin with you will need a copy of your report and score from each credit bureau. I recommend looking for a package deal that will contain a combined report from all three bureaus and your FICO scores too, as most lenders will use this score to grade you by.

In Part 2 of this series we will begin learning how to clean up your report and begin building new credit.