

CREDIT REPAIR

STEP-BY-STEP GUIDE



Using Only Legal Steps

All of the material in this guide was written by this guy. He is the only one responsible for its content.

Jim Simms - The Mortgage Hub
Financing Kentucky One Home At A Time

<http://JamesSimms.com>



PREPARING FOR A MORTGAGE APPLICATION

Step 1

GET A REAL COPY OF YOUR CREDIT REPORT.

LENDERS ARE REQUIRED TO USE A TRI-MERGED CREDIT REPORT. THIS TYPE OF REPORT CONTAINS A LOT MORE INFORMATION THAN THE FREE REPORTS YOU CAN GET ONLINE. YOU NEED TO SEE WHAT THE LENDER IS GOING TO SEE. ASK A LENDER TO HELP YOU GET A COPY. BE PREPARED TO PAY FOR IT, THEY COST MONEY.

I PROVIDE MY CLIENTS A FREE COPY OF THEIR CREDIT REPORT.

Step 2

MAKE COPIES OF THE REPORT KEEP THE ORIGINAL IN A SAFE PLACE



USE THE COPIES TO MAKE NOTES, CIRCLE MISTAKES, GO LINE-BY-LINE, WORD-BY-WORD, TAKE YOUR TIME.

TRY TO GATHER PROOF THAT SUPPORTS THE CLAIM SOMETHING IS WRONG.

Example, if the credit report shows an incorrect address find a copy of the lease, utility bills, anything that shows the correct address and date.



SEND A LETTER EXPLAINING THE MISTAKE AND ASK THAT IT BE CORRECTED

Step 3

SEND THE LETTER, THE PROOF AND THE PAGE FROM THE CREDIT REPORT THAT CONTAINS THE MISTAKE, CIRCLE THE MISTAKE. SEND IT TO ALL THREE.

TRANSUNION
HTTP://WWW.TRANSUNION.COM
2 BALDWIN PLACE, P. O. BOX 1000
CHESTER, PA 19022
800-888-4213

EXPERIAN
WWW.EXPERIAN.COM
701 EXPERIAN PARKWAY, PO BOX 2002
ALLEN, TX 75013
888-397-3742

CSC CREDIT SERVICES
WWW.EQUIFAX.COM
PO BOX 619054
DALLAS, TX 75261-9054
800-392-7816

Step 4

LOCATE JUDGMENTS AND LIENS ON THE CREDIT REPORT IF ANY.

ALL JUDGMENTS AND LIENS MUST BE PAID IN FULL OR SETTLED IN SOME MANNER.

If you set up a payment arrangement on a lien it must show the payments have been made on time for at least 12 months (usually). Something small may get by with 6 months.

Judgments must be paid off or settled.
If a payment arrangement is made it must be paid in full.

LOCATE COLLECTIONS IF ANY

THERE ARE 2 TYPES OF COLLECTIONS:

1. MEDICAL
2. EVERYTHING ELSE

SOME SMALL MEDICAL COLLECTIONS MAY NOT REQUIRE PAYMENT BEFORE BUYING A HOME.

EVERYTHING ELSE MUST BE ADDRESSED.

Many Homebuyers foolishly try to work around collections.

That can cause them to crash and burn later if they deceive the lender and the collection creditor finds out they bought a home. The Homebuyer finally has something to lose!!!

Step 5

\$1,000 is the magic number on medical collections, as long as none of them total that amount it may be okay.

Step 6

PRIORITIZE THE COLLECTIONS. DETERMINE WHICH ORDER THEY SHOULD BE ADDRESSED.

OKAY, HERE IS WHERE IT GETS A LITTLE COMPLICATED. THIS IS MORE OF AN ART THAN IT IS A SCIENCE. TWO THINGS TO NOTE:

1. SIZE OF THE COLLECTION
2. REPORTED MOST RECENTLY OR MOST OFTEN

START WITH THE SMALLEST AMOUNT, YOUR CREDIT SCORE WILL INCREASE AS MUCH FOR PAYING OFF A \$100 COLLECTION AS IT WILL FOR PAYING OFF ONE THAT IS A \$1,000.

PAY ATTENTION TO THE REPORTED DATES, A COLLECTION THAT IS REPORTING EVERY MONTH DOES A LOT MORE DAMAGE THAN ONE THAT HASN'T BEEN UPDATED IN YEARS.

Step 6 continued next page



Step 6

Step 6 continued...

When it was last reported

Watch these two

E C O A	CREDITOR ACCOUNT NO	RPTD	LAST ACT	OPND	LIMIT OR HIGHEST CREDIT	PRESENT STATUS		TERMS PYMT AMT	TYPE/RATE VENDOR	HISTORICAL STATUS			
						BALANCE OWING	AMOUNT PAST DUE			NO MOS HIST REV	30 DAYS	60 DAYS	90 DAYS
1	COLLECTION #1 [REDACTED]	01/09	11/07	09/08	837	837			09 EFX 01 (XPN,TRU)				
1	MIDLAND FUNDING #8 [REDACTED] 8875 AERO DR STE 200 SAN DIEGO CA 92123 (800) 825-8131	03/12		09/09	582	740	740	1 M	INS 09 XPN 01 (EFX,TRU)	31	0	0	0
1	PORTFOLIO RECVRY&AFFIL #5 [REDACTED] 120 CORPORATE BLVD STE 1 NORFOLK VA 23502 (800) 772-1413	03/12		02/09	551	685	685	1 M	INS 09 XPN 01 (EFX,TRU)	36	0	0	0
1	COLLECTION # [REDACTED]	03/12	12/05	07/06	155	155			09 EFX 01				
1	GLA COLLECTION CO INC #11 [REDACTED]	06/10		03/10	38	38	38	1 M	INS 09 COLLECTION ATTY XPN 01	1	0	0	0

Would leave this one alone not updating and medical

This one would be next - this one and the one above it are reporting every month

I would pay this one first even though it is medical - it reported recently and is the smallest amount of the recent reports

PAY DOWN BALANCES ON CREDIT CARDS

Step 7

CREDIT CARDS THAT ARE MAXED OUT WILL CRUSH YOUR CREDIT SCORE. I HAVE SEEN A BALANCE ON A CREDIT CARD INCREASED BY ONLY \$200 COST A 100 POINTS!!!

THE BAD NUMBER SEEMS TO BE IF THE BALANCE GOES ABOVE 75% OF THE LIMIT. IF THE CREDIT CARD HAS A \$1,000 LIMIT A BALANCE OF \$750 WILL CAUSE THE CREDIT SCORE TO COME CRASHING DOWN.

WHEN THE BALANCE STAYS BELOW 35% OF THE LIMIT IT INCREASES THE CREDIT SCORE. AIM FOR A BALANCE OF NO MORE THAN 25% BUT MAKE SURE THERE IS SOME ACTIVITY EVERY MONTH.

It
doesn't
hurt to
ask!



Increasing a credit limit while paying down the balance on a credit card will boost credit scores just as fast as only paying down the balance, and it takes less money.

Step 8

OPEN DISPUTES ARE A ROAD BLOCK, REMOVE THEM IF YOU HAVE ANY OPEN

NOTICE THAT I HAVE NOT SUGGESTED DISPUTING ANTHING THAT IS CORRECT. DISPUTING ACCURATE INFORMATION JUST BECAUSE IT IS NEGATIVE IN NATURE IN ORDER TO GET A MORTGAGE IS FRAUD, A VERY SERIOUS FEDERAL CRIME. DON'T DO IT!

YEAH, I KNOW, EVERYONE WILL TELL YOU IT IS OK, BUT IT ISN'T. DISPUTING INFORMATION YOU KNOW IS ACCURATE IS A LIE, LYING ABOUT ANYTHING TO GET A LOAN IS FRAUD.

IF THERE ARE OPEN DISPUTES ON THE CREDIT REPORT GET THEM REMOVED. MORTGAGE UNDERWRITERS DO NOT LIKE OPEN ISSUES.

Dispute the dispute if there are any open issues. This can take 3 to 4 weeks to fix, get on it ASAP!

Step 9


THE BIGGEST SECRET TO CREDIT REPAIR IS TO START A MONTHLY BUDGET ASAP AND STICK TO IT NO MATTER WHAT!

WHEN YOU ARE READY TO APPLY FOR A MORTGAGE YOU ARE ALLOWED TO SUBMIT ANY DOCUMENT THAT SUPPORTS YOUR POSITION. NO ONE EVER SUBMITS A COPY OF THEIR BUDGET FOR THE LAST 6 MONTHS TO A YEAR.

WHAT BETTER WAY TO PROVE YOU CAN AFFORD THE MORTGAGE PAYMENT THAN A BUDGET THAT SHOWS YOU SAVED AN AMOUNT ABOVE THE RENT YOU HAVE BEEN PAYING, THE TOTAL OF BOTH EXCEEDS THE MORTGAGE PAYMENT?

<http://jamessimms.com/wp-content/uploads/2012/11/Budget.pdf>

CURRENT RENT	\$750	PROPOSED PAYMENT	\$975
AVERAGE SAVINGS	\$250		
TOTAL	<u>\$1,000</u>		



LAST STEP

LAY OUT A PLAN – STICK TO IT

KEEP DOING IT MONTH AFTER MONTH. CREDIT SCORES TRACK HOW YOU MANAGE MONEY, ESPECIALLY HOW BILLS ARE PAID. KEEP UP THE GOOD WORK AND YOUR CREDIT SCORES WILL CLIMB EVERY MONTH.

Call me if you have any questions

(502) 753-4127



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Using Only Legal Steps

Here is the fine print. I am a loan officer, not a credit counselor, attorney or financial planner. If you need help from one of those guys, reach out and find one. All I am sharing is experience based on reviewing thousands of credit reports.

Jim Simms

(502) 753-4127

JSimms@cmcloans.com

<http://JamesSimms.com>

<http://JimLends.com>

NMLS #6395

