

Repair Your Own Credit

Expert tips to help you prevent debt from ruining your family's credit rating

By Brette McWhorter Sember

It is easy to let family spending get out of control. Credit card spending in particular is a major source of trouble for many families. Many families find that they are falling behind on payments and worry about how this will be reflected on their credit reports.

It's time to stop worrying and find out. You can take charge of your credit report and you can improve your credit rating.

What is a credit report?

Your credit report is your basic financial report card. The credit report contains a list of all the debts you have and shows their status, whether they are paid on time or are late, and what the total balance and monthly payments are.

When you apply for a mortgage, car loan or credit, the creditor looks at your credit report to determine whether you are able to take on more debt and what kind of a risk you will be. Potential employers and landlords can also obtain your credit report. Potential creditors can also include factors such as private schools, so your credit report has a potentially huge impact on your family.

Why should I get my credit report?

It is important to get your credit report because the reports often contain outdated or incorrect information. Your credit report may list a student loan that you paid off as still having a balance. It may also list an account that isn't yours.

If you get a copy of the report, you can get these errors corrected and improve your overall credit rating. You may also be surprised to find that your credit report contains open, zero balance accounts you forgot you had.

What do I look for on my credit report?

Credit reports can be confusing and hard to read. First check to make sure that your current address and personal information is correct. Check the list of previous addresses for errors.

Next, you need to sit down with

extinguisher, and learned what to do in the event of an emergency. At the same time, we covered basic first-aid such as what to do if one of them hit his or her head or was choking on food.

To reinforce what they had learned we played the "what if" game. I would imagine various situations, and then ask my children how they would respond. For example, "What if a delivery man came to the door?" or "What if there was a power outage?" I encouraged my kids to come up with their own answers, but guided them if there may have been a better choice.

To keep my children from getting bored and spending too much time in front of the TV, we made up a list of things they might enjoy doing after homework was done. Suggestions included board games, computer games, simple crafts or writing letters.

Give kids reassurance and emotional support

Even though I was working ten miles away, I did my best to lend emotional support. Every few days I'd leave a note reassuring them of my love and concern, and reminding them that I trusted they would behave. On occasion, I would surprise them with a treasure hunt by scattering clues around the house that led to a special surprise. And, although I was busy working, I tried to call every day just to say "hi."

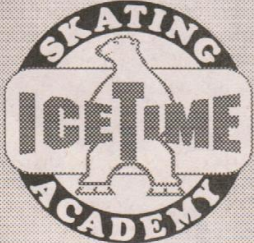
Finally, every night when I came home, we'd take a few minutes to sit down, look at their homework, and share the events of their day. Then I'd ask them, "Were you comfortable here by yourselves?" Almost always the answer was yes.

Yes, my children were ready to stay home alone. Although at first it was hard to leave them alone, with each passing day it got easier. And by spring, we were all very comfortable with the arrangement. In the process, we had learned an important lesson: Growth sometimes occurs when you're willing to let go.

Denise Yearian is the former editor of two parenting magazines and the mother of three children.

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the report and compare it to your own financial records. Are the account numbers correct? Are the balances correct? If late payments are reported, is this information correct? Do you have accounts that you pay on time that are not listed at all?

How do I get it fixed?

You can have errors corrected by contacting the company that prepared the report, notifying them of the mistake and giving them the correct

Reduce your debt. Work on reducing and paying down your overall debt. The less debt you have, the better your credit report will appear. Most people don't know that it is also possible to make deals with your creditors to reduce your debt.

Close inactive accounts. You can also improve your credit report by closing accounts you don't use. Many people open store credit accounts to get special incentives, such as a free gift or one-day discount and then never use

Where do I get help?

There are lots of places to avoid when looking for help. There are many scams that promise to completely repair your credit. There is no quick fix and if something sounds too good to be true, it probably is. Avoid any company that asks for money up front, does not give you a statement of your rights or which suggests you alter your name, address or Social Security number (these techniques are illegal and will get you in trouble should you try them).

Consumer Credit Counseling (www.consumercounseling.com) is a nationally known organization that can help you. There are other organizations that can provide assistance, but this is the best known.

information. The credit reporting agency must perform an investigation. It may take several letters and phone calls on your part to get the errors corrected.

What is a credit score?

A credit score or credit rating is like an overall grade for your credit report. It sums up your general status and categorizes your ability to pay on time and your ability to afford more credit.

What else can I do to repair my credit?

Explain why your payments were late. You can add a written statement to your credit report that offers an explanation – for example, if you or your spouse were ill or out of work. You can give this explanation to help potential creditors understand why there may have been some problems with payments. You can also ask that accounts that you pay on time which do not appear on the report be listed. This can help your credit score because it will add accounts that have positive ratings.


them again. These accounts remain open and appear on your credit report. Your credit limit is listed and a potential creditor looking at your credit report will be alarmed if you have a lot of available credit – you could go out tomorrow and charge \$30,000, and then have trouble meeting all of your credit payments.

Limit your credit use. The best way to repair your credit is to limit your use of credit, so that you have very little outstanding debt.

Make that first step toward better credit

Your credit rating has a great impact on your family. It's important that you take the time to be aware of what your credit report contains and to correct any errors in it. It's a good idea to get your credit report every year and keep it updated. Since it can take two to three months to get errors corrected, you don't want to try to fix this when you're applying for a mortgage, car loan or private school for your child.

Continued on page 23



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Where can I get my credit report?

There are three main credit reporting agencies. It's a good idea to obtain a report from each one, since they can and often do contain different information.

Equifax

PO Box 740241
Atlanta, GA 30374
800-997-2493
www.equifax.com

Experian

PO Box 2104
Allen, TN 75013-2104
888-397-3742
www.experian.com

Trans Union

PO Box 390
Springfield, PA 19064-0390
www.tuc.com

Everyone is entitled to view his or her credit report. You can obtain a copy by calling, writing to or logging on to the websites listed above. In most states, there is an \$8 fee to obtain each report; however, if you have been denied credit, employment or housing because of your credit report, you can obtain a free copy.

You and your spouse will have different credit reports, so it is important for both of you to get your reports.

Keeping your credit report up to date will keep your family in good financial health.

Brette McWhorter Sember is an attorney and author of *Repair Your Own Credit and Deal With Debt*, published by Sphinx Publishing, a division of Sourcebooks. She is also author of *How to File for Divorce in New York*. Visit her website at www.MooseintheBirdbath.com.

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