

ROAD TO RECOVERY



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Credit Reporting Agencies

Trans Union Website
www.transunion.com

Equifax Website
www.equifax.com

Experian Website
www.experian.com

GreenPath locations

Ann Arbor
315 East Eisenhower, Suite 206
Ann Arbor, MI 48108-3329
734-214-5800

Lansing
6121 S. Creyts Rd, Suite C
Lansing, MI 48917-4825
517-321-5836

Monroe
25 S. Monroe St, Suite 312
Monroe, MI 48161-2209
734-457-0370

Westland
38545 Ford Rd. Suite 202
Westland, MI 48185-7901
734-326-4466

NO MATTER WHAT YOUR CREDIT IS RIGHT NOW YOU CAN MAKE IT BETTER STARTING TODAY!

Here are a few tips to help you repair your credit and be on your way to saving money.

What determines your credit?

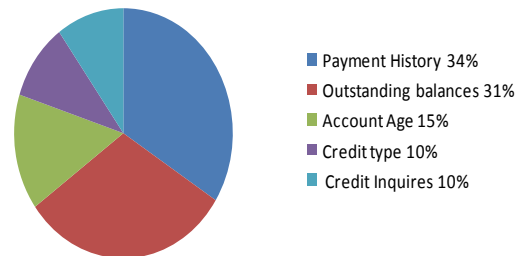
1. Payment history—this includes positive and negative pay history. More recent activity has a greater impact than older activity.

2. Amount of money you owed based on utilization rate—This is the debt you carry as a percentage of the your limit of revolving accounts. This should stay below 30% of the balance.

3. Length of time you have had credit—the older the account the better, with that said you should NOT close old accounts, and you should open new accounts as rarely as possible.

4. Type of credit—credit compa-

The 5 factors determining your credit score



nies want to see a healthy mix. They will respond better if you have a mortgage, installment loan and at least 3 revolving accounts.

5. Credit inquires—too many inquiries in one year will hurt your credit score. Credit systems see this as potentially risky, figuring you might be

going on a credit card spending spree. Having too many inquires is especially harmful if your credit is too young. Unlike hard inquires made by mortgage lenders, soft inquires don't hurt you as much.



Credit counseling can change everything

GreenPath Debt Solutions is a nationwide non-profit consumer credit counseling service that has been helping people resolve financial problems, achieve financial goals and get relief from debt since 1961. Our compassionate, professional credit counselors are committed to helping you solve your financial problems and achieve your financial goals. Through [debt counseling](#), [debt management](#) and [financial education](#), we work with you to explore options and help you select the debt relief strategy that's best for you.

Headquartered in Farmington Hills, MI, GreenPath operates [37 full-time branch offices](#) in Michigan, New York, Wisconsin, Illinois, Indiana and Arizona, and delivers licensed services throughout the United States over the Internet and telephone.

Call 1-800-550-1961 now to speak with a credit counseling representative.

STEP 1: KEEP CREDIT CARD BALANCES BELOW 30%

Keep credit card balances below 30% of their credit limit. Your balance should not be more than 30% on any one card. Here are a few ways to get your balance below 30%.

1. Transfer funds among cards so each has less than 30% on each card.

2. Pay off debts that put you over 30%. Have your credit card company increase your limit so your balance will then be less than 30%.



Did you know that on a \$50,000 home loan, the difference between a good credit score and a poor credit score is \$216.53 a month? That adds to \$51,967.20 over the course of 20 years!

STEP 2: HAVE AT LEAST 3 REVOLVING CREDIT CARDS

Have at least 3 revolving credit cards. If you already have more than 3 DO NOT CLOSE THEM (the damage was already done by opening them, in fact closing them can hurt your score). Credit companies give higher scores to people with the following credit cards

- Master Card
- Visa
- American Express
- Discover

Secured credit card—If you can not get approved for a regular credit card go to your bank and see if they will allow you to get a secured credit

card, this is where you pay \$500 to get a card with a \$500 limit and if you don't pay there is no risk to the bank because you have already paid them so there is a better chance of getting approved for one of these.

STEP 3: VERIFY THE ACCURACY OF YOUR CREDIT LIMITS

Verify the accuracy of your credit limits. Companies often report the wrong amount which causes your utilization rate to be higher than it is. If your limit is not accurate contact the credit company to make the correction.



STEP 4: MAXIMIZE YOUR CREDIT SCORE

To maximize your credit score you should have at least 1 active or paid installment, or mortgage (having one is the

fastest way to increase your credit score) and at least 3 revolving accounts. These accounts must be paid on time.



STEP 5: REMOVE ERRORS FROM YOUR CREDIT REPORT

Remove errors from credit report. 85% of people have errors on their report. Errors can be wrong address, limit not listed, duplicate collections. Errors older than 2 years are not likely hurting your report that much. By eliminating errors you can see

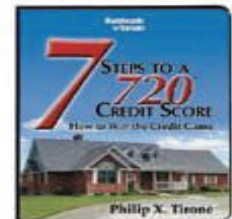
your credit score raise 20, 50 or even 100 points.



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This information is condensed from Philip X. Tirone's book "7 Steps to a 720 Credit Score"



"85% of people have errors on their credit report."

40% of people pay a higher rate on their mortgage because of it"

-Philip X. Tirone

STEP 6: NEGOTIATE A LETTER OF DELETION BEFORE PAYING A BILL IN COLLECTION

Negotiate a letter of deletion before paying off a bill in collection. Collections turned over after 2 years will minimally hurt your credit score. Each time you make a payment on a bill in collection your credit score will be damaged and will extend the time it stays on your credit report. If you have a bill in collection

you should not pay it until you have an agreement from the company to submit a letter of deletions to credit bureaus asking them to have the derogatory item wiped away from credit report. When asking for the letter you should never admit that the debt belongs to you. If you pay collections in full before

you get a loan it will lower your score dramatically.

For an example of this letter send an email request to: dwiatr@franklinhomesales.com

STEP 7: CREATE A STRUCTURED PLAN

- Make sure all payments are on time
- Always keep utilization rate below 30%
- Use technology to keep bills current. Set up automatic payments on bills you pay regularly. This way you will never forget to pay them and protect your credit.
- Review credit card and bank statements regularly. Always check balances and interest rate, make sure all credit card transactions belong to you. If you notice any that don't, contact credit card companies immediately that you may have been a victim of identity fraud
- Pull your credit report regularly. If you request your own credit report it will not hurt you in fact the lower your credit score the more often you should pull it. Make sure no new derogatory items have been added to your report and previously corrected errors have not resurfaced. Check for any indications of identity fraud like wrong names, SS # or items that are not yours.
- Avoid being a co-signer unless you are willing to assume financial responsibility if the borrower cannot make the payments.
- Keep accounts active, don't tuck them away. If you don't like having debt set up auto payments on your credit card to pay regular bills like phone, cable, or utility bills, then set up your credit card to be paid in full automatically each month. This will allow you to pay without debt and interest.
- Protect credit during and after divorce. Refinance debt in your name or spouse's name, and cancel all joint credit cards.