



FREE WHITE PAPER

The Ethical Perspective on Credit Repair



Learn more at ScoreCorrect.com
or call 866-716-3984

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“Good credit has never been more important. A bad credit score can cost you a job, or prevent you from getting insurance coverage. And people with poor credit pay higher interest rates on loans and credit cards—if they can get them at all. So if you get an email that promises to ‘erase your bankruptcy’ or ‘eliminate a foreclosure’ from your credit report, it can be very tempting. But the truth is, it’s impossible to remove negative information from a credit report if the ‘black marks’ are accurate and timely.”

*– Ben Hanania,
Chairman of the Ethical
Credit Repair Alliance*

The Ethical Perspective on Credit Repair

The thought might have entered your head:

Is it unethical to repair someone’s credit?

If the credit report has even the slightest chance of featuring mistakes, then repairing the faulty report is the only ethical thing to do. However, when many hear the term “credit repair,” they tend to think of fraudulent companies seeking to steal from the average consumer. This has caused many credit repair companies to defend the services they provide. A poor credit report is not proof of bad credit but rather an allegation. And in most cases, clients do not challenge their credit report. Even information that looks accurate at first glance can contain serious errors, and should be verified with the reporting agencies and the creditors if the client has doubts. The creditors then have the responsibility to validate the bad credit. By not doing so, they are not abiding by the law and therefore, the information can be removed. Most individuals feel as though they have no choice but to agree with the credit report and suffer the consequences of its bottom line – their credit score. But when credit reports feature an astoundingly high margin for error (70%), why wouldn’t you challenge it?

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Who Benefits from Credit Repair?

To put it simply, everyone can benefit from credit repair. Today, banks, insurance companies, and even employers are increasingly looking at credit reports to decide what rates a client should pay and if they should be hired for a job. Your credit report plays a vital role in your life, whether you choose to accept that or not. Everyone should have a copy of their credit report, so that they are fully prepared and consistently aware of their standing. If suspicions arise that there might be errors on a credit report, challenge the errors by enlisting the help of a professional and trustworthy credit repair company. The credit bureau isn't perfect and mistakes happen. After all, credit bureaus focus on their profit margins rather than the impact of errors on the consumer.

- Raise your credit score - buy what you want, when you want it
- Home/car loans - lower interest rates, with easier approvals
- Apartment lease - lower security deposit with less credit hassle
- Get a good job - no embarrassing explanations
- Qualify for lower insurance premiums

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According to the Federal Trade Commission, some financial advisors and consumer advocates suggest that consumers review their credit report periodically.

Why?

- 8% of credit reports were missing major credit, loan, mortgage, or other consumer accounts that demonstrate the creditworthiness of a consumer
- 22% listed the same mortgage or loan twice
- 25% of the credit reports contained errors serious enough to result in the denial of credit
- 30% listed "closed" accounts as "open"
- 54% contained inaccurate personal information, such as misspelled names, wrong Social Security numbers, inaccurate birth dates, inaccurate information about a spouse and out of date address

By the end of 2007, Americans owed more than \$915 billion in credit card debt, and the credit crunch is clearly impacting consumers as lenders are becoming more choosy about who gets loans and who doesn't.

– Better Business Bureau

Each of these errors can give the impression that clients have "too much" credit, are currently over-extended, or haven't been responsible with the credit they've been given.

Why So Many Mistakes?

Most mistakes happen when credit accounts are changing hands between the creditors and the credit bureau. Some may be intentional and other mistakes are the result of human error. Did you know that there are approximately 30,000 data processors filing 4.5 billion updates to credit reports each month, leaving a considerable amount of room for error?

The Lasting Effects of a Bad Credit Score

When it comes to lending institutions, the lower the credit score, the higher the interest rates, if in fact a client even qualifies at all. In many instances, potential clients are turned down for home and car loans due to a low, and sometimes faulty, credit score. This could force a family to live in a neighborhood with a bad reputation or prevent a single mom from getting a much-needed van. Insurance companies also use credit scores to aid in their determination of monthly premiums for homeowner and car insurance. And potential employers, with permission from the applicant, also examine credit reports as part of the pre-employment screening.

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Distinguishing Legitimate Credit Repair Companies from Scammers

All credit repair companies are not the same.

Some promise big improvements in credit scores to help get a car or home loan. However, after they receive their fee, they disappear with a client's money, never to be heard from again and leaving them with the same low credit score.

Do Your Homework

Be sure to always research first before committing to a company. Check with the Better Business Bureau, the state attorney general's office, and other state consumer agencies to see if any consumer complaints have been lodged or legal actions are pending against the company. Also, ensure that the company is compliant with state regulations.

Ask Questions

It's always a good idea to find out a company's process for credit repair. No one can legally remove accurate, verifiable negative information from a credit report, so a red flag should go up right away if they are promising to do that. Companies that follow the guidelines of the Credit Repair Organization Act and the Fair Credit Reporting Act most likely will be legitimate. Asking some questions can help you eliminate the good companies from the scammers.

Credit Repair Organizations Act

The Credit Repair Organization Act (CROA) was put in place to protect consumers from deceptive advertising and unscrupulous business practices by organizations that claim to repair credit. The CROA ensures that consumers deciding to use credit repair services are given the information they need to make an informed decision about choosing to pay a credit repair company.

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“There is nothing unethical about an individual exercising their rights under the law. When ScoreCorrect works on behalf of a client, we are simply asking creditors to play by the legal rules and verify that the information being reported is accurate.”

- Jim Martin, ScoreCorrect

Before the credit repair company can perform any services, the CROA requires that the client be given a contract, the client must sign the contract, and the 3-business day cancellation period must expire. All contracts need to include:

- Payment amount required.
- A written description of all services to be performed to help repair a client’s credit.
- An estimate of the time it will take to complete the services or a date by which the services will be completed.
- A written statement letting the client know there is a three day period before services begin to be rendered at which time the client can cancel the contract without paying any fees.

Red-Flag Warning Signs

- Request for money upfront before any services are rendered. The CROA prohibits collection of money before services are completed.
- Promises to remove accurate information from a credit report, such as bankruptcies, bad loans, and/or judgment liens. These items remain on a credit report for seven to ten years.
- Offer to create a new taxpayer credit identity. This is a both a federal and a state felony, so be sure to steer clear from a company that advises this.
- Do not explain legal rights and what can be done – legally – for free.
- Recommend that your client not contact a credit bureau directly.
- Advise your client to dispute all information in their credit report.



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About ScoreCorrect

Visit scorecorrect.com today to learn more about how this company can work for you.

With a passion to eliminate as many barriers as possible for homeownership, ScoreCorrect Credit Optimization exists to help make homeownership possible to those that thought they could never qualify for an affordable home mortgage. Since inception, ScoreCorrect has helped numerous people increase their credit rating, allowing them to qualify for the loan they desired. Overall, 88% of individuals seeking a mortgage reached the lender's target score after completion of the ScoreCorrect Program. Staffed by knowledgeable professionals and attorneys, ScoreCorrect thoroughly examines each credit report, taking the necessary steps to dispute any and all discrepancies they might find. ScoreCorrect is fully compliant with the consumer protection laws including the Credit Repair Organizations Act (CROA) and the Fair Debt Collection Practices Act (FDCPA). Find out how ScoreCorrect can help your client qualify for the loan they need – and how you can increase your monthly income by closing more loans.

The process is easy. Here's how you get started:

- 1.** Go to scorecorrect.com and select “Loan Officer Registration.” This creates an account for you to be able to refer clients online.
- 2.** Once logged in, select “New Buyer” and simply enter in some basic information about the client whom you are referring, along with their credit report.

It's that easy!

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