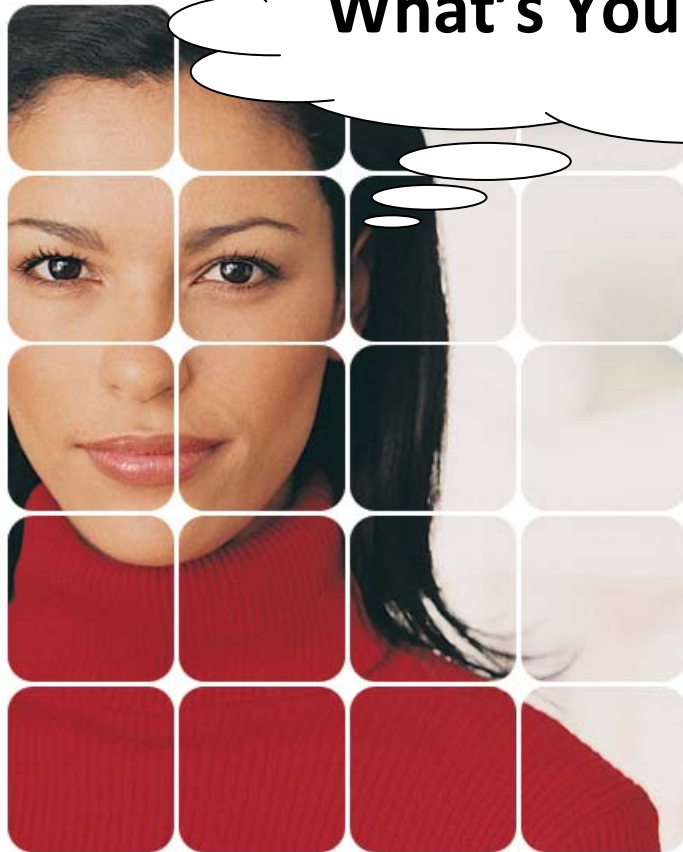


eBook Sample



What's Your FICO?



SHARPEN YOUR

Credit IQ™

WHAT YOU DON'T KNOW CAN HURT YOU!

FICO ? FCRA

? Installment ?

Capital ? Character

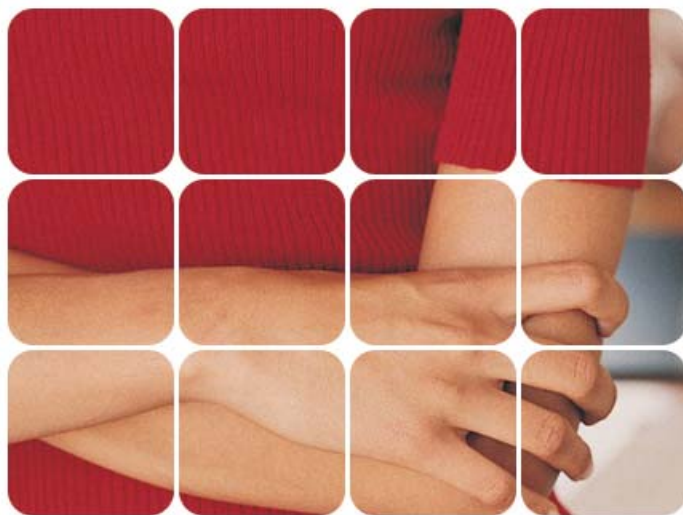
? Underwriter ?

Installment ? Risk Level

? Derogs ?

Revolving ? Forbearance

580 680 720
620 700 780



Surprised to find that the library book you forgot about is now showing as a derogatory entry on your credit report?

There's even more that you don't know...

Sharpen Your Credit IQ

Sharpen Your Credit IQ™ By Stephanie Graham

Copyright © 2008 Stephanie Graham. All rights reserved.

No part of this book may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying, recording, or by any information storage and retrieval system, without permission from the publisher.

Published by Complete Mortgage Processing, LTD.

ISBN-13: 978-0-9787303-4-5 ISBN-10:0-9787303-4-8

Printed in the United States of America

Complete Mortgage Processing, LTD.
The Mortgage Broker's Helping Hand™
8414 Farm Road #180-205
Las Vegas, Nevada 89131

For information regarding special discounts for books purchased in bulk contact Complete Mortgage Processing, LTD. at (702) 444-6249.

Sharpen Your Credit IQ

Acknowledgments

First and foremost, I give acknowledgment and thanks to God, the Source of All That Is.

Next, I acknowledge and thank my wonderful husband, Greg, for providing an abundance of love and support as I embark on one wondrous journey after another. I know that my never-ending stream of ideas, creations, and visualizations can be exhausting. Your steadfast optimism and determination to have fun “no matter what” reminds me of how important it is to enjoy life – right here, right now, today.



Then I acknowledge and thank my mother-in-law, Vida, a phenomenal woman whose commitment of time and financial resources breathed life into my vision for Complete Mortgage Processing. I admire your ability to recognize and to nurture the internal value you see in others. You’ve helped so many people. It’s an honor to be your daughter-in-law.

I also give thanks to our wonderful children, Contel, Shekiera, Ashley, Jimmy, and Aiyana. I am so grateful that you each have chosen to become responsible young adults who understand the power of thinking big. How wonderful to be exposed to life from an entirely new perspective... to see the world through your eyes. I am proud that each of you has embraced our family’s entrepreneurial spirit in a way that allows you to pursue your own dreams, your own way.

I thank my mother, Charlene and my father, Stephen who had a bigger dream for me than they did for themselves. You encouraged me to look beyond our circumstances and envision all of life’s possibilities. Thank you to my siblings, Evelyn, Eli, Elissa, Lawrence, Therese, and Carolyn for enhancing my journey in your own special way. I love you and appreciate you for who you are. Thank you to my wonderful sisters-in-law, Viesther and Lynn for the love and support that has remained unchanged through all of our life events.

To my lifelong friends, Sanjinella, Lenora, and Dalydia, thank you for always being there. It’s comforting to know that I can call on you anytime –day or night. To my extended family, friends, and business associates, I thank you for your support. To the many mentors in my life, thank you for sharing your knowledge and your wisdom.

To my students, it is an honor and a privilege to share my knowledge with you. I am truly grateful for the opportunity to do so.

With Gratitude and Love,

Stephanie

Sharpen Your Credit IQ

TABLE OF CONTENTS

1.	Foreword – Why I Wrote This Book	5
2.	Introduction – How to Use This Book	6
3.	The Credit Dilemma	7
	a. Times are Changing	8
	b. The Personal Struggle	9
	c. The Professional Struggle	10
4.	Credit: What’s It All About	11
	a. Credit terms and acronyms	12
	b. Credit myths revealed	17
	c. The 5 C’s of Credit	19
	d. Traditional Credit	20
	e. Non-traditional Credit	21
	f. Debit cards and Merchandise Cards	22
	g. The Big Three – Experian, Equifax, and Trans Union	23
	h. Understanding Credit Reports	25
5.	Credit Scoring Unveiled	30
	a. Knowledge to Empower You	37
	b. Who Uses Credit Scores	38
	c. How Credit Scores are Calculated	41
	d. Credit Scores and Revolving/ Installment Accounts	42
	e. Credit Scores and Mortgages	48
6.	You’re Protected	52
	a. Federal Regulations	53
	b. Summary of Credit Laws	53
	c. The Fair Credit Reporting Act (FCRA) and Fair and Accurate Credit Transactions (FACTA)	54
	d. The Equal Credit Opportunity Act (ECOA)	54
	e. The Credit Repair Organizations	55
	f. Collection Agencies	56
	g. Reporting Violations	57
7.	Managing Your Credit Profile	59
	a. Proactively Growing and Maintaining Your Personal Credit	60
	b. Using Credit Wisely	65
8.	About Do-It Yourself Credit Strategies	66
	a. Apartment searches	67
	b. Bank accounts	68

Sharpen Your Credit IQ

c.	Bankruptcy guidelines	69
d.	Purchasing a car	70
e.	Handling collection agencies	70
f.	Using credit cards	73
g.	Handling delinquent accounts	74
h.	Foreclosure alternatives	75
i.	Getting a home loan	77
9.	Credit IQ Resources	80
a.	Personal accounts forms	81
b.	Credit dispute tracking form	82
c.	Cease and Desist sample letter	83
d.	Medical bill dispute letter	84
e.	Free credit report request form	86
f.	Statute of limitation for debt and judgments	87
g.	Credit explanation letter sample	90
h.	Apartment search questionnaire	92
i.	Loan checklist	93
j.	Internet resources	94
10.	Index	95
11.	About the author and Complete Mortgage Processing	96

Sharpen Your Credit IQ

Why I Wrote This Book

I had thought about writing this book for a very long time. However, I didn't get serious about it until a home foreclosure caused my daughter to lose her "best friend in the whole wide world!" It broke my heart to hear the sadness in her voice as tears streamed down her face. I felt that I should have been able to do something –to help my daughter and my neighbors.

This wasn't the first house on our block to be empty due a foreclosure. Nor would it be the last. Problems that were once thought of as typical of people in poor neighborhoods began to devour the families within our beautiful gated community one by one. Streets that were once bursting with laughter and family activities grew silent. As each family moved, I said to myself "Why is this happening? There are options, alternatives...Didn't they know? Sure, I've had problems too but I'm not giving up!" I wished that there was some way for people to anonymously ask for help. I suspect that some people in my community lost their homes because they were too overwhelmed to search for relief...too ashamed to ask for help.



As the percentage of Americans with serious credit issues rises, so does the number of companies who aim to profit from their misfortune. Pay check advances, hard money loans, and credit repair schemes are rampant. And if you're not careful, you'll fall victim to them. Rather than placing you on the road to recovery as they promise, they lead you down the path to financial ruin. These situations are easy to get into but hard to get out of.

This book is intended to empower those people who are not only sick and tired of the vicious cycle but are ready for a positive change. Sharpening your 'Credit IQ' is the first step to improving your credit situation. Knowing what to do, who to call, what to say, and when to say it will give you relief and results. Even if you don't find the solution for your unique circumstances, by the time you've finished reading you'll have an idea of where to go for affordable help.

"It's the little things you do that can make a big difference." -Bob Proctor

Sharpen Your Credit IQ

How to Use This Book

This book has been divided into several helpful sections. You have the option of reading the entire book for maximum knowledge and power. But if you have a pressing issue you need to resolve, you can go straight to that section for help. Just check the table of contents or the index to get there quickly. Here's a quick summary of what you'll find in each section.



The Credit Dilemma – This section discusses the problems that start as credit issues that soon turn into housing issues, divorce issues, employment issues and more. The more you know about what others are experiencing, the easier it will be for you to avoid the same mistakes.

Credit: What's It All About – This section will take you behind the scenes to give you a strong credit knowledge foundation. You learn about the criteria being used to make credit approvals as well as the difference between various types of credit accounts. You will even learn how to read a credit report both the consumer version and the type commonly used by lenders.

Credit Scoring Unveiled – This section uncovers the mystery around credit scoring. Learn what a credit score actually represents... it's probably not what you think. You will also discover who uses credit scoring and how to make sure you've got it all covered. You will even learn about three little known credit scores that play an important part in you being approved or denied for credit cards, insurance, and certain medical services.

You're Protected – This section summarizes some of the important federal regulations that are in place to protect your consumer rights. You'll learn about some of the most common violations and what you can do about them.

Managing Your Credit Profile – This section covers easy-to-implement strategies to help you master the credit game. You'll find yourself using these helpful forms and worksheets again and again.

Do It Yourself Credit Strategies – This section arms you with tips and tools that will allow you to improve your own credit by following the same steps used by credit repair organizations and attorneys. You'll also learn a few handy tips that have been shared by some of our clients who have already sharpened their Credit IQ.

Credit IQ Resources – In this section, we'll share some of the resources that we've come across that will help you keep your Credit IQ sharp. From official state websites to public record directories, you'll find just what you need to get the job done.

It doesn't matter whether you want to have a better credit situation for yourself or your client, the more you know, the easier it is to keep your head in the game. With that being said, let's begin the journey to *Sharpening Your Credit IQ...*

Times Are Changing



“It is impossible for a man to learn what he thinks he already knows” –*Epictetus*

Years ago it was easy to figure out how things worked. In fact it was quite simple –get a good job, be a good person, and all is well. These days, it doesn't matter how good of a person you think you are or what a great job you have. If your credit is poor, then many other parts of your life are likely to follow suit. Why? Because many of life's opportunities are directly tied to your credit profile and more importantly –your credit score.

I personally know of many people who once had stellar credit who are now unable to get new credit or even qualify for a home loan. With the recent downturn in the housing industry and the subprime loan fiasco, people everywhere are experiencing a double dose of financial problems.

The Credit Dilemma



Having access to credit can mean the difference between living a life that's downright hard, unhealthy and full of stress versus one that's easy, healthy, and potentially stress-free. With the right credit profile, you can have access to

- The housing and transportation you want
- The medical, dental, and vision care you need
- The fitness, travel, and relaxation resources you want

Two people with very similar profiles can live drastically different lives all because of a different level of access to credit. Let's take a look at Janet and Paula. Both are recently divorced and are a single parent to a toddler. Both have been employed at Wellington Enterprises in the same position for more than two years. Both women occasionally get help with the children from a family friend. But recently Paula has begun to miss work more and her performance is dwindling on the days when she is present. Their supervisor John knows that both Janet and Paula have similar family profiles. So before talking with Paula, he does a little research to find out why one person is struggling so much more than the other. He is surprised to find that most of it boils down to problems that could easily be resolved with access to credit. Here's what he uncovered:

1. Paula doesn't have a car and depends on a ride from a friend or takes the bus. If Paula gets a car, the interest rate for a bad credit loan is so high that she would no longer be able to afford her rent and her child's daycare tuition.
2. On the days she takes the bus, her commuting time is 2 hours each way. This leaves her exhausted and sometimes overwhelmed.
3. Paula is also plagued with harassing phone calls that she receives from creditors on a daily basis. She seems to be caving in to the stress and is considering bankruptcy. Although this will provide some immediate relief, it will certainly hurt her credit rating for the long run.

Armed with this information, John can reach out to provide help in a way that Paula needs.

Sharpen Your Credit IQ

The Personal Credit Dilemma

“You need credit clout or you do without!” This is the mantra that people all over America are beginning to recognize through first hand experiences. The best loans, the best cars, the best housing, the best credit cards, the best jobs, the best service and more all available to those who have great credit. I know it doesn’t seem quite fair. However, you do have two choices –you can rant and rave about being a victim of society or you can accept it for what it is and learn the rules of the game. Because you’re reading this book, I think you’re more interested in learning the rules of the game.

Like Donald Trump, I’m no stranger to credit problems. In fact, my determination to overcome credit problems is what put me on the path to learning “everything credit”. Throughout this book, I will share some of my personal and professional credit experiences and the action steps that helped resolve them. It is my sincere hope that someone will learn from my life lessons not by repeating them but by taking the necessary actions to avoid them altogether.



A week rarely goes by that we don’t hear of someone who is struggling with credit problems. Delinquencies, collections, judgments, foreclosure, bankruptcy, and repossession have become the topic of America’s water cooler conversations. We try as best we can to offer a word of advice, a ray of hope, to someone who is in need. I used to receive calls from my friends to help their friends with the home loan decision. Now those calls come as a plea to help a friend of a friend who is facing foreclosure.

My Job at Risk...

In the mid-nineties, acquisitions and mergers between big banks was happening all around me. I left one bank job in 1995, only to experience another merger at a new bank job in 1996. In search of financial security, I decided to go back to my old bank employer. I got the shock of my life when I was called to human resources to explain my credit problems or lose my job. It seems that the new bank owner placed more emphasis on my low FICO scores than they did the previous 9 years of service. Fortunately for me, I kept detailed records and could show that the timeline for the credit problem was in sync with marital issues that resulted in a divorce. I could also show that post-divorce arrangements were made and being paid satisfactorily.

Sharpen Your Credit IQ

The Professional Credit Dilemma

Many of us are doing just fine with credit on a personal level, but are faced with handling our client's credit problems daily. If you don't have the expertise and resources to do so, this can be as much of a nightmare as handling your own credit drama. I know many realtors and mortgage professionals who have abandoned the business for this reason alone. Here's what one professional had to say, "These days I spend so many hours trying to come up with new strategies to get my loan to final approval that in the end I'm only making minimum wage. It's just not worth the time and energy anymore!" There are a lot of industry professionals who share his sentiment.

If you came into the financial services industry during a time when everything was about "easy money" you are undoubtedly frustrated. However, if you look around you may notice that some of the veterans took a small hit but for the most part are continuing to do business as usual. How does it happen? Underneath the high tech gadgets and systems are a few core credit



principles that work in any economy. One veteran explained it this way, "No matter what the economy is like, you've got to know your customer. You've got to go beyond the finances...you've got to know what their life is like. When you know these things, you can come up with the resources necessary to make their life and your life easier". With that in mind, here are a few words of wisdom for anyone working in the financial services industry:

1. Survey your client base to find out as much as you can about them. Where do they live? Where do they work? What is their income level? What is their education level? What type of resources do they have access to? What type of resources would help them to do more business with you?
2. Come up with a plan to link your clients to those resources. Maybe a handout in your welcome package will do the trick. Maybe a links page on your website that contains recommended resources will do the trick.
3. Equip yourself with the level of knowledge you need to really be in touch with your clients. If you work with clients that have credit problems, then you'd better know a little something about correcting credit report errors as well as explaining and documenting derogatory credit situations.

If your Credit IQ stinks, then you're not much good to yourself or your client.

Credit: What's It All About?



In order to separate the credit facts from the credit myths, you'll want to thoroughly understand what credit is really about. That includes understanding it at the most basic level. After all, if you don't know what a FICO score is, the chances of you being proactive in managing it is highly unlikely. After this section you'll be armed with the knowledge you need to:

- ❖ Speak the language of credit with lenders and creditors
- ❖ Understand the criteria used to evaluate your credit worthiness
- ❖ Understand the difference between traditional and non-traditional (aka alternative) credit accounts
- ❖ What's on a credit report and how long it stays there
- ❖ Understand why you need to learn how to read a credit report today!

"Man's mind stretched to a new idea, never goes back to its original dimensions"

-Oliver Wendell Holmes

INDEX

Topic	Page	Topic	Page
5 Cs of Credit	19	Glossary	12
Acronyms	14	Historical information	24, 39
Apartment search	40, 67, 92	Home loan preparation	77
Auto loans	20, 70	HUD	76
Banking	68	Improve credit	47, 64, 65
Bankruptcy	69	Innovis	35
Build credit	47, 64, 65	Insurance credit reports	35
Cease and desist	83	Late payments	74
Choice Point	35	Laws	53, 87
Collection agencies	56, 70	Loan checklist	93
Complete Mortgage Processing	97	Medical Information Bureau (MIB)	35
Consumer credit laws	53, 87	Mortgages	48, 77, 93
Credit bureaus	23, 24	Myths	17
Credit cards	20, 73	Neighborhood Housing Services	15
Credit explanations	90	New credit	44
Credit repair organizations	55	Next Gen score	40
Credit reports	25, 30, 85	Payment history	42
Credit scores	37, 49	Personal account management	60, 81
Debit card	22	Rent	27, 92
Dispute letter, forms	63, 82, 86	Resource list	94
Equifax	23	Routing and transit numbers	16
Errors	28	Statute of limitation	87
Experian	23	Telephone search	57, 94
Federal Trade Commission (FTC)	58	Tips	13, 25, 39, 50
FICO	37, 49	Trans Union	23
FICO score simulator	45	Types of credit	20
Foreclosure	75	Vantage score	40
Free credit reports	30, 85	Violations	58
		Who uses credit scores	38

eBook Sample

THIS IS THE END OF YOUR PREVIEW

VISIT OUR WEBSITE AT www.CompleteMortgageProcessing.com

