

# “LEGAL MEASURES”



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## FREE CREDIT REPORTS AVAILABLE—ENSURE YOU GET THE CREDIT YOU DESERVE

Are you thinking about making a major purchase and wonder how lenders determine what credit to grant you? Have you read about the tremendous increase in identity theft cases? Protect yourself by reviewing your credit reports.

As of June 2005 consumers in our District area can get for free, copies of credit histories kept by the three national credit bureaus. The bureaus sell these histories to companies, which use them in deciding whether to extend credit, and at what rates. Until now, consumers have had to pay the credit bureaus to find out about their own financial information. Due to an amendment to the federal Fair Credit Practices Act, the information is available at no cost.

What is in a credit report? The reports contain information concerning a consumer's past and present credit activity. When a consumer seeks credit, in the form of a loan or otherwise, lenders evaluate the consumers credit worthiness by obtaining a credit report from one of three credit bureaus, which tells them everything from whether or not past loans have been successfully paid and the type of credit extended, to how you pay your bills and whether or not a consumer has made multiple requests for new credit. Your free credit report does not include your credit score which is a number assigned to each consumer based on your credit history and is the determining factor in what rates you may obtain for interest rates, mortgages, etc. This number is available for an additional small fee.

Why should you care what is in your credit report? The two main reasons to monitor your credit report are financial awareness and problem prevention. The availability to access these credit reports enables consumers to look at their credit reports and to ask questions.” This then leads to another benefit, the ability to get inaccurate information corrected.

Another reason to check your credit reports- identity theft. Id theft can have a major impact on your credit history. Typically, after obtaining personal information, an identity thief will then request and obtain credit in the consumer's name. The identity thief does not pay the debt, so it is then recorded in the credit records of the consumer, affecting credit ratings and credit-worthiness. A consumer may not even know that this has occurred until they attempt to buy a home or car, and it is too late. All of this can be identified and corrected with a quick look at a credit report.

In order to correct these inaccuracies, the consumer must contact the credit agency and describe, in writing, any information that they feel is inaccurate, along with any available factual data. You may contact D7 Legal to obtain a sample dispute letter. Following this, the credit bureau then has 30 days to investigate. Once you dispute the data the company that filed the disputed data with the credit company is also notified, and it too has the responsibility of investigating. In the event that the investigation does not resolve the concerns of the consumer, he or she may request that a short, explanatory statement be included in the credit history.

How can you improve your credit score? Late payments can remain part of a consumer's history for seven years, and bankruptcies remain for ten. However, many lenders are willing to talk with a consumer, and discount problems in the past, if he or she can show a change in their ways. The key to obtaining a better credit history, according to the Federal Trade Commission, is to pay outstanding bills on time, along with paying all past-due debts. Anyone with overdue debts should attempt to negotiate with the lender a pay-off plan and request that when final payment is made that the lender remove any derogatory information from the credit report. The debtor should confirm in writing that the information will be removed before sending off any payments.

Ideally, a consumer should aim to have two to four major credit cards and keep the amount owed to less than 50% of the available balance. If this is not possible, it is not a good idea to open new accounts in order to improve your rating. Additional accounts may actually result in a lower rating.

The three nationwide consumer bureaus, Equifax, Experian and Trans Union, have set up a website, toll-free number and mailing address in order to request a free report. For information, go to [www.annualcreditreport.com](http://www.annualcreditreport.com), If you have any questions or concerns contact D7 Legal Assistance Attorney, Cary Mitchell, at (305) 415-6957.