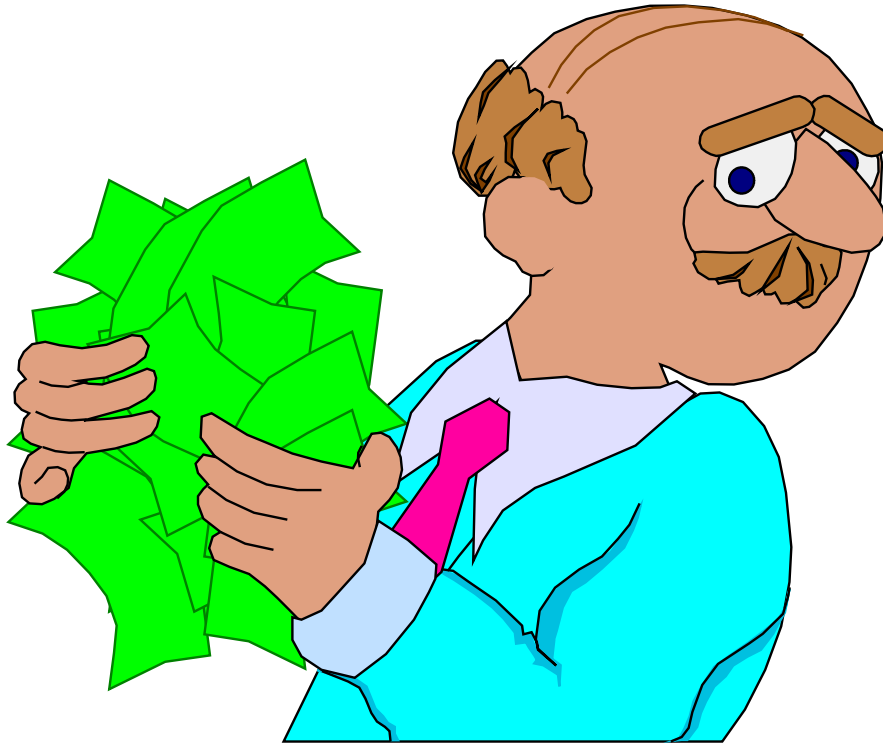


Information You Will Need For Obtaining A New Loan



Prepared for your assistance by:

**Terry Anderson CRS, GRI, MRE
REMAX Advanced, Inc
1018 Centre Avenue
Fort Collins, Colorado 80526**

**Office: 970-221-5995
Voice Mail: 970-495-4782
www.tanderson.com
andersoter@aol.com**

ITEMS NEEDED FOR A CREDIT APPLICATION

Employment

- Addresses for two full years
- Gross monthly income
- W-2s, if available
- Proof of pensions, retirement, disability or Social Security
- Proof of income from rentals, investments, etc.
- Proof of child support or alimony paid/received
- Year to date pay stub

If self-employed:

- Two years 1040 Tax Returns
- Current year profit and loss statement

Creditors

- Each creditor's name, address and type of account
- Account numbers
- Monthly payments and approximate balances
- Amount of child care expenses

Banking

- Names and addresses of saving institutions
- Account numbers for all accounts
- Type of accounts and present balances

Miscellaneous

- List of assets in stocks, bond, land
- Life insurance cash value (documented if used as cash down payment)
- If applicant is selling a home, a copy of sales contracts
- Social Security numbers for all parties
- Veterans – Certificate of Eligibility & DD-214
- Cash or check to pay for application fee

REALTORS®

- Copy of sales agreement

Sample Loan Application

Please have this form filled out and bring it with you for your first meeting with your loan officer.

BORROWER

CO-BORROWER

Full Name

Current Address*

Previous Address(es)*

** Addresses must cover past 7 years*

Home Phone Number(s)

Social Security Number(s)

Date(s) of Birth

Date of Marriage

Dependents

No. of Dependents

Ages

No. of Dependents

Ages

EMPLOYMENT

A complete employment history for an entire two (2) years is needed for loan purposes. This means a minimum of twenty-four (24) months. Include written explanations for any gaps of employment over the previous two (2) years.

Current Employer(s)

Name

Address

Dates (Month and Year)

From _____ To _____

From _____ To _____

Current Monthly Salary

Previous Employer(s)

Name

Address

Dates (Month and Year)

From _____ To _____

From _____ To _____

Name

Address

Dates (Month and Year)

From _____ To _____

From _____ To _____

Name

Address

Dates (Month and Year)

From _____ To _____

From _____ To _____

ASSETS

Depository Accounts (*checking, savings, IRAs, money markets, mutual funds, etc.*)*

Indicate whether the account is held in the borrower's name only, the co-borrower's name only or is jointly held.

If more than one account is at one institution, you need only provide the institution's name and address one time.

1. Name of Institution _____

Address _____

Type of Acct. _____ Acct. No. _____ Appx. Balance _____

Acct. Holder _____ Borrower _____ Co-Borrower _____ Joint _____

2. Name of Institution _____
 Address _____
 Type of Acct. _____ Acct. No. _____ Appx. Balance _____
 Acct. Holder _____ Borrower _____ Co-Borrower _____ Joint _____

3. Name of Institution _____
 Address _____
 Type of Acct. _____ Acct. No. _____ Appx. Balance _____
 Acct. Holder _____ Borrower _____ Co-Borrower _____ Joint _____

4. Name of Institution _____
 Address _____
 Type of Acct. _____ Acct. No. _____ Appx. Balance _____
 Acct. Holder _____ Borrower _____ Co-Borrower _____ Joint _____

5. Name of Institution _____
 Address _____
 Type of Acct. _____ Acct. No. _____ Appx. Balance _____
 Acct. Holder _____ Borrower _____ Co-Borrower _____ Joint _____

6. Name of Institution _____
 Address _____
 Type of Acct. _____ Acct. No. _____ Appx. Balance _____
 Acct. Holder _____ Borrower _____ Co-Borrower _____ Joint _____

Stocks or Bonds

Types of Securities _____
 Number of Securities _____
 Current Value _____
 Acct. Holder _____ Borrower _____ Co-Borrower _____ Joint _____

Life Insurance

Face Value of All Policies _____
 Borrower _____ Co-Borrower _____ Joint _____

** If account statements provide this information, then you do not need to complete this section.
 If more space is needed, please list on a separate sheet.*

LIABILITIES

Indicate whether the account is held in the borrower's name, the co-borrower's name or jointly held.

BORROWER

CO-BORROWER

Credit Cards**

1. Type of Card

Account Number

Balance / Min. Pmt.

2. Type of Card

Account Number

Balance / Min. Pmt.

3. Type of Card

Account Number

Balance / Min. Pmt.

4. Type of Card

Account Number

Balance / Min. Pmt.

5. Type of Card

Account Number

Balance / Min. Pmt.

Mortgage Loans (Any that you currently have or have had in the past 24 months.)

1. Name of Institution

Type of Loan

Lenders Address

Acct. No./Balance/Payment

Address of Property

Appx. Value of Property

2. Name of Institution

Type of Loan

Lenders Address

Acct. No./Balance/Payment

Address of Property

Appx. Value of Property

** Only include accounts that currently have balances or are paid monthly.

If more space is needed, please list on a separate sheet.

LIABILITIES (CONTINUED)

BORROWER

CO-BORROWER

Installment Loans (Auto, Student, etc.) *

1. Name of Institution

Address

Account Number

Balance / Min. Pmt.

2. Name of Institution

Address

Account Number

Balance / Min. Pmt.

3. Name of Institution

Address

Account Number

Balance / Min. Pmt.

4. Name of Institution

Address

Account Number

Balance / Min. Pmt.

Other Monthly Obligations

Child Care: Monthly Payment

Child Support: Monthly Payment

To Whom Is Support Paid? **

Alimony: Monthly Pmt.

To Whom Is Support Paid?

** Any loans that you are jointly obligated on with anyone other than you spouse must be disclosed as well.*

*** If either support or alimony is being paid or received, a complete divorce decree copy is required.*

QUESTIONS TO ASK A MORTGAGE BANKER

When talking to a mortgage banker prior to making an application, it might be helpful to have answers to the following questions in order to make an informed decision. Also, be sure and ask the lender what your FICO score was (a number see “understanding your FICO score” which follows)

- **Will this loan be sold on the secondary market or will it be placed in your portfolio?**
 - **If private mortgage insurance is required, at what point will it be unnecessary so that it can be dropped?**
 - **When does the servicing department pay the property taxes to insure the income tax deduction for that year?**
 - **How many months worth of property taxes and insurance are required for the reserve account?**
 - **If obtaining an adjustable rate mortgage, describe how and when the loan can be converted to a fixed rate mortgage and what charges will be involved. Will another appraisal be required?**
 - **If obtaining an adjustable rate mortgage, what is the margin, index, and anniversary for adjusting the payments?**
 - **When is the house payment due and when is the late fee incurred? What is the late fee?**
 - **What is the up-front charge for private mortgage insurance and the renewal?**

TYPICAL UNDERWRITING GUIDELINES

SALES CONTRACT/OFFER TO PURCHASE

- * Must be signed by buyers and sellers
- * Seller concessions must be listed
- * All addenda must be submitted

CREDIT REPORT

- * Acceptable up to 120 days old
- * Factual Data Report
- * Should contain a two-year history
- * Should verify all obligations listed on the loan application
- * Must list all judgments, liens, collection accounts. etc.
- * Applicant must explain all adverse ratings and deficiencies

RESIDENTIAL APPRAISAL

- * Acceptable up to 120 days old
- * Appraiser must address all adverse ratings and remarks
- * Must explain effect of sales concessions and/or interest rate buydown on value
- * Comparables should have date of sale within marketing time stated in neighborhood analysis
- * Subject and comp photos should be clear copies or originals
- * Acceptable distance for comps
 - >Urban: up to two miles
 - >Suburban: up to five miles (preferably same school district)
 - >Rural: up to ten miles (40% maximum land value)
- * Net adjustments on comp should not exceed 15%

VERIFICATION OF EMPLOYMENT/INCOME

- * Should cover two years' employment

- * Must be complete, signed and dated
- * Must include explanations for any discrepancies between app and VOE (clarified by W-2 and current pay stub)
- * Income from child support, alimony, or maintenance must be verified and of continuing duration
- * Any rental income must be verified from tax returns and/or leases

SELF-EMPLOYED BORROWERS

Considered self-employed if 25% or greater ownership interest in a business

- * Two years' tax returns
- * Current P&L statement
- * Corporate returns, if applicable

VERIFICATION OF DEPOSIT

- * Information should match loan application
- * Must verify funds sufficient for down payment, closing costs, reserves
- * Should include explanations for any recent large deposits

ADDITIONAL DOCUMENTATION, IF APPROPRIATE

- * Divorce decree/separation agreement
- * Rental reference
- * Breakdown of construction costs
- * Construction agreement and verification of land cost
- * Tax returns (if rental property owned)
- * Any other supporting information which adds strength to the case

LOAN LIMITS

- | | |
|-----------------|-------------------|
| * 95-90.01% LTV | FNMA/FHLMC limits |
| * 90-85.01% LTV | \$300,000 |
| * 85-80.01% LTV | \$350,000 |
| * Below 80% LTV | \$500,000 |

QUALIFYING RATIOS

*Fixed Rate/ Fixed Payment	90.01-95.0% 90.0% & Below	28/36% 33/38%
Note: Includes 5 and 7 years balloons.		
*ARMs/Temporary Buydowns	90.01-95.0% 90.0% & below	28/36% 28/36%

PROPERTY TYPES

* Maximum LTV:

>95% Single family detached
Single family attached

>90% 2-4 units
Vacation home (one only: must be suitable for year-round occupancy)

* Non-owner-occupied not eligible for insurance

* More on Condos:

>Condo does **not** have to be approved by FNMA or FHLMC

>70% presale required (exceptions possible)

>Comps to include one in, one out of project

>Maximum 30% investor units (rentals)

>Up to 5 units or 10% of the project (whichever is less) on a spot loan basis; additional units will require project approval

EQUITY REQUIREMENTS/CASH RESERVES

* Occupant-borrower must have 5% or more in cash down payment from own savings

* Down payment monies must be verified

* Two month's reserves (PITI)

GIFTS

* Donor must be immediate family member

* Signed gift letter required; donor's ability verified

* In addition to gift, borrower must have at least 5% from own savings

NON - OCCUPANT CO-BORROWERS

- * Should be immediate family member
- * Acceptable on loans up to 90% LTV
- * Owner-occupant has at least 5% down from own funds
- * Note and Deed of Trust signed by both occupant(s) and non-occupant co-borrower
- * Qualifying ratios for occupant(s) can exceed standard ratios by up to 5%

LEGAL RESIDENT ALIENS

- * Must have a valid green card
- * Two years' credit and deposit history in U.S.
- * Two years' employment in U.S.

BUILDER/SELLER CONTRIBUTIONS

Acceptable for interest rate buydowns and reasonable and customary closing costs

- * LIMIT: 6% OF value on loans to 90% LTV
- * LIMIT: 3% of value on loans above 90% LTV
- * LIMIT: 6% of value on second homes

BANKRUPTCY

Three years from date of discharge with reestablished clean credit, stable employment, and savings.

United Guaranty does not generally insure 95% LTV loans for borrowers who have previously declared bankruptcy.

REFINANCES

- * Owner-occupied properties only
- * Payment history required
- * Reasonable and customary closing costs may be included in the loan (up to 90% LTV)
- * Limits by refinance type:
>95% LTV: rate reduction

- >90% LTV: property improvement
- >70% LTV: equity take-out or debt consolidation (maximum \$50,000 cash-out with 12 months' seasoning)

- * If property owned less than 12 months, LTV is based on original cost or appraised value, whichever is less

OTHER INCOME

Income sources that should have a two-year history and a likelihood of continuance:

- * Alimony/Child Support - as documented by divorce decree or formal separation agreement, with verification of receipt
- * Auto Allowance - used only as offset to borrower's monthly auto payment; not counted as income; only on - year history required
- * Overtime/Commissions - if 25% or more of total income, two years' tax returns required to get an average
- * Bonus/Part Time/Second Job - as documented by employer
- * Military Income - may include flight or hazard pay, rations, clothing and quarters allowance, proficiency pay
- * Rental Income
 - > One investment property owned: 75% of rents minus PI TI; negative cash flow included as obligation
 - > Two or more investment properties owned: two years' returns required; gross rents plus real depreciation minus expenses

Understanding Your Credit Score

The Five Things That Count

Scores are part of the lending decision

What do lenders look at when deciding whether to approve a loan? Typically, lenders making almost any kind of credit decision will look at a variety of types of information, including one or more credit sources. While there are many kinds of credit scores, the

most frequently used are credit bureau risk scores developed by Fair, Isaac. These are commonly known as FICO scores, although they have different names at each of the national credit reporting agencies.

A score is a number that tells a lender how likely an individual is to repay a loan, or make credit payments on time. When a lender requests a credit report and score from a credit reporting agency, the score is calculated by a “scorecard” or scoring model – a mathematical equation that evaluates many types of information from your credit report at that agency. By comparing this information to the patterns in thousands of past credit reports, scoring identifies your level of credit risk.

Types of information FICO scores consider

Listed below are the five main categories of information that Fair, Isaac score evaluate, along with their general level of importance. Within these categories is a complete list of the information that goes into a FICO score. Please note that:

- **A score takes into consideration all these categories of information, not just one or two.** No one piece of information or factor will determine your score.
- **The importance of any factor depends on the overall information in your credit report.** For some people, a given factor that may be more important than for someone else with a different credit history. In addition, as the information in your credit report changes, so does the importance given any one factor in determining your score. Thus, it’s impossible to say exactly how important any single factor is in determining your score – even the levels of importance shown are for the general population, and will be slightly different for different credit profiles. What’s important is the *mix* of information, which varies from person to person, and for any one person over time.
- **Your score only looks at information in your credit report.** Lenders look at many things when making a credit decision, including your income and the kind of credit you are applying for. However, your FICO score does not reflect these facts, as it only evaluates your credit report at the credit-reporting agency.
- **Your score considers both positive and negative information in your credit report.** Late payments will lower your score, but having a good record of making payments on time will raise your score.
- **Your score does not consider your ethnic group, religion, gender, marital status and nationality.** These are, in fact, prohibited from use in scoring by U.S. law.

I. Payment History

What is your track record?

Approximately 35% of your score is based on this category.

The first thing any lender would want to know is whether you have paid past credit accounts on time. This is also one of the most important factors in a credit score. However, late payments are not an automatic “score-killer.” An overall good credit picture can outweigh one or two instances of, say late credit card payments. By the same token, having *no* late payments in your credit report doesn’t mean you will get a “perfect

score.” Some 60-65% of credit reports show no late payments at all – your payment history is just one piece of information used in calculating your score.

Your score takes into account:

- **Payment information on many types of accounts.** These will include credit cards (such as Visa, MasterCard, American Express and Discover), retail accounts (credit from stores where you do business, such as department store credit cards), installment loans (loans where you make regular payments, such as car loans), finance company accounts and mortgage loans.
- **Public record and collection items – reports of events such as a bankruptcy, credit-related judgements, suits, liens, wage attachments and collection items.** These are considered quite serious, although older items will count less than more recent ones.
- **Details on late or missed payments and public record and collection items – specifically, how late they were, how much was owed, how recently they occurred and how many there are.** A 30-day late payment is not as risky as a 90-day late payment, in and of itself. But recency and frequency count too. A 30-day late payment made just a month ago will count more than a 90-day late payment from five years ago. Note that closing an account on which you had previously missed a payment does not make the late payment disappear from your credit report.
- **How many accounts show no late payments.** A good track record on most of your credit accounts will increase your credit score.

II. Amounts Owed

How much is too much?

Approximately 30% of your score is based on this category.

Having credit accounts and owing money on them does not mean you are a high-risk borrower with a low score. However, owing a great deal on money on many accounts can indicate that a person is overextended, and is more likely to make some payments late or not at all. Part of the science of scoring is determining how much is *too* much for a given credit profile.

Your score takes into account:

- **The amount owed on all accounts.** Note that even if you pay off your credit cards in full every month, your credit report may show a balance on those cards. The total balance on your last statement is generally the amount that will show in your credit report.
- **The amount owed on all accounts, and on different types of accounts.** In addition to the overall amount you owe, the score considers the amount you owe on specific types of accounts, such as credit cards and installment loans.
- **Whether you are showing a balance on certain types of accounts.** In some cases, having a very small balance without missing a payment shows that you have managed credit responsibly, and may be slightly better than no balance at all. On the other hand,

closing unused credit accounts that show zero balances and that are in good standing will not generally raise your score.

- **How many accounts have balances.** A large number can indicate higher risk of ever-extension.
- **How much of the total credit line is being used on credit cards and other “revolving credit” accounts.** Someone closer to “maxing out” on many credit cards may have trouble making payments in the future.
- **How much of installment loan accounts is still owed, compared with the original loan amounts.** For example, if you borrowed \$10,000 to buy a car and you have paid back \$2,000, you owe (with interest) more than 80% of the original loan. Paying down installment loans is a good sign that you are able and willing to manage and repay debt.

III. Length of Credit History

How established are you?

Approximately 15% of your score is based on this category.

In general, a longer credit history will increase your score. However, even people with short credit histories may get high scores, depending on how the rest of the credit report looks.

Your score takes into account:

- **How long your credit accounts have been established, in general.** The score considers both the age of your oldest account and an average age of all your accounts.
- **How long specific credit accounts have been established.**
- **How long it has been since you used certain accounts.**

IV. New Credit

Are you taking on more debt?

Approximately 10% of your score is based on this category.

People tend to have more credit today and to shop for credit – via the Internet and other channels – more frequently than ever. Fair, Isaac scores reflect this fact. However, research shows that opening several credit accounts in a short period of time does represent greater risk – especially for people who do not have a long-established credit history. This also extends to requests for credit, as indicated by “inquiries” to the credit reporting agencies – an inquiry is a request by a lender to get a copy of your credit report.

The Fair, Isaac scores distinguish between searching for many new credit accounts and rate shopping, which is generally not associated with higher risk. In part, this is handled by treating a grouping of inquiries – which probably represents a search for the best rate on a single loan – as though it was a single inquiry.

Your score takes into account:

- **How many new accounts you have.** The score looks at how many new accounts there are by type of account (for example, how many newly opened credit cards you have). It also may look at how many of your accounts are new accounts.
- **How long it has been since you opened a new account.** Again, the score looks at this by type of account.
- **How many recent requests for credit you have made, as indicated by inquiries to the credit reporting agencies.** Note that if you order your credit report from a credit-reporting agency – such as to check it for accuracy, which is a good idea – the score does not count this. This is considered a “consumer-initiated inquiry,” not an indication that you are seeking new credit. Also, the score does not count it when a lender requests your credit report or score in order to make you a “pre-approved” credit offer, or to review your account with them, even though these inquiries may show up on your credit report.
- **Length of time since credit report inquiries were made by lenders.**
- **Whether you gave a good recent credit history, following past payment problems.** Re-establishing credit and making payments on time after a period of late payment behavior will help to raise a score over time.

V. Types of Credit in Use

Is it a “healthy” mix?

Approximately 10% of your score is based on this category.

The score will consider your mix of credit cards, retail accounts, installment loans, finance company accounts and mortgage loans. It is not necessary to have one of each, and it is not a good idea to open credit accounts you don’t intend to use. The credit mix usually won’t be a key factor in determining your score – but it will be more important if your credit report does not have a lot of other information on which to base a score.

Your score takes into account:

- **What kinds of credit accounts you have, and how many of each.** The score also looks at the total number of accounts you have. For different credit profiles, how many is too many will vary.

Using Score Reason Codes to Understand Your Score

When a lender receives your Fair, Isaac credit bureau risk score, up to four “score reason codes” are also delivered. These explain the top reasons why your score was not higher. They say things like “Number of accounts with delinquency.” If the lender rejects your request for credit, these reason codes can help the lender tell you why your score wasn’t higher.

These reason codes are more helpful than the score itself in helping you determine whether your credit report might contain errors, and how you might improve your score over time. However, if you already have a high score (for example, in the mid-700s) some

of the reason codes may not be very helpful, as they may be marginal factors related to the last three categories above.

A Note about Fair, Isaac Scores

Fair, Isaac credit bureau risk scores are available to lenders through the major credit reporting agencies (Experian, Equifax and Trans Union). The score from each credit reporting agency considers only the data in your credit report at that agency. This is why you may have a different score from each of the credit reporting agencies.

Fair, Isaac credit bureau risk scores provide the best risk guide available based solely on credit report data. The higher the score, the lower the risk. There are also other types of scores available to lenders. But no score says whether a specific individual will be a “good” or “bad” customer. And while many lenders use FICO scores to help them make lending decisions, each lender has its own strategy, including the level of risk it finds acceptable for a given credit product. There is no single “cutoff score” used by all lenders.

FICO credit bureau risk scores are calculated by the credit-reporting agency, using Fair, Isaac’s scoring models, when the score is requested by a lender. Only the credit reporting agencies have the data need to calculate a FICO score. Fair, Isaac can’t access or correct data at the credit reporting agencies, or calculate a score. To get a copy of your credit report or to correct information in the report, contact the credit-reporting agency directly.

FICO Score Factors - Summary

This is a comprehensive list of the information considered by Fair, Isaac scoring models in calculating a FICO score at one of the major credit reporting agencies.

Past payment history

- Account payment information on specific types of accounts (credit cards, retail accounts, installment loans, finance company accounts, mortgage, etc.)
- Presence of adverse public records (bankruptcy, judgements, suits, liens, wage attachments, etc.) collection items, and/or delinquency (past due items)
- Severity of delinquency (how long past due)
- Amount past due on delinquent accounts or collection items
- Time since (recency of) past due items (delinquency), adverse public records (if any), or collection of any items (if any)
- Number of past due items on file
- Number of accounts paid as agreed

Amount of credit owing

- Amount owing on accounts
- Amount owing on specific types of accounts
- Lack of a specific type of balance, in some cases
- Number of accounts with balances

- Proportion of credit lines used (proportion of balances to total credit limits on certain types of revolving accounts)
- Proportion of installment loan amounts still owing (proportion of balance to original loan amount on certain types of installment loans)

Length of time credit established

- Time since accounts opened
- Time since accounts opened, by specific type of account
- Time since account activity

Search for and acquisition of new credit

- Number of recently opened accounts, and proportion of accounts that are recently opened, by type of account
- Number of recent credit inquiries
- Time since recent account opening(s), by type of account
- Time since credit inquiry(s)
- Re-establishment of positive credit history following past payment problems

Types of credit established

- Number of (presence, prevalence, and recent information on) various types of accounts (credit cards, retail accounts, installment loans, mortgage, consumer finance accounts, etc.)

CLEANING UP YOUR CREDIT

Many companies promise credit repair. Remember, if it sounds too good to be true, it probably is! There are steps consumers can take to correct and improve their credit report and scores while working within the Fair Credit Reporting Act.

Cleaning Up Your Credit

Mortgage lenders generally check with three credit bureaus in order to evaluate your past payment history. Your goal in cleaning up you credit report should be to clean up each of the three bureaus. If you only work on one, this does not effect the reporting to the other bureaus.

Get a Copy of Your Credit Report

The first step is to get a copy of your merged credit report, which shows all three of the major bureaus, Experian (formerly TRW), Equifax (formerly CBI), and Trans-Union. Most mortgage lenders will obtain data from all three of these bureaus in analyzing your credit history. The exception is that some portfolio lenders (usually adjustable rate lenders) may only review one.

What to Say When You Call Your Creditors

There are two efforts that must be made. First, call any creditors reporting a negative and ask them to remove the negative item. Ask in a nice calm voice and do not get upset when they say no. Simply repeat your request over and over in a nice pleasant voice. If you get nowhere, then ask to speak to the supervisor. Make sure you keep a log of your conversation, noting the date, time, who you spoke to and what they said. Repeat this procedure over and over. In a high percentage of cases, it works.

Get Written Confirmation of Agreements

Be sure to ask for a letter by mail or fax that shows the creditor is correcting the negative information. You may need this letter for two reasons. First, they may not actually make the changes. With the letter, you can appeal directly to the credit bureau and they will make the correction. Second, if you are applying for a mortgage before the changes actually hit the credit bureau's report, your lender will need this documentation.

If you have a charge off or collection account that shows as unpaid, don't just send them a check and pay it off. Call the creditor on the phone, explain that you have the funds to pay the account in full, and calmly explain why it should not have been reported on your credit in the first place. Then ask if they will provide you a letter deleting the account entirely from all credit bureaus if you pay off the account. Try to get them to fax it to you. As before, be sure to document all of your telephone contact and always keep a nice pleasant tone in your voice. In a large percentage of cases, this also works.

Disputing the Report -- When Your Creditor Will Not Remove an Item

There will be cases when the creditor does not agree to remove the negative credit item. If it is an item that is definitely yours, call the credit bureau immediately (except for Equifax, who only responds by mail). When on the telephone, do not discuss any negative items that are accurate. Do not discuss any items that may be accurate in general but have some small error in detail that you can dispute by mail. Once you confirm any accuracy at all, you cannot dispute it later by mail.

For the remaining items, you need to dispute them by mail, writing directly to the credit bureaus. Write a letter to the appropriate bureau including your name, social security number, address, disputed accounts, and account numbers. You must sign the letter. Inform the bureau that you are disputing the data as it appears on your credit report.

Mistakes on Your Credit Report

Almost every item on your credit report will have some mistake, even if only slight. Do not acknowledge any of the accuracies, but be sure to note all inaccuracies. Write next to each item something like, "not mine," "not accurate," "mistaken item," "complete error," or whatever is most appropriate. Request a copy of the corrected report within thirty days. If they do not respond within 30 days, send another letter. In this letter, you will include a copy of your dated original letter and a new letter firmly requesting they remove the disputed information. Include a cc: to the Federal Trade Commission.

Do Not Call the Credit Bureaus - Write Letters

The credit bureaus may write a letter asking you to call. Do not call under any circumstances. Your phone call will be recorded and a log will be made of the conversation. Simply write back with copies of your original letters, telling them of the original date you submitted your request. Keep a file of all correspondence to and from the credit bureau and follow through continually.

Do not get discouraged, as this will be worth your while.

What happens is that the credit bureaus forward your dispute to the individual creditors who have forty-five days to respond. If they do not respond within the allotted time, the item must be removed. However, if they do respond at a later date with information that documents the credit report is correct, the item will be placed back on your credit report.

Bankruptcies

For those of you who have filed bankruptcy in the past, the items that were discharged will normally show up as a charge-off or uncollected debt. You will want to write to the credit bureaus, providing a copy of your complete bankruptcy papers and request that they show the debt as "discharged in bankruptcy." This looks better and raises your FICO score. FICO scores above 680 make it easier to obtain mortgage loans.

Conclusion

You may not be able to clean up every item on your credit report using these methods, but you will certainly be able to improve the way it looks to potential creditors.

Addresses/phone numbers of the three major credit bureaus:

Equifax (CBI)
PO Box 740249
Atlanta, GA 30374
(800) 685-1111

Experian (TRW)
(888) 397-3742

Trans-Union
555 W. Adams
Chicago, IL 60661
(800) 916-8800
(312) 466-8385