FACTS YOU SHOULD KNOW ABOUT CREDIT REPAIR

March 2013 (Updated April, 2018)

MAKE A WAY® MINISTRIES INC

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PUBLISHERS NOTE:

For most people the task of trying to repair their credit reports is daunting and scary. For one thing they don't know where to start. And also, the industry has a bad reputation and most consumers are afraid they'll be taken advantage of either by choosing the wrong credit repair agency or by the credit bureaus who seem too powerful to deal with. Accordingly, this publication is intended to help consumers learn about taking advantage of existing federal legislation so they can know their rights and make the most of their credit reports and qualify for the lowest possible interest rates.

This repost is not an exhaustive study on the subject and should be considered with other publications that help to explain credit repair and credit restoration. In addition, all users of this report are urged to consult with their church leadership, financial professionals and/or legal counsel to clarify any issues left unresolved.

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A Few Definitions

Most people who will be reading this publication are interested in improving their credit rating which is a smart thing to do. Your credit rating is determined by three national credit bureaus based on information about you they have accumulated from several different sources. They then publish and sell that information in the form of credit reports to legally authorized users of their information. Each of them also calculates a three-digit Credit Score that incorporates a number of variables according to their proprietary scoring model. The entire subject of credit ratings revolves around these credit reports and their Scores.

The higher your credit score the better your reputation because like it or not, your credit reports are reviewed and interpreted by a number of important people in your life and they make their decisions based on what they find on your credit reports.

It's not just about creditors by the way. According to federal law anyone with the legal right established by the *Fair Credit Reporting Act* may take a look at your credit reports essentially any time they want to and those folks include prospective landlords, prospective and existing employers, insurance agents and government agencies including law enforcement. Background checks are standard operating procedure these days and a credit check will almost always be a part of a thorough background check. In sum, it's vital to have a good credit rating.

If at some time in your life you've been through some tough financial times, any related creditor payment problems you had were most likely reported to the credit bureaus. Most of the information they publish about you has been provided to them by your creditors. In addition, studies show that as many as 75% of all credit reports contain inaccurate or outdated information and often information that's not even about you. Therefore, consumers need to be in frequent contact with their credit reports to familiar with what's being said about you and when there's DEROGATORY information found there, you should take steps to REPAIR your credit reports.

By definition, repairing Credit Reports is the process of auditing and revalidating the information published by the various credit bureaus about consumer credit histories. The objective is to remove as much of the DEROGATORY information as possible so you can increase your credit rating. A lot of that repair could be performed by consumers themselves after a relatively small amount of research and study. But often consumers go ahead and employ professional assistance because the related legislation is rather extensive and complex causing many people to conclude that the job is beyond their capabilities or that they don't have sufficient time available to do the necessary study.

Another aspect to credit repair is that some people don't have enough credit history on their credit reports and so their Credit Rating is "low" only because they aren't able to demonstrate that they have learned to manage their financial affairs. The condition of not enough credit can be rectified by adding certain kinds of trade lines which is another form of Credit Repair called "credit building."

In sum, the activity of repairing credit history is an important part of your financial stewardship that needs your attention and action when necessary. The remainder of this publication will provide you with some key information about this important process.

Is Credit Repair Immoral?

Some people are convinced that it's immoral to try to improve one's credit reports especially if it involves removing negative information that is accurate. So, at the outset we need to deal with this issue so you can pursue your own credit repair with a clear conscience. The first thing to know is that most of the people who want you to believe credit repair is immoral are comprised of the credit bureaus, commercial lenders and most creditors. They are publishing DEROGATORY information about you to put pressure on you to pay your bills and to warn future creditors that you have had something in your past they should take a look at in the process of granting you new credit. Obviously, the removal of negative information before the maximum time specified by the law works against their best interests so their position is predictable.

But the pro "immoral" group also includes a number of Christian organizations, and other well-meaning people, who believe that if someone has actually committed a bad credit practice, they should have to carry the related negative information on their credit reports until the system releases them. In other words, there should be no grounds for exoneration before the specified time because credit reports would no longer reflect the whole "truth."

The reality of our time is that consumer credit is relatively easy to obtain, actually too easy. In fact, it is almost forced upon us through aggressive creditor marketing programs and the fact that creditors routinely grant credit without making a complete assessment of credit worthiness. The result is that consumers are TYPICALLY granted more credit than is reasonably justified. In truth we are an entire generation of people who have never been taught to live without credit and most of us don't come to the realization that credit is not a necessity of life until we experience a credit crisis. Thus, an important question needs to be asked: *Shouldn't creditors bear part of the blame for the prevalence of negative credit reports?*

In considering the subject of morality and credit repair, there are also several factors concerning credit bureaus that are often overlooked and deserve a fair examination:

1) Credit bureaus are private companies originally created by creditors to assist them in collecting slow paying debtors. They are in the business of collecting sensitive information about the private lives of everyone who has a social security number and they enjoy increasingly huge profitability as the bad debt problem in the United States increases. In no other sector of society could this invasion of privacy persist unrestricted.

2) Credit bureaus are not government agencies or even quasi-governmental agencies. They carry no civil or otherwise legal authoritative status to regulate anything.

3) The so-called "statute of limitations" governing the length of time negative information is allowed to be published on credit reports (7 years for most reporting) has not been set by the credit bureaus. The time limits were set by the Federal Government in the *Fair Credit Reporting Act* of 1970 in order to *protect* consumers from the abuses of credit bureaus that were prevalent up to the time of the legislation.

4) The time limits imposed by the legislation of 1970 are maximum limits and do not preclude the possibility that negative information can be dropped before the expiration of the time limits.

5) Estimates are that up to 75 per cent of all credit reports carry some form of inaccurate information. Much of this information is damaging to consumers who are largely unaware of how to correct it.

6) Information on a credit report is no more than an *allegation* and a consumer has the legal right to appeal that allegation by utilizing the available legislation. In any legal matter there is always a presumption of innocence and the burden of proof is on the one who makes the accusation.

In sum, credit bureaus are the central focus of a secular system for profit that actually increases the bondage that comes from credit. They are paid for by giant multinational corporate clients and are not monolithic agencies with some official authority. They have a history of consumer abuse and are notoriously error-prone. From generic target marketing lists to invasive personal investigations, they collect a pool of information larger than any in the world except perhaps for certain social media mega-companies. The loser is the one who values privacy as reputations can be ruined by sloppy collection and dissemination of information. Thus, we should ask the following question:

Do consumers deserve an advocate to help them protect their rights in the face of such as strong adversary?

Another of the things that is often not considered with the morality issue is that credit reports are now used for more than just credit evaluation purposes by creditors. They are also used by landlords to qualify prospective tenants and by an increasing number of employers to evaluate job applicants. Regarding the latter, it frequently happens that individuals are denied access to the more lucrative segments of the job market because of negative credit history. Therefore, a logical question follows:

is it fair that poor credit history from 5 or 6 years ago from undisclosed causes, and with no accompanying assessment of the current financial condition of the family, can result in a family being denied living accommodations or access to a particular employment opportunity?

We should also consider that many people have negative information on their credit reports because of a temporary incident in their lives. For example, an increasingly common problem for the American family today is when one of the adults loses his or her job and the family is unable to make all of their various payments until new work is found. American companies are no longer loyal employers for the long term and are increasingly driven by the bottom line. Or, another problem can occur when one of the family members is unexpectedly medically unable to work for a period of time and bill paying falls behind. These are not isolated incidents. Therefore, this question follows:

Is it fair that people who have had temporary problems out of their control be treated in the same manner as those who have been chronically irresponsible?

This can misrepresent the true credit worthiness of a consumer. By tagging good citizens with a negative stigma, damage is done to the economy and to the individual. Computer models that predict credit worthiness rely most heavily on information that is less than 2 years old because older information isn't an accurate predictor of current credit worthiness. For most people, two years is more than enough time to overcome a financial crisis. Therefore, a reasonable conclusion is that the federal statute of limitations on the national credit bureaus of 7 years for publishing derogatory information is too long to keep a family limited in their financial rating. In short, the use of federal legislation to try to delete negative information even when it is accurate is a reasonable offset to an overly lengthy statute of limitations.

At **Make A Way Ministries**, we have concluded that it is fair and reasonable and moral, for consumers to avail themselves of existing legislation to protect their interests to the fullest extent possible. To this end, we see ourselves as an advocate for consumers and make ourselves available to educate and assist you in taking practical advantage of the legislation. We also have a responsibility to help consumers avoid future credit abuse and make related counseling available, free of charge, to those who are willing to receive it.

Common Questions Concerning Credit Repair

Q. Why should I want to have a good credit rating?

A. Not just for the convenience of getting additional credit! Actually, additional credit should be avoided and pursued as a last resort. Nevertheless, you often need good credit to rent a home, apply for a job, rent an automobile, confirm travel arrangements, etc.

Q. Is it legal to repair my credit?

A. The Fair Credit Reporting Act (FCRA) of 1970 guarantees your right to dispute negative information on your credit reports.

Q. What exactly is the Fair Credit Reporting Act?

A. The FCRA is the base Federal legislation that governs the practices of the various credit bureaus across the United States and their relationships with consumers and their creditors. It is a complex law that has been amended several times and carries with it a number of protocols that cover use and application in specific situations.

Q. What are my rights as a consumer under the Fair Credit Reporting Act?

A. You have the following general rights in relation to your credit reports.

--- the right to know about all the information in your credit reports.
--- the right to free copies of your credit reports if denied credit within the past 60 days.
--- the right to one free credit report annually from each national credit bureau.
--- the right to know the sources of the information.
--- the right to remove erroneous, incomplete, obsolete, or misleading information.

--- the right to remove any information that cannot be re-verified within the legal time.
--- the right to add your own explanations for situations reflected on your credit reports.
--- the right to know the name of anyone that has requested a copy of your credit report.

Q. Are credit bureaus powerful government agencies that can resist my attempts to hold them accountable?

A. Credit bureaus are private companies that gather confidential information for profit. They are not government agencies and through the FCRA, they can be held accountable.

Q. Is it true that credit bureaus are required by law to keep derogatory items on my credit reports for 7 to 10 years?

A. The law is not about information being forced to stay on the credit reports. In fact, the FCRA requires the opposite: credit bureaus are required by law to remove automatically all negative items older than 7 years, or 10 years in the case of bankruptcy.

Q. Why should I use the services of a professional credit advisor? According to the law, can't I perform the Credit Accuracy Verification myself?

A. The answer is YES, but you will have to study and learn how to control your credit rating yourself. In fact, everyone SHOULD purchase our publication: *Credit Repair that Reduces Monthly Payments* so you can learn how to take of these things without having to hire an expensive professional. But in case you are time limited, we can connect you to an appropriate professional credit repair firm that we have vetted and believe to be honest and reliable.

Q. How does credit repair work?

A. Once the items to be disputed on the credit report are identified, specific dispute letters are sent to the various credit bureaus using wording that is appropriately responsive to the law. The credit bureaus generally have 30 working days to re-verify any disputed item or remove it from the credit report. The older the information, the more difficult it is for the reporting agencies to complete the re-verification in the time required by law.

Q. Is it possible to remove a bankruptcy from my credit report?

A. It is possible but typically much more difficult since it is a matter of Public Record and therefore more easily verifiable. A bankruptcy can be removed if it has been incorrectly reported or is in non-compliance with the strict application of the FCRA. However, if reported accurately and in compliance with the law, it is usually not possible to remove bankruptcies. Nevertheless, it is possible to remove negative credit history for creditors that have been included in a bankruptcy and removal will increase your FICO score even though your credit reports continue to show the bankruptcy.

Q. I have heard of credit repair that is done by creating a new credit file. What about it?

A. Even though this used to be a widely advertised approach, it may involve applying for a new social security number or using a corporate identification number instead of a social security number when applying for new credit. You should know that either of these acts may be illegal and is not contemplated in the Fair Credit Reporting Act. Creating a new credit file is not recommended and you should consult an attorney before doing so. Competent and professional firms perform credit repair legally and in strict compliance with the law.

Q. Does a responsible credit repair firm guarantee its work?

A. A responsible and professional firm will usually guarantee that they will remove any negative information that is inaccurate or obsolete and that items once removed will not reappear. Other types of negative information may or may not be removed depending upon the situation, but a legitimate firm cannot guarantee to remove accurate information. A good firm will be willing to discuss with you their past experiences with other clients and may be able to provide names of past clients who can verify the competency of the firm you are interviewing.

Q. Once corrected, can the old misinformation be reported again to my credit reports?

A. Generally no. Only new information is reported to the credit bureaus. Once removed, it is permanent.

Q. How long will the entire process take before it is completed?

A. The approximate time <u>on average</u> is 3 to 8 months depending upon the complexity. More difficult cases require more time, even up to a year. You will need to be patient since there are no legal short cuts.

Q. I don't know with certainty about all the information that appears on my credit reports and I don't know how many accounts there are that may be reflecting misinformation.

A. The first step by the Credit Repair firm will be to identify which accounts need correcting. The number of creditors reporting misinformation is not relevant and correction can proceed against all of them regardless of the number.

Q. In the future, will prospective creditors know that I have corrected my credit reports?

A. No. There will never be a trace. Even if they could know, federal law prohibits credit denial based on the past disputing of misinformation.

Q. If I have my credit reports repaired, does that eliminate my existing debts?

A. No. Your existing debts with creditors will still be pending unless the legal statute of limitations has expired. Your creditors can return even unpaid charge-offs to active collection status at any time. Our counsel is that you continue paying your debts to avoid future collection efforts by your creditors.

Q. If I have my credit reports repaired, could legal action still be taken against me by creditors to whom I still owe money even though they were taken off my credit reports?

A. Yes, the removal of information from your credit reports does not change your status of actual indebtedness in relation to specific creditors. The matter of indebtedness is a separate issue from credit repair.

Q. What if I am not able to pay off my existing debts in a manner acceptable to my creditors?

A. Discuss this with **Make A Way Ministries**. You may be a candidate for a Debt Management Program that will help you develop an affordable payment program. We can connect you to a reliable Christian agency that we have vetted and know to be a honest and reliable counseling agency.

Q. If items of past indebtedness become a matter of Public Record, will they be removed from the Public Records if they are removed from my credit reports?

A. No. The Public Record is permanent.

Q. Are all professional Credit Repair firms pretty much the same?

A. No. There is a significant difference within the industry that requires great care by consumers in choosing the right firm. Unfortunately, there are many firms that don't really know what they are doing or who are not persistent enough to complete the task. There are also a number of unscrupulous firms that will take your money and fail to perform anything. Be careful!!

Understanding Credit Reports

When you review a copy of your credit report, you may find a numbering system describing the status of each account. This system will usually apply only to Equifax credit reports. Although an accompanying explanation is provided with the report, there is often confusion among many consumers. Following is a summary definition of this system:

Category	Description
R-0	Approved but not used, too new to rate
R-1	Current
R-2	30 days, Past Due
R-3	60 days, Delinquent
R-4	90 days, Past delinquent, A/C closed
R-5	120+ days past due, assigned to Collection
R-6	Assigned to outside Collection Agency
R-7	Enrolled in supervised repayment plan
R-8	Repossession
R-9	Charge Off

Credit reports also include a section entitled "Public Record." This section reflects any negative information that is a result of some formal legal proceeding. Items in this section can include bankruptcy, judgments, liens, repossessions, etc. The reporting of such information on a credit report is subject to the same rules of accuracy as any other information.

Credit reports also include an "Inquiries" section. This is a listing of every entity that has requested a copy of your credit report. No one can request information about you unless they have your permission or a valid legal reason established by the law. If, upon request, the credit bureaus cannot produce your written authorization for specific inquiries, they are bound legally to remove them from your credit report. There are two types of inquiries. Those initiated by you, which are entitled to stay on the report for two years. There are also inquiries posted by credit grantors before they offer you credit. These are listed as "promotional" inquiries on your credit file because only your name and address were accessed, not your credit history information. They are not sent to credit grantors or businesses for reasons of credit reporting. They are listed for your informational purposes only and not seen by anyone else but you.

Understanding Your Credit Score

When a credit file is sold to a member creditor, it contains a Credit Score that has meaning to a prospective creditor. At a glance, the creditor can determine the relative risk of granting you credit. This Credit Score was developed by the firm Fair, Isaac and Company and is known as the “FICO Score” (Equifax’s version is called a “Beacon Score”). The score range is approximately 350 to 850. Therefore, the higher the score, the less of a credit risk you are.

An interesting point about Credit Scores is that until recently, the credit file version that consumers could access didn’t even include the score. It was published only in the version given to bureau members. Therefore, the only way for the consumer to know their Credit Risk Score was to ask a prospective creditor who had reviewed the report. However, as of 2001 credit scores became available to consumers by going on to the Fair, Isaac and Company web site – www.myfico.com. For a small charge by each credit bureau, you can now access your credit report that includes your Credit Score.

Each credit bureau, Equifax, Experian and Trans Union also has this availability on their own web sites. If you are in the market for a new home mortgage or a car loan, it’s a good idea to find out your Credit Score before applying for the loan for a couple of reasons. One is to see if there are problems present which were not anticipated. This way the problems can be addressed before applying. The other reason is to make certain the creditor is offering you a fair rate for the score that you have. They may advise you that your score isn’t quite good enough so they can charge a higher interest rate when in fact the Credit Score is more than acceptable. On the following page you will find a credit scoring scale that will be helpful in knowing how to gauge your particular score.

The calculations that make up a Credit Score are developed by looking at the way millions of consumers manage their credit. Credit Scores have proven over time to be a reliable indicator of whether or not a consumer would repay a loan. A score is determined by summarizing many factors in your credit report. These factors are identified on the following page along with approximations of how each are weighted according to Fair, Isaac and Company:

Payment History (approx. 35% of score) – How you paid your bills in the past gives the lender some indication of how you can be expected to pay them in the future. How often you have been late paying your bills, how recently your payments have been late as well as how long you remained delinquent on any bill are important factors. For instance, being 90 days late will affect the score much more than being 30 days late and mortgage late payments are significantly more adverse that other kinds of late payments. But late payments more than 2 years old don't generally impact the score significantly.

Outstanding Debt (approx. 30% of score) – The lender wants to know proportions of balances to credit limits. In other words, they want to know how much credit you have and how much you have used. Research has shown that the number of credit accounts you have as well as how much of your available credit is used is important. If your total debt is more than 75% of your credit limit, your score is drastically reduced. It is best to keep the balance under 50% of the credit limit.

Length of Credit History (approx. 15% of score) – Generally, the longer you have had and have successfully managed credit, the higher your credit score.

Number of Credit Cards / Credit Inquiries (approx. 10% of score) – The rule of thumb is that you need at least two credit cards to be able to have a good score. However, more than five credit cards may lower your score. Applying for too much new credit is probably one of the easiest ways for people to inadvertently harm their credit scores. In that regard, too many inquiries in a short period of time signals a consumer is seeking credit because of a financial problem. The score will reduce with more than 4 inquiries in the last six months and 6 within the last year. However, the credit report data used to calculate credit scores does not include auto or mortgage loan inquiries that occur in the 30-day period prior to the score being calculated, and auto and mortgage inquiries that occur in any 14-day period are always considered one inquiry.

Types of Credit (approx. 10% of score) – A mixture of types of credit such as credit cards, personal loans, mortgages, etc. is more positive than having just a certain type of established credit. If you have indebtedness strictly with finance companies instead of bank credit cards, it will be a negative for your score because the perception is that you have had to go to high interest finance companies due to past financial problems.

The following factors are also taken into account when determining the score and they are somewhat related to the ones already listed. Consequently the weight of each one is difficult to quantify but they are important nevertheless and should be considered:

Unsatisfied Debt – Old debt obligations that are in the form of collection or charged off accounts look worse than even a bankruptcy. This affects the score significantly as prospective lenders do not want to offer credit to someone who has the profile of not honoring their obligations. Also, if there is an unpaid debt of significance, a mortgage lender will not want to approve a loan if there is the potential of an additional lien holder who can utilize the court to obtain a judgment. Therefore it is always better to pay off an unsatisfied debt. A paid charge off or collection account will increase the score as opposed to just keeping the account unsatisfied.

Zero Balances – Research shows that consumers with zero balances have marginally lower scores than those with moderate balances of say less than 40-50% of their credit limits. The reason is that the lender probability models are concerned that consumers with zero balances could go on a spending spree with their available credit and incur excessive new debt. Likewise, having charge accounts with moderate credit limits relative to your income is preferred over cards with very credit limits. If you pay off your credit cards at the end of each month, the scoring models will pick up your charges but not the fact that you paid them off immediately. Therefore, you will want your charge balances to stay below 50% of your credit limits. Closing out cards that you never use will also help with the issue of too much available credit. But remember, it's better to close newer credit card accounts than older ones because you want to preserve the positive payment history from your older cards even if they haven't been used for a while.

Balance Transfers – Generally, four or more balance transfers within a 12-month period will lower your score. It's perceived by the scoring models that consumers who have to transfer balances use debt beyond their means. If you do transfer between accounts, you should consider closing the old account and plan on staying with the new one for at least two years.

Besides the information contained on the credit report, the score is also based on certain demographic characteristics such as the following –

- Married is better than single with the most favorable age group being 25-65. Also, more than three dependents will tend to lower your score.

- Steady employment is a positive for the score especially after 6 years. Also, occupation is a factor with professionals getting the higher scores, skilled workers next and unskilled employees achieving the lowest scores.

- The score will be higher if you are a homeowner as opposed to a renter.

- Income under $1,000 per month is a negative and over $3,000 a positive.

- The score will be better if you have a bank account and a telephone in your name.

Credit Scoring Scale – The following table provides an example of a credit scoring scale that many lending institutions observe in the credit approval process. Similar score ranges as shown play a significant part in determining the interest rate a lender gives:

Above 750 = Excellent
720 to 750 = Very Good *(720 minimum score to qualify for a Conventional mortgage)*
700 to 719 = Good
680 to 699 = Above Average
660 to 679 = Solid
620 to 659 = Fair **(620 minimum score to qualify for an FHA mortgage)*
600 to 619 = Marginal
580 to 599 = Below Average
550 to 579 = Well Below Average
525 to 549 = Poor
500 to 524 = Very Poor
Under 500 = Unacceptable

Considering Professional Assistance

The credit bureaus want you to believe you do not need professional help in correcting your credit reports. They steadfastly maintain that you should be able to do it yourself just by talking or writing to one of their representatives.

The Internet is absolutely full of similar advice and counsel (which we find to be largely obsolete, by the way).

If this is true, why is it necessary to continuously amend the law and related administrative protocols to protect consumers? If credit repair is so easy to do, why is it that almost no one has even the least idea of what their rights are in their relationship with credit bureaus? Do you feel safe in letting the private credit bureaus explain themselves to you? And if professionals are so unnecessary, why is their caseload increasing at record rates?

It's true that many people will find it possible to correct their own credit reports. You have every right to try it and you may very well be successful particularly if you have a more simplistic situation. You can purchase any number of publications that will help guide you through the process. Just remember that you will have a lot of letters to write and follow up on, which will take some time and attention, and you will need to know what to do if the credit bureaus don't respond as you feel they should in the time specified. It would also be helpful for you to familiarize yourself with the various laws and amendments to confirm that you are being treated fairly and legally.

Like most industries, there are unscrupulous people in the credit accuracy verification business. Some are dishonest and others are incompetent and they make a bad name for the rest of the industry. But the vast majority of professional credit repair people are trying to do a good job and help their clients achieve what they are entitled to under the law. The challenge is to find out which companies can really do the job you require and will do it at a reasonable cost. But isn't that really the challenge in buying any professional service? As a non-profit Christian ministry, what Make A Way Ministries wants to do is demonstrate that the function of credit repair can be carried out in an honest and conscientious manner with the first priority of actually helping people instead of just taking their money.

Here are some tips to help in deciding on the professional agency that will hopefully do the best job for you:

1. Don't be afraid to shop around. Ask for prices and credentials. Find out if you are getting anything extra from the higher priced companies. There is a

significant cost range without necessarily a corresponding variation in quality of service.

2. Find out how long the professional agency has been doing credit repair and if they are able to refer you to past clients who could verify their good experience. Because of privacy issues, they may have a policy against testimonials, which (by the way) is a reasonable policy; but it doesn't hurt to ask.

3. Watch out if the professional agency "guarantees" that it can do anything other than remove erroneous and obsolete items from your credit report. Such a guarantee is of questionable legality and is, at the least, unethical.

4. Find out if the professional agency is a member of the Better Business Bureau and if they have had any complaints.

5. Ask the professional agency if it is able to get public record matters off your credit report. If they say "no", they may not know what they are doing because such things are possible and absolutely legal under the Fair Credit Reporting Act with the right circumstances and if you know how to do it.

6. Be on guard if the professional agency is unable or unwilling to provide you with useful information similar to this booklet before it charges you a fee. The professional credit repair service should be willing to provide you with this service without charge.

7. The professional credit repair service should be able and willing to refer you to a competent credit counselor if some of the items on your credit report are related to unpaid indebtedness. Some firms offer both services.

8. Take extra care to verify the authenticity and reliability of "professional" credit repair firms if they are located outside your home state. Don't deal with anyone through a post office box number; they should be substantial enough to have a real office with a physical address.

9. Be aware that legislation entitled *The Credit Repair Organization Act* prohibits "credit repair clinics" from collecting up front fees. They are

required to complete the service before they charge you for it. You should also know that this legislation was passed to protect consumers from past the abuses of credit repair clinics including overcharging and failure to perform service after collecting fees from their customers. Be careful of the "credit repair clinic" that has found a way around the law so they can charge you the complete service fee up front.

Nevertheless, you should also know that this Law specifically exempts non-profit agencies from this requirement and allows them to charge fees in whatever manner they find appropriate. It is perfectly legal for a non-profit agency to charge a reasonable enrollment fee or administrative charge up front in order to cover expected related operating costs. Generally speaking, the fees charged by non-profit agencies have been historically lower than "credit repair clinics."

Therefore, when you are considering a professional agency, you need to find out which type of agency they are, for-profit or non-profit, so you can judge their fees in the light of the legislation.

10. Take care that you understand your responsibilities as a customer before signing a Service Agreement with the professional agency. You need to be sure you can comply with what will be required of you.

About Make A Way Ministries

For your information, **Make A Way Ministries, Inc.** is the publisher of this report and a 501(c)(3) non-profit corporation and can be reached at the following mailing address and telephone numbers:

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Make A Way Ministries has been providing credit and financial counseling across the US since 1987. All counseling is based on biblical principles and great care is taken to provide service that truly benefits our customers. We would never recommend a service to you just to take your money. On the contrary, we promise to recommend services and associated agencies only when they will be a benefit and a blessing.

Sinners' Prayer

If you have never invited Jesus to become the Lord of your life, you can do so today by saying the following simple prayer: ***Jesus I believe in you and I believe that you were resurrected from the grave so that I can be born again to receive eternal life. Therefore, I receive you today as my Lord and Savior and I thank you for forgiving my sins.***

If you were sincere as you prayed this prayer, God has already come into your life and you are a new creation. Congratulations! Now ask the Lord to lead you to a good bible teaching church where you can be developed to fulfill your potential in the Kingdom of God. And please send us an e-mail advising your decision so we can rejoice for you in our prayers. If you're unable to find a church, give us a call and we'll help you find a good one.

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If you would like to make a donation to help cover the cost of this publication, please make your offering payable to **Make A Way Ministries** and send it to the address shown above. By the Word of God we are certain that He will multiply your donation back to you. Gifts to Make A Way Ministries are normally tax deductible. May God bless you with His abundant harvest in return for sowing your precious seed into this Ministry!