



7 Costly Misconceptions About Credit Repair

by

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Repairing your credit isn't hard. You can do it yourself -- or you can hire a qualified, reputable professional to help you. Here are 7 costly misconceptions about credit repair **that could thwart your attempts to improve your bad credit rating or prevent you from maintaining your good credit score while struggling with debt or bankruptcy.**

MISCONCEPTION #1: If you declare bankruptcy, your credit report is erased and you start with a clean slate. Not true. Many bankruptcy lawyers do not understand or explain the effects of bankruptcy to their clients. When you file for bankruptcy, every credit account you include will be labeled as "included in bankruptcy." In addition, your bankruptcy filing and discharge will appear in the court records section of your credit report. Many negative items are attached to a bankruptcy. As a result, it's hard to remove all traces of the bankruptcy.

MISCONCEPTION #2: Negative entries -- such as bankruptcies and foreclosures -- cannot be removed from your credit report. False. Every type of negative entry on your credit report can be removed from your credit report. Some negative items, such as bankruptcy and unpaid debts, are harder to remove than others. This is because of the way credit bureaus treat certain types of negative entries. Other negative entries, like judgments and tax liens, are highly negative, yet easier to erase.

MISCONCEPTION #3: When you pay off a past-due account -- such as a charge off or a collection account -- it shows as paid and will no longer be a negative entry. Not true. When you pay a delinquent debt, you change the account status to "paid collection," "paid was late," or "paid was charged off." It remains as a negative entry on your credit report. This is one of the times paying off a debt can actually hurt you, since even if you don't pay the debt, it will stay on your credit report for a maximum of seven years. If you have outstanding debt, it's wise to seek professional help with credit repair so you can settle your debts while creating a reasonable expectation that the negative entry will be deleted at the same time.

MISCONCEPTION #4: If you build enough good credit, you will offset the negative effect of one or two late payments. Wrong! Even one or two slow payments usually triggers a denial for a credit card or personal loan. The smallest amount of negative credit will cause the interest on an auto loan to skyrocket. And regardless of how much good credit you have, you'll probably find that even a little bad credit will torpedo your credit approval for a large loan, such as a mortgage.

MISCONCEPTION #5: If you succeed in deleting a negative entry on your credit report, it will

bounce right back onto your credit report. Not true. Credit bureaus have successfully spread this misconception through the new media and government agencies. What actually happens is this: The credit bureaus will often delete a negative listing temporarily if they haven't heard from the creditor after 30 days. If the creditor later verifies the negative entry, the credit bureau will often return the negative listing to your credit report. What usually happens, however, is the creditor fails to respond to the credit bureau's request and the listing is permanently removed.

MISCONCEPTION #6: Requests or Inquiries for credit reports can't hurt my credit score.

Wrong! At the end of each credit report is a log of every company that has requested and received a copy of your credit profile. Lenders don't like to see a lot of inquiries on a credit report. Excessive inquiries can result in denied credit. Still, not all inquiries are viewed negatively.

MISCONCEPTION #7: Repairing your credit score is too complicated for you to handle by yourself. Not true.

If you're willing to research how to improve your credit score, you can work to repair your own credit reports. Still, often it pays to hire a qualified lawyer, **experienced in finance law, credit repair, and financial rescue**, who can explain the most effective ways to improve your credit history, as well as the laws the credit bureaus must obey. If you have a bad credit history, you could pay tens of thousands of dollars more in higher interest payments over the life of a loan. In this case, hiring an experienced lawyer to help repair your credit is a wise, profitable investment.

You're Invited to Call or E-mail.

"If you have questions about bankruptcy, foreclosure, credit card debt, loan modifications,

tax liens or other financial problems, please send your e-mail today to

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