

Credit Repair Certification Study Guide

1. Experian now owns the data of TRW.
2. Risk based pricing is scary for consumers because:
 - a. Most credit card companies have buried in their terms of service agreement default rates.
 - b. You can have a spotless record with a credit card company and they can increase your interest rate because of high balances or a delinquency on another card.
 - c. With risk based pricing your interest rate could go up to 28.9%, 30.9% or whatever super high interest rate that is in the creditor's service agreement.
3. PDO is short for "Points to Double Odds" and it means that for every 40 points difference in your score you either are twice as good or ½ as bad in a lender's eyes.
4. A credit score MAINLY indicates a borrower's risk of not repaying a loan.
5. The following service providers often use credit scores to decide whether you can buy a service and at what price:
 - a. Home insurer
 - b. Mortgage lender
 - c. Credit card lender
 - d. Cell phone company
 - e. Electric utility
 - f. Landlord
6. The best place to go for a client's credit report and credit scores from all three bureaus is www.myfico.com.
7. The Credit Repair Organizations Act (CROA) is the law that governs how credit repair organizations must do business.
8. Companies that collect and maintain consumer credit data are referred to as Consumer Reporting Agencies or Credit Reporting Agencies.
9. FCRA stands for the Fair Credit Reporting Act.
10. Chapter 7 & 11 Bankruptcies stay on the credit report for 10 years from the filing date.
11. Fair Isaac is NOT a consumer reporting agency as defined by the Fair Credit Reporting Act because they do not store or sell consumer credit data.
12. A data furnisher is any company that reports information to the credit bureaus.
13. A creditor must report the number of days late the consumer paid on the account on the credit report if they decide to report the account in the first place.
14. A consumer should have 3 FICO scores.
15. It's important to use your credit cards every 6 months because if you don't the card will become inactive with the credit bureaus.
16. A credit Score is created only when a score is requested.
17. Whether loan payments have been paid on time and whether one has maxed out the credit line on a credit card are two factors that will influence one's credit score.
18. The New Fair Isaac credit scoring model was recently announced and released. If you have an occasional late payment your score under the new model compared to the old model will stay the same.
19. The Credit Scoring Model relies on:
 - a. Averages of a like group
 - b. Assumptions
 - c. Only information in the credit report
 - d. Logic and probability
 - e. Ratios
20. The FICO® Classic Risk Score at Equifax is referred to as BEACON.

21. Under past delinquencies, which makes up 35% of the credit score, timing of the delinquency means the more recent the delinquency the more it hurt the credit score.
22. Asking for credit limit increases will decrease your debt ratio, ask every 6 months.
23. Your high credit limit being reported is very important because it can increase your credit score but some creditors don't report the high limit.
24. You calculate aggregate revolving utilization by adding the credit limits together on all open credit card accounts, then adding the balances together on all of these credit card accounts, and then dividing the aggregate balance by the aggregate limit and multiplying that number by 100.
25. A maxed out Mortgage will not severely affect the credit score.
26. Regarding the Average age of credit file, you should hold onto your old credit cards, the older the better.
27. Insurance carriers are legally allowed to pull a customer's credit report to reset premiums based on their FICO scores.
28. Employers are allowed to check credit reports as part of the pre-employment screening process but only after having a job applicants permission.
29. An example of a hard inquiry is when you apply for a car loan.
30. The number of inquiries you have in the past year determines how it will affect your credit score.
31. Asking for credit limit increases will decrease your debt ratio, ask every 6 months.
32. A healthy mix of credit contains 3-5 revolving credit cards, a mortgage account and an auto loan.
33. If your client has "Too many accounts" as one of the notations on the credit report reasons, you should advise nothing – but don't open any more accounts.
34. Examples of Installment credit accounts are- auto loans, personal loans, mortgages and student loans.
35. Examples of Revolving credit accounts are – credit cards, HELOCs and retail cards.
36. Examples of Open credit accounts are – Utilities, some AMEX cards and cell phones.
37. Some of the problems incurred that affect most consumers who are in collection are:
 - a. Multiple placements of the same accounts
 - b. Changing the date of last activity
 - c. Refusal to update payments
38. The term ZOMBIE DEBT is best described as old, outdated, ancient bad debts, that collection companies buy for pennies, and squeeze you to pay.
39. A legitimate debt is NOT truly erased only when:
 - a. When it is paid in full
 - b. Erased in Bankruptcy Court
 - c. It is completely paid in full, with all acceptable fees and charges
40. Collectors have the legal right to call your next door neighbor, family, or relative, to find out information about you.
41. The best thing to do when contacted by a collection agency about an old debt is to hang Up and walk away without a conversation.
42. The Fair Debt Collection Practices Act was created in order to police 3rd Party Collectors of Consumer Debt.
43. If an attorney sends an initial dunning letter, that attorney must follow the FDCPA.
44. If a debt collector call the consumer's place of employment after being told the consumer cannot receive collection calls at work it is considered harassment under the FDCPA.
45. A debt collector that calls a business owner regarding a business debt at his home in the evening is exempt from following the FDCPA.
46. If the credit reporting agencies determine you are submitting false disputes and consider your disputes 'frivolous,' they no longer have to perform disputes for you and can ignore your dispute requests.

47. Less than 10% of business financing applications are approved by banks.
48. PAYDEX is the name of the Dun & Bradstreet Credit Scoring Model.
49. INTELLISCORE is the name of the Experian Credit Scoring Model.
50. Just because a business has a DUNS number does not mean it has a business credit rating.
51. When building a business credit profile, the recommended type of financing to begin with is vendor accounts.
52. When repairing someone's credit you should educate them on how the credit scoring system works in addition to helping them with their credit.
53. When a person agrees to pay in full a 4 year old, \$500 collection account with the collection agency over the phone on Monday, but the next day decides not to follow through; the Collecting Agency can restart their collection activity if they were ordered to cease and desist previously.
54. Equifax is based in Atlanta, Georgia, and is one of the three nationally recognized credit reporting agencies.
55. Experian is based in Costa Mesa, California but was NOT formerly known as TransUnion.
56. TransUnion is based in Chicago, Illinois.
57. Experian has credit bureaus in other countries.
58. Credit reports were originally designed primarily so that lenders could read and understand them. Consumers were an afterthought.
59. You can expect a bankruptcy filing to hit your credit reports within a few days.
60. A hard inquiry does have a negative impact on your credit scores.
61. The only person who sees soft inquiries is you (when you ask for a copy of your own credit report).
62. The credit bureaus do NOT pay your lenders a small fee so that your lenders will send them your up-to-date credit information every month.
63. Lenders don't charge the credit bureaus a dime for your credit information. They gladly give it to them free of charge.
64. Your credit report does NOT include your income.
65. Your gender, national origin, race, and religion are all NOT reported in your credit report.
66. There are NOT only three credit bureaus.
67. Inquiries effect your score the same as the mix of credit accounts.
68. The FACTA did NOT wipe out and replace the FCRA.
69. Federal law does NOT require Lenders to report your credit information to the credit reporting agencies.
70. The Fair and Accurate Credit Transactions Act does NOT entitle every consumer to all three of their FICO scores for free once a year.
71. Moving your debt around from one credit card to another will NOT help increase your credit scores.
72. It's NOT okay to have high balances on your credit cards as long as you make your monthly payments because the FICO score is really only concerned with how well you manage your payment obligations.
73. A Business Credit Card may appear on your personal Credit Report.
74. A Business Credit Card on your personal credit report is NOT scored differently than a personal credit card.
75. In some cases, Business credit cards are easier to get approved for than a personal credit card.
76. It is NOT illegal for a creditor to delete accurate information from your credit report.
77. Once a creditor reports to the credit bureaus, they are NOT required to update the credit file at least once a month.
78. A Collection Agency can NOT always get the Original Creditor to delete their listing on the credit report.

79. Innovus is the 4th credit bureau.
80. Any creditor can NOT report to the credit bureaus.
81. The credit bureaus did NOT implement the new FICO 08 model in 2007.
82. Fair Isaac is not owned by the credit bureaus.
83. Vantage Scoring Solutions LLC is a joint venture between the big 3 credit bureaus AND is the company that created "The Vantage Score".
84. The Classic FICO score is the current scoring model used by the mortgage industry but the Vantage Score might replace it.
85. The Fair and Accurate Credit Transactions Act "FACTA" is an amendment to the FCRA.
86. FACTA gives consumers protection from identity theft.
87. To have the best chance of a credit bureau not considering your 2nd dispute as being frivolous, it is best that your statements do not conflict from one dispute to the next.
88. If a credit bureau does not respond to a dispute within 30 days, they do NOT have to remove that item forever.
89. A hard inquiry is only when the consumer is looking to get more credit than they currently have.
90. Inquiries are a matter of record as to whom you have applied for credit to in the past along with other types of soft inquiries like Account Review, Promotional, Insurance, Work Related, Utility & Personal.
91. All inquiries that are a matter of record showing on the credit report do effect your score.
92. Credit Repair is NOT legal only because the credit bureaus and creditors allow it to exist.
93. The Power of Attorney is a very important document to the credit repair process.
94. You do NOT have to physically sign the dispute letter for the client in order for the dispute to work.
95. Having a legally worded demand letter is NOT always the best approach when dealing with the credit bureaus.
96. False Advertising is one of the main reasons a credit repair company gets in trouble.
97. If you follow the law and treat people fairly, you may still have legal troubles as a credit repair company; even if you make 5 Million dollars a year.
98. Credit Repair Best Practices do NOT only encompass increasing the client's score as much as possible.
99. The FCRA requires the credit bureau to inform the consumer in writing if they re-insert a credit account that was removed previously due to the creditor not responding within 30 days from the date of the dispute.
100. Disputing unpaid collections that are under the Statute of Limitations period for that consumer's particular State is usually not a good idea, especially if the collection account has more than \$2,000 owed on it.
101. The State's Statute of Limitations period the court will use in a situation where the consumer moved away from where they lived when they originally obtained the debt is decided by whichever state the Creditor prefers; their choice!
102. Having an 840 credit score will NOT get you better treatment than if you had a 790.
103. 3 digit credit score increases are possible when you pay-off your revolving credit cards.