



TOP DIY CREDIT RESTORATION MISTAKES

With 1.3 Billion credit files being managed by the three top credit bureaus, there are bound to be errors. According to Forbes Magazine, there are 82% of consumers who have errors on their credit reports and the credit bureaus receive more than 8 Million dispute letters per year. Many of the dispute letters lack the verbiage and authenticity to receive favorable responses. [Financial COMFORT Consulting](#) has compiled a list of the most common mistakes made when consumers make an attempt at their own credit restoration.

1. Carrying more than 25% on revolving debt. Your credit score is made up of five components - Payment History is 35%, Capacity is 30%, Credit Mix is 15%, Length of Credit is 10% and New Credit is 10%. Capacity is a percentage of the amount of revolving credit limits you have access to and the amount you actually use. It is important to keep your capacity low. The general rule of thumb is below 25%. Once you hit 31% of your capacity you become a risk factor for lenders and there is an algorithm in the credit scoring system that "dings" you monthly when your capacity is too high. That same algorithm rewards you when your capacity is low.
2. Using a generic dispute letter. It is very important to cite the specific law {i.e. 15 USC 1692g Sec. 809 (b)} from the Fair Debt Collection Practices Act (FDCPA) that derogatory items are violating in order to get favorable results. When you don't cite the violation, the credit agency will simply request the creditor "validate" the debt in lieu of "verifying" the debt. Verifying the debt requires a thorough investigation into its legitimacy by proving it actually belongs to you. Results of items being deleted due to the creditor's inability to provide proof in a timely manner are much greater.
3. Disputing every derogatory item. During the first two years of delinquency, a collection item carries the most weight on your scoring algorithm. The first 120 days are the most critical period impacting your score. After two years an item may appear derogatory on your report, but it is no longer negatively affecting your score. So, if there are items that are older than two years on your credit



BizBash: Women business owners got together at the Columbus Women's Business Center on March 30 to network and celebrate Women's History Month. Pictured above are (left) Linda Evans and Jackie Chapman, owner of JCs Sweet Tea.

report and the creditor is no longer reporting, it would serve you well to ignore it until it has reached the statute of limitation according to the FCRA. Disputing those items can have an adverse effect in that the creditor verifies it with the credit agencies and updates it with negative history making it current and thus bringing your score down further.

4. Agreeing to terms without a promise to delete. Paying off a collection item does not delete it from your credit file. So, often time's consumers will pay off a debt in hopes that it will no longer appear derogatory and they are sadly mistaken. A collection item with a zero balance can still



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Business Profile: Financial COMFORT Consulting LLC

[FINANCIAL COMFORT CONSULTING](#) is based in Columbus, Ohio and has been serving clients since 2009. Their *primary customers* are entrepreneurs who have been in business for more than three years and are not generating the profits they'd anticipated. With tailored strategies focused on cash flow management and revenue stream maximization, Financial COMFORT Consulting guarantees greater rewards and quicker return on investment. Their *secondary customers* are middle-income individuals who want to maximize their financial potential by reaching credit scores of 740 and above as well as increased savings. They specialize in customized solutions that nullify issues with debt consumption, discipline and impulsive spending.

Through one-on-one coaching and training facilitation, the clients of Financial COMFORT Consulting receive superior strategic planning, professional development, management consulting, quality assurance and money management services. Financial COMFORT focuses on generating financial freedom, promoting peace of mind and positioning their clients for success by implementing plans that guard their time and protect their money.



Jenefeness
Houston

[Jenefeness Houston](#) started this business simply as a means to share financial knowledge and has grown it into an entrepreneurial financial resource alliance. She is a double minority as a Black, Female entrepreneur that takes pride in helping other minority entrepreneurs. She was recently named one of [100 Growth List of Middle Market CEO's](#) and featured in an article on [NPR News Radio](#) and [Successful Business News](#). Jenefeness was nominated by her peers for many awards (i.e. 2016 Divas in Business Award, 2016 Best in Black Business Award, 2016 Microentrepreneur of the Year Award and Advisor of the Year Award. She is an active and proud member of the Better Business Bureau, Entrepreneurs of Increase, National Association of Women Business Owners (NAWBO), Central Ohio SCORE and Women's Business Center Professional Advisory Network (PAN). Contact them at www.financial-comfort.com or via phone at (614) 595 – 0784 for a complimentary consultation today!

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appear derogatory on your report. And once you've paid it, you have no leverage. We suggest you negotiate the terms of payment and agree to settle the account IF they remove the item from your credit file. That payment gives you leverage and most creditors want it and are willing to do just about anything to get it, including deleting it from your credit file. But, once you've paid the collection item you've lost your leverage and likelihood of having the

item removed from your credit file at a later date. It is best to negotiate the terms of your settlement to include deletion from your credit file prior to paying.

To get the best price on Rental Karma, customized dispute letters that cite the infractions of the Fair Debt collection Practices Act (FDCPA), credit analysis and even responses to creditors, please contact [Financial COMFORT Consulting](#) today.

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