



Steps to Credit Recovery:

- 1) Evaluate your situation
 - a. Credit Scores
 - b. Reason Codes Under Scores
 - i. Derogatory Public Record or Collection Filed
 - ii. Time since delinquency is too recent or unknown
 - iii. Ratio of balance to limit on bank revolving is too high
 - c. These reason codes will help identify areas to go to work
- 2) Address Collections
 - a. Collections with balances
 - i. Do you actually owe the money?
 - ii. Frequently when you pay off a collection account, they just stop reporting to the bureaus.
 - iii. Look at the last date reported to the bureaus
 - iv. How many bureaus is the account reporting?
 - v. Separate collections into Medical and Non-Medical.
 1. Medical
 - a. Negotiate with original creditor if possible
 - b. Offer to Pay to Remove from credit
 - c. If they won't remove from credit then offer a reduced amount
 - d. In the end, pay the collection. This advice may change if they haven't reported to credit recently and you need to qualify for a loan very soon. Paying it off may temporarily lower your scores.
 2. Non-Medical
 - a. Follow the same procedure as Medical.
 - b. Less likely to agree to remove from credit
 - b. Paid Collections
 - i. Dispute with the credit bureaus.
 - ii. Use a professional if you aren't prepared to handle the details yourself.
- 3) Establish new tradelines, especially credit cards
 - a. 30% of credit score comes from how you manage revolving debt.
 - b. Balance compared to your credit limit as a percentage.
 - c. It is good to have very high limits
 - d. May have to get a secured credit card if necessary.