



# VETERANS' JUSTICE PROJECT

*A Service of Metropolitan Public Defenders*

## **Practice Pointer: Credit Repair (minus attachments)**

**Date: 9 March 2015**

Colleagues:

As we all know, substandard credit can be a significant impediment to housing stability. Many of our Participants are going to present with damaged credit, and some of them will have damaged credit that can be repaired. This Practice Pointer will walk you through a simple process of credit repair for Participants who present with damaged credit.

Everyone hates the Credit Reporting Agencies, especially anyone who has ever tried to dispute an error on their credit report. But the law is slowly grinding into gear. In 2013, an Oregon woman was awarded \$18.6 million dollars for a [two-year Kafkaesque journey](#) through the bowels of Equifax's credit dispute process. Documenting inaccurate information in Participant's credit reports is an important service that you – with our assistance – can provide.

### STEP 1: Obtain Free Credit Reports from ALL THREE Credit reporting Agencies

Most screening companies will not use all three, but it is a simple process at enrollment to have your Client fill out the necessary paperwork to obtain their credit reports from all three national Credit Reporting Agencies. Every person is entitled to a free credit report from each credit reporting agency once per year. As long as the client has not asked for their credit report in the past twelve months (an unlikely thing), they will be able to get it.

The easiest way to do so is to go to <https://www.annualcreditreport.com/index.action> when you enroll your Client in the SSVF Program. You can then print out and review copies of the Participant's Credit Reports to examine for derogatory information.

To request their credit reports online, the Client will need to be able to recall some facts about their background. If that is an impediment, or if they would simply prefer to make the requests via the post, then use the attached request form and mail to:

Annual Credit Report Request Service  
P.O. Box 105281  
Atlanta, GA 30348-5281.

The important part is to review their credit reports to identify derogatory information. If you find derogatory information, query the client about whether it is correct.

(STEP 1a: If the Participant has been denied housing or credit for derogatory information and you have identified the source of the derogatory information and time is of the essence, then you can jump forward to Step 2b.)

STEP 2a: If there is no derogatory information:

Congratulations, you have confirmed that your Participant has one less barrier to housing stability. You are complete.

STEP 2b: If there IS derogatory information, review the derogatory information with the Client.

STEP 3a: If the derogatory information is CORRECT:

1. If the Client confirms the derogatory information is correct, all is not lost. "Consumer Debt" cannot be paid using SSVF Funds, but Property Debt (and associated costs) can be.
2. The best way to resolve outstanding Property Debts is to have the Participant at hand when you call the Creditor so that the Participant can confirm the Participant's identity. At that point, you want to obtain the name and contact information of the person at the Creditor with whom you are speaking.
3. Property debt not in collection can be bought at a significant discount from the Landlord, who would rather have the money in their hand.
4. Property debt reported as IN COLLECTION should prompt you to reach out to the Collection Agency yourself to determine whether they are willing to settle the matter. These debts are always purchased at a steep discount, so you should never offer to pay 100%. (If the Collection Agency is harassing the Client, under the Fair Debt Collection Practices Act, the client has the right to direct the Collection Agency to cease contacting them. However, that will likely not resolve the matter.)
5. Even if the Statute of Limitations for collections has passed, you should still explore using Temporary Financial Assistance to satisfy outstanding Property debt.
6. If you want to explore retiring Property Debt, pre-clear the expenditure of the housing debt with the SSVF Program Manager. (Paying off "consumer debt" is specifically prohibited by the Program Guide, but housing debt can be processed; it is simply good practice to pre-authorize expenditures of that sort with the SSVF Program Manager.)
7. If a Creditor is amenable to retiring Property Debt to help clear an adverse credit report, then contact us to ensure everything is legally sufficient.

STEP 3b: If the derogatory information is INCORRECT, or the Client DOES NOT KNOW whether the information is correct or not, you can either follow the steps below or refer the Participant to us for assistance:

1. Send a copy of the attached Standard FTC Dispute Letters to EACH of the credit reporting agencies, as well as to the agency reporting the incorrect debt. As Tara Bernard notes in her [excellent treatment](#) of this matter in the New York Times (from which I am

going to cite several more times in the Pointer): “The credit bureaus allow you to file your dispute online, and it’s probably the fastest and simplest way to go. But don’t...it’s better to send a written dispute via certified mail (return receipt requested).”

2. **MAKE SURE THE LETTER EXPLAINS HOW THIS IS DAMAGING YOUR PARTICIPANT.** It is extremely useful to be able to show the credit reporting agency was on notice and did nothing.
3. Sending a written dispute letter, with a return receipt requested, is critical if you need to later prove that you disputed a matter. Without proof of mailing, there is little I will be able to do.
4. Feel free to “color outside the lines” in your letter. Attach a letter that explains the problem, and provide copies (NOT originals) of any supporting documentation, like a canceled check illustrating that you made a payment.
5. The credit reporting bureaus are required to forward all relevant information to the organization that is the source of the error, though this never happens. (In fact, the system the bureaus use to communicate with creditors doesn’t allow them to forward any attachments. Instead, workers boil down all the information you send into a one- to three-digit computer code — for instance “account not his/hers.” That’s what is forwarded to the creditor, who must then perform an investigation of its own.)
6. So go ahead and do it yourself: notify the creditor of your dispute and send it all copies of supporting documentation as well. That way they can’t argue that the bureau didn’t send them enough information.
7. In fact, the bureaus typically won’t make any changes unless the company that provided the information, like a creditor, says to.
8. If you want to call to follow up, keep notes of the date you called and with whom you spoke. As with everything that involves the law, keeping thorough records is critical. If we can’t prove it, it never happened.
  - a. TransUnion: 800-916-8800
  - b. Equifax: 866-229-7861
  - c. Experian: 800-493-1058
9. Be resolute for your Participant. You will never fix the matter on the first try. Submit the written materials three times. Even if you know that the Participant’s credit card company is the source of the error, it pays to send the dispute to all three bureaus as well. That will give me the right to file a suit — against the creditor or the bureau — if either institution doesn’t resolve the problem. Due to a quirk in the law, you don’t have the right to sue if you simply send your dispute to the creditor. Given the havoc a serious credit error can wreak, you want to retain that right. (Technically speaking, however, if one bureau finds an error as the result of a dispute, it must alert the other two bureaus.)
10. After the investigation is resolved. Once the investigation is complete — bureaus usually have 30 days — the credit bureau must send you the results in writing, along with a free copy of your report if the dispute results in a change.
11. At that point, ask the credit reporting company to send notices of any corrections to anyone who received your report in the last six months, which they must do. You can also have a corrected copy of your report sent to anyone who received a copy over the last two years for employment purposes.

12. If the matter is not favorably resolved but your Client still thinks the matter is incorrect:
  - a. Forward the file – and supporting documentation – to me.