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EBOOK

# A 10-STEP GUIDE TO DIY CREDIT REPAIR



**Wizelink International**  
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**Wizelink International**

We repair any credit

To learn more about us or to get started repairing your credit with a certified credit coach please visit

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## Introduction

First things first. There is no magic pill or app that will fix your credit score overnight. Companies who promise instant results for a hefty fee are not real. Do not fall for these scams. Good credit is a trust relationship that takes time and discipline to build. It's not impossible though. You got this.

Although it takes time to build good credit, there are immediate action steps you can take to improve your score in just a few months. Paying your bills on-time each month for example, is the quickest and easiest path to improving your credit. In this e-book, we'll show you tips for avoiding late payments along with realistic ways you can get started on the right path to better credit health.

## Legal

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## Step 1: Bring all accounts current

Let's start at square one. As we mentioned in the introduction, credit is a trust relationship. The surest way to start earning that trust is to make sure your payments are all up to date. Payment history is one of the primary factors that determine your credit score. Once you show that you can make several consecutive on-time payments, you should see a credit score boost in as little as six months.

Pro tip: Make a spreadsheet with a list of all credit debt. This includes credit cards, store cards, student loans, auto loans, mortgages, and/or rental agreements (rent payments recently began appearing on credit reports to help establish credit for urban dwellers). Add columns for monthly amounts and total balances so you can keep track of progress.

If you are behind on any accounts, do whatever you can to bring them current. This could mean borrowing from friends and family, mowing a few lawns, selling items in your home, or using payday advance apps such as Chime ([chime.com](https://chime.com)) or Earnin ([earnin.com](https://earnin.com)). As a last resort, contact the creditor. They may allow you to make a one-time good faith promise to pay in exchange for not reporting the delinquency (This will likely require at least a partial payment upfront). Be aware that if you do make a good faith promise to pay, you are making a verbal commitment. Be sure to pick a date and amount that is realistic. Failing to make a good faith payment could damage your trust with the creditor for any future requests.

## Step 2: Automate your financial life

Now that your accounts are current, you can start working on ways to keep them current. Setting up automatic payments (at least equal to the monthly minimum) is the easiest way to avoid falling behind. Most companies offer some version of this service. Why not take advantage of it. Set it and forget it!

If you find that one or more of your creditors does not offer an automatic payment feature, you can still find creative ways to automate these payments.

For example, let's say you rent a private residence and your landlord takes cash or check only. Try talking with him or her about using Paypal or Venmo to pay your rent. This way you can set automatic transfers to your account each month and avoid being late. It's a win/win for both parties.

If Paypal is not an option, you might try opening a separate checking or savings account dedicated to bills. This way you can still set automatic transfers and reminders of upcoming bills.

## Step 3: Get to know your credit score

What is a credit score? A credit score is a number that represents a person's creditworthiness. In other words, it gives potential lenders a quick reference point for determining whether to approve a credit or loan application.

Credit scores are calculated primarily based on information gathered by credit reporting agencies or bureaus. These agencies assemble the information into a single document called a credit report. The three main credit bureaus are: Experian, Equifax, and TransUnion.

Each agency uses its own scoring system and lenders or creditors may not report to all three bureaus, which means you may see a different score depending on the report you request. For this reason, we highly recommend that you obtain your report from all three agencies to get a complete picture of your overall credit health. To get a copy of your credit reports and scores from all three agencies, visit [www.werepairanycredit.com](http://www.werepairanycredit.com).



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# GROW YOUR CREDIT GOALS

Consult us with your credit report and see how well you score.

- ✓ **FREE credit consultation**
- ✓ **FREE in-depth credit analysis**
- ✓ **FREE credit recommendations**

[REQUEST MY FREE CONSULTATION & CREDIT ANALYSIS](#)



## Step 4: Remove negative information from your report

The next step in your journey to better credit health is to check your report for any negative or derogatory information that is incorrect. This could include collection accounts that were settled, but never removed by the collection agency.

A common example of derogatory information is an unpaid medical bill. In this example, Tiffany had a medical procedure performed which her health insurance assured her would be covered. Six months later, Tiffany was denied for an auto loan. Upon reviewing her credit report, she noticed that the medical procedure had been turned over to a collection agency for non-payment.

After calmly explaining her situation, Tiffany agreed to pay the balance in monthly installments and work with her insurance provider directly. In exchange, the collection agency agreed to remove the negative mark on her report. Tiffany followed up by filing a dispute with the credit reporting agency to have the derogatory information removed.

Filing a dispute on a credit report can be done a few ways. The first option is to draft a formal letter stating the item(s) and reason for dispute, along with a copy of a recent credit report highlighting the item(s) in question. Several years ago, this was the only way to file a dispute, however it is less common today.

**Pro Tip:** If you choose this method, be sure to send the letter by certified mail with a read receipt request. This way you'll receive notification once the reporting agency receives the letter.

You can find several resources online with sample dispute letter templates like the one shown here from

[www.werepairanycredit.com](http://www.werepairanycredit.com).

An easier and more common way to file a dispute is through one of several mobile apps such as Credit Karma. These apps have made filing disputes much faster and more convenient. Please note however, that while these apps do provide a convenient service, they are not

### SAMPLE DISPUTE LETTER

Date  
Your Name  
Your Address,  
City, State, Zip Code

Complaint Department  
Name of Company  
Address  
City, State, Zip Code

Dear Sir or Madam:

I am writing to dispute the following information in my file. I have circled the items I dispute on the attached copy of the report I received.

This item (identify item(s) disputed by name of source, such as creditors or tax court, and identify type of item, such as credit account, judgment, etc.) is (inaccurate or incomplete) because (describe what is inaccurate or incomplete and why). I am requesting that the item be removed (or request another specific change) to correct the information.

Enclosed are copies of (use this sentence if applicable and describe any enclosed documentation, such as payment records and court documents) supporting my position. Please reinvestigate this (these) matter(s) and (delete or correct) the disputed item(s) as soon as possible.

Sincerely,  
Your name

Enclosures: (List what you are enclosing.)

affiliated with the credit reporting agencies. We strongly recommend working directly with one of the three credit bureaus for the most accurate and up-to-date information.

Once you have filed your dispute, you can monitor its status by logging into your portal at [www.werepairanycredit.com](http://www.werepairanycredit.com).

## Step 5: Dispute inaccurate or outdated information

Mistakes can happen. Just as you checked for derogatory marks, you should also check for any inaccurate or outdated information. This might include mortgage or credit card payments that were marked late even though you can show that you paid on-time.

You may even find accounts listed in your name that you didn't open, which could be the result of a simple social security number mix-up or worse, could be the result of identity theft. If you do suspect you were the victim of identity theft, you should immediately consult with an attorney who specialized in such matters.

Dispute any inaccuracies the same way you disputed negative marks. Be sure to attach any documentation that supports your claim.

## Step 6: Ask creditors to remove negative marks

Yes, you can and should call your creditors. Don't be afraid of them, they are people with bills to pay too! More times than not creditors want to help you keep your account up to date. Just be honest and confident. If you are in good standing with them, it won't hurt to ask if they'd be willing to remove late payments for you. Of course, this will require your account to be current and that you've made at least a year's worth of on-time payments. You must also follow up by filing a formal dispute with the credit reporting agency.

Here's an example:

Kyle and Tiffany are trying to get approved for a mortgage. Kyle's credit score is 725, however the lending company notifies him of their concern about a 30-day past due payment on his credit card three years ago.



Kyle calls the credit card company and politely explains the situation to a customer service representative. The representative agrees to remove the late payment as this was Kyle's only late payment in the five years since opening account. Kyle follows up by filing a formal dispute with the reporting agency indicating the creditor agreed to remove the late payment. It never hurts to ask. The worst they could say is no.

## Step 7: Pay down balances

We previously mentioned that payment history is one of the key factors that determine your score. Another key factor that directly affects your credit score is credit usage. Credit usage or credit utilization is calculated by dividing the amount of your revolving credit debt (how much you owe on your credit cards) by the total amount of revolving credit available (your credit limits).

For example: Kyle has two credit cards. Card 1 has a balance of \$4,500 with a credit limit of \$10,000 and card 2 has a balance of \$3,400 with a credit limit of \$7,500. Here is a breakdown of his credit utilization

Card	Balance	Limit
Card 1	\$4,500.00	\$10,000.00
Card 2	\$3,400.00	\$7,500.00
<b>Totals</b>	<b>\$7,900.00</b>	<b>\$17,500.00</b>
Credit Utilization = <b>\$7,900.00/\$17,500.00</b>		
Credit Utilization Ratio = <b>45%</b>		

In the above example, Kyle's credit utilization is 45% of his total available revolving debt. This is high-risk credit usage (30% is optimum as we'll discuss in step 9) which means that Kyle will have to pay down some of the balances on his credit cards in order to lower this percentage and improve his credit utilization.

Pro tip: Using the spreadsheet you created in step 1, sort your list of revolving accounts (credit cards and lines of credit) from the lowest balance to the highest. Over the next few months, pay as much as you can reasonably afford (this may mean cancelling your Hello Fresh account or

one of the 10 streaming services you don't use) on the card with the lowest balance. Read on to learn about the Snowball Method for paying down your credit card balances.

There are several methods for paying down your credit card balances. We recommend the snowball method which is detailed in this step, but you should do your own research to determine which one works best for your situation. Regardless of which method you choose, this will require discipline and a few sacrifices like eating out less. It's a good idea to keep a picture of your dream home or that shiny Land Rover you pass every day, somewhere that you can see it to remind yourself of the larger goal.

The Snowball Method is a debt management strategy in which you pay off balances in order from the lowest to the highest.

Here's how: Using the spreadsheet you made in step 1, list all of your debt in order of balance from lowest to highest. Be sure to include a column for your minimum monthly payment. Next, set a realistic amount you can pay monthly on the account with the lowest balance (even if it's only the minimum) while still making the minimum payments on all other accounts. Once you've paid off the account with the lowest balance, take the monthly amount you paid on that account and add it to the account with the next lowest balance, then repeat as necessary.

Here's a visual:

1. Payoff account with lowest balance

Card	Balance	Min Payment
Card 1	\$3,400	\$35
Card 2	\$4,500	\$45
Auto Loan	\$12,500	\$250
<b>Totals</b>	<b>\$20,400</b>	<b>\$330</b>

2. Once it's paid off, take the monthly amount you were paying on Card 1 (\$35) and add it to your monthly payment for card 2 ( $\$45 + \$35 = \$80$ ). This will be your new monthly payment amount for Card 2 until it is paid off.

Card	Balance	Min Payment	New Payment
Card 2	\$4,500	\$45	\$80
Auto Loan	\$12,500	\$250	\$250
<b>Totals</b>	<b>\$20,400</b>	<b>\$295</b>	<b>\$330</b>

3. Repeat the previous step for the Auto Loan account adding the \$80 Card 2 payment to the Auto Loan payment. This will be your new monthly Auto Loan payment until it is paid off.

Card	Balance	Min Payment	New Payment
Auto Loan	\$12,500	\$250	\$330
<b>Totals</b>	<b>\$12,500</b>	<b>\$250</b>	<b>\$330</b>

## Step 8: Pay off high-interest accounts first

Now that you have cancelled one or two streaming services and set a schedule to pay down your credit card balances, let's look at the interest rates of your accounts. High interest accounts can take years to pay off, especially if you only make minimum payments.

Store credit cards are notorious for their high interest rates of around 24%. Those \$250 jeans you just had to have will cost you closer to \$350 if you only make the minimum payments.

Pro Tip: Add a column to your spreadsheet that includes the interest rates for each of your accounts and highlight the ones with the highest rates. This should include any high-interest loans as well. If possible, set an amount that you can pay extra on high-interest accounts while maintaining the payment schedule you set. Consider using your tax refund, birthday money, or Christmas money to help pay these accounts down. Remember the big picture!

## Step 9: Understand and follow the 30% rule

30% represents the magic number for credit utilization. As we discussed in step 7, credit utilization is a major factor in determining your credit score. In fact, it contributes to roughly 30% of your calculated score compared with payment history which contributes to around 35%.

Additionally, credit reporting agencies recommend a credit utilization ratio of no more than 30%, hence the 30% rule. For example, if your credit limit is \$10,000, you should keep your balance below \$3,000.

This does not mean paying off your credit cards each month though, as this could have an adverse effect on your score. Remember, credit reporting agencies want to see on-time payments AND credit utilization. In other words, making on-time payments every month while keeping your credit card balances below 30% (but not zero) will have the biggest positive impact on your credit score.

Following the 30% rule does mean paying down *every* credit card to get below 30%. Remember that credit utilization is an aggregate total of all revolving credit accounts. There are several “hacks” for the 30% rule. Here are a few:

1. **Open a new credit card.** This will instantly improve your credit usage ratio as it will increase your total available credit. Just make sure you only use it in emergencies or until you pay down other balances to avoid a spending trap.
2. **Request credit increases.** Like opening a new card, asking creditors to increase limits on the cards you already own will also add to your available credit, thus improving your credit utilization ratio.
3. **Piggyback on your partner's card.** If your partner is fiscally responsible and you are looking to buy your forever home, have a conversation about adding you to one of his or her credit cards. The credit limit on that card becomes your credit limit which will subsequently improve your utilization.

Note: This is a risky proposition and can place unnecessary stress on a relationship. It is crucial that both you and your partner understand the risks and seek professional advice. If your partner defaults on payments or maxes out the balance on that card, it will damage your credit

## Step 10: Hang on to those old accounts

You may be tempted to get rid of those store credit cards that you opened in college. Keep them. They are helping your credit score.

There is a saying: “no credit is almost the same as bad credit”. If you have learned two things from this e-book it's that credit reporting agencies want to see good payment history and low credit usage. Say you opened a Macy's card 15 years ago with a \$2,500 balance. You were never late on payments, you paid off the balance of the card when you got your first sales bonus six

years ago, and you have not used the card since. Your credit report will show a history of good payments and because you are not carrying a balance, the card helps your utilization ratio.

On the other hand, having too many revolving accounts will negatively impact your score. If this is the case and you have the option, close a newer one.

## Credit Monitoring

Congratulations, you made it! You followed all the steps we outlined in this e-book. You sent out your dispute letters, you negotiated terms with your creditors, and you started hacking away at your debt. Now it's time to keep a closer eye on how your hard work is impacting your credit score. You'll be able to take quicker action in the future, and work towards the purchase of your forever home or your new car. This is where credit monitoring gets its power.

There are many tools and apps on the market you can use to monitor your credit. For example [www.werepairanycredit.com](http://www.werepairanycredit.com) offers features such as a custom portal where you can track your credit score, review your credit report in real time, upload dispute letters, and get expert coaching on all of the information we talked about in this e-book. Plus, a whole lot more. You can get started today at [www.werepairanycredit.com](http://www.werepairanycredit.com).

## Summary

Having good to excellent credit will give you the best chance at being approved for a mortgage to purchase your forever home or getting the best interest rates on an auto loan. Credit is also a house of cards that is one or two missed payments away from falling. Once this happens, it takes time to repair.

Repairing your credit takes patience, sacrifice and discipline, but it's not impossible and it's not forever. You got this. Most negative credit report information will go away after 7 years. Use that 7-years as a timeline for taking back your financial health. Also, having something to shoot for like your dream home or a shiny new SUV, will give you all the motivation you need.

While credit repair is a long process, hopefully this e-book provided you with a starting point. The tips detailed in this document are actionable steps that you can take today, to help set you

on the right path, and might even give your credit score a quick boost. Once you see your score increase, even by just a few points, you'll be motivated to keep going.

Credit reporting agencies calculate your score based on several factors. The two that have the biggest impact are payment history and credit utilization. Based on this, the easiest way to repair your credit is to make your payments on time, while keeping your credit card balances below 30% (but not 0).

Note: This also means that you will need to show some activity on your credit cards each month. It shows the credit reporting agencies that you can responsibly use your credit card for purchases and pay on time.

A few ways to give your credit score a quick boost:

1. Make at least six consecutive on-time payments (set automatic payments so you will not forget). This will give you a boost after only six months. As Tom Cruise said in A Few Good Men, "It's nothing. It's a hockey season".
2. Review the details of your credit report and dispute any derogatory or inaccurate information. Removing negative marks could boost your credit score within 90 days.
3. Call your creditors and politely ask if they would be willing to remove late payment information. If you are in good standing, most creditors will be accommodating to your situation.

We hope that you found this e-book helpful. For further information or to get started with a certified credit coach, join today at [www.werepairanycredit.com](http://www.werepairanycredit.com).

This E-book was professionally researched and written at Jax + Cole

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