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Money: Help! Fix My Credit Score!

By Linda Stern
Newsweek



Photo illustration by C.J. Burton for Newsweek

Aug. 15, 2005 issue - Serving in Iraq was a challenge for one Colorado Marine, but fighting the credit-report wars when he returned was another. Dustin Khaffaji came home to Ft. Collins in 2003 to find his borrowing ability wrecked, all because he had failed to pay the annual fee on a never-used credit card mailed to him after he shipped out. Khaffaji, 24, says he spent two years trying to get his otherwise-spotless credit reports cleaned at Equifax, Experian and Trans-Union, the big three reporting agencies. To no avail: when he and his wife, Dayna, tried to buy a house this spring, his credit score was too low for a good loan. His broker, Justin Crowley of 1st City Mortgage, quoted a rate of 7.5 percent, putting the monthly payment at \$2,250 and the house out of reach. But then Crowley called **Mindy Leisure of Advantage Credit, Inc. of Colorado**, which specializes in fixing credit scores fast. The next day Khaffaji got a 5.25 percent mortgage with a \$1,680 monthly payment.

There are some 200 firms like **Advantage Credit, Inc. of Colorado**. Called rapid rescorers, they're hired by mortgage brokers to fix mistakes in credit reports directly with the big agencies within 72 hours. Nationally, only about 2 percent of mortgage applications get rescored, according to the National Credit Reporting Association. But the business has doubled in a year, as climbing home prices and interest rates have put more borrowers on the borderline of what they can afford.

The rapid rescorers have a direct line into the big agencies—which declined to comment for this article—and can get changes posted within 72 hours instead of the month or more it can take others. But the only way to hire these firms is through mortgage brokers or lenders, which the rescorers charge \$25 to \$50 for each line item they fix.

Here's how to make rescoring work for you:

Learn the score. If you're in the market for a mortgage, get your FICO credit score at myfico.com. If yours is below 680, shop for a mortgage broker that works with a rescorer.

Calculate your odds. The fastest way to bump up a borderline score is to pay off a credit card or two, and then ask for a rescore. If there's a mistake, you'll still have to get a clearing —statement for the rescorer from the creditor that reported the problem. Of course, not even a fast rescorer can "fix" problems created by unpaid bills. Only some clean living can do that.

Do it yourself. The credit rescorers aren't doing anything you can't do for yourself if you've got a few months. Get your credit reports from the big agencies. Those reports, which detail your credit history, are used to create FICO scores. You can get free copies at annualcreditreport.com (Northeast residents have to wait until Sept. 1).

If you find any mistakes, write to the creditor who filed the negative information, as well as to the credit agencies. They're supposed to respond within 30 days, though it can take longer, as Khaffaji knows, to clean up some problems.

And keep at it. A rescorer can help with mortgages, but only a clean report can get you a decent car loan, a low-rate credit card or a score you can brag about.

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