
Because most consumers use credit to pay for everything from their weekly entertainment to their homes, the extension and receipt of credit are of great value. If credit problems impair your ability to obtain credit, you may be tempted to seek the help of credit repair companies (also called "credit clinics" or "credit doctors"), that claim to improve your credit standing or erase bad credit. Before doing business with any credit repair company, it is important for you to become familiar with the federal and state laws that regulate credit repair and credit reports. Knowledge of these laws will help you determine if you should spend money to hire a credit repair company, or do the work yourself for free.

DEFINITIONS

Credit Bureau or Consumer Reporting Agency - A private company that compiles your credit information, as reported by your creditors or from public records, and reports or sells that information to creditors. There are a few large national credit bureaus, as well as local ones.

Credit Report - A report compiled and issued by a credit bureau which lists all activity which may affect your credit standing, including your creditors, the amount of your debts, your credit limits, late payments, defaults, charge-offs, repossessions and bankruptcies.

Credit Repair Company - Any person or business that, for a fee, advertises or claims they can improve your credit record or report.

CREDIT REPORTING LAWS

The Federal Fair Credit Reporting Act and Colorado Consumer Credit Reporting Act regulate what appears on your credit report and for how long, and how you can obtain and correct any errors in the report. You can get a copy of your credit report, and information on how to correct the report, from any credit bureau. Colorado law requires credit bureaus to provide you with one free copy of your credit report each year upon your request. In addition, a credit bureau must send you a notice once a year if negative information was added to your credit report of if there were

ten or more inquiries on your credit report. An inquiry occurs when a creditor reviews your credit report because you applied for credit or a creditor wants to offer you a credit product. You can stop unsolicited credit offers based on your credit report by calling (888) 567-8688.

To receive a copy of your credit report, credit bureaus typically request your full name, address, social security number, date of birth, place of employment, and a copy of your driver's license. The credit bureaus already possess most of this information, as reported by your creditors, but need you to verify it to make certain they provide you with the correct report. The three major credit bureaus are:

Equifax Credit Information Services

P.O. Box 740241
Atlanta, GA 30374
(800) 685-1111
www.equifax.com

Experian

P.O. Box 949
Allen, TX 75013
(888) 397-3742
www.experian.com

Trans Union Corp.

P.O. Box 6790
Fullerton, CA 92834
(877) 322-8228 (credit report)
(800) 916-8800 (dispute)
www.transunion.com

If you are denied credit based on the contents of a credit report, the creditor must give you the name and address of the credit bureau that provided the report. If you contact the credit bureau within 60 days after the creditor's notification, the credit bureau must provide a free copy of your credit report.

After receiving your credit report, do the following:

- Review the credit report for inaccurate information. If you find a mistake or error, write to the credit bureau, explain the problem, and request the correction of your report. Include copies of canceled checks, receipts, or other documents to verify payment or identification with the correction request.

- Contact your creditors directly, to ensure that their records are correct. This may be another way to correct inaccurate information on your credit report.
- Remember, credit bureaus must remove accurate information after seven years and bankruptcies after ten years old. Otherwise, credit bureaus do not have to remove accurate information, no matter how negative.
- When a credit bureau receives your correction request, it must investigate and remove or correct any inaccurate information that is not verified within a reasonable period of time, usually 30 days. Note, a credit bureau may ignore frivolous correction requests.
- At your request, the credit bureau will send a corrected copy of your report to anyone who received the incorrect version within the past six months.
- If, after the investigation, you are not satisfied, you can file an explanation with the credit bureau that will become part of your report.

COLORADO CREDIT SERVICES ORGANIZATION ACT

The Colorado Credit Services Organization Act was adopted to provide consumers with information necessary to make an intelligent decision regarding the purchase of credit repair services and protect the public from unfair or deceptive advertising and business practices. If you are tempted to use a credit repair company, make sure that the company is complying with the law.

Before you sign a credit repair agreement, the credit repair company must provide in writing:

- How you can correct your credit report yourself under Colorado and federal law;
- Your right to cancel the agreement for any reason within five working days (a detachable cancellation form must be included);
- The total fee, conditions of payments, and a full and detailed description of the services to be performed; and
- A copy of your credit report, with the incorrect information indicated.

Credit repair companies are prohibiting from collecting **any** advance fees other than those connected with the cost of obtaining credit reports.

Beware of the following credit repair practices:

- Promises to remove any negative information or bankruptcies from your credit report. This will occur only through the passage of time. Credit repair companies may be able to temporarily delete information, but once it is re-verified, it may again appear on your credit report.
- Requests for advance payment for services, including by post-dated checks. This is illegal under federal and state law and it is difficult to recover any money paid in advance.
- Promises to improve your credit standing by showing you how to obtain and use a tax identification number or a false social security number in place of your actual social security number. This may be illegal.

REMINDERS

- You can correct any error in your credit report yourself, without paying a fee, by contacting the credit bureaus directly.
- do not pay advance fees to a credit repair company.
- Do not contact with or send money to an out-of state credit repair company. Because it is difficult to enforce Colorado law against out-of-state companies, it may be impossible to recover your money, if problems arise.
- If you decide to use a credit repair company, keep a record of all payments you make by keeping the canceled checks, or getting receipts for payments by cash or money order.

HOW TO HANDLE PROBLEMS

Credit Problems - If bad credit is affecting your ability to obtain credit, try to negotiate with your creditors to accept smaller payments or waive interest. Consult a credit counseling service or an attorney for help in negotiating with

creditors. Follow all payment arrangements. Call or write your creditors, if you have to pay late.

Debt Collection Problems - If your account is assigned to a collection agency, try to negotiate with the collection agency for favorable payment arrangements. For more information concerning state collection laws, or to report problems with a collection agency, contact the Colorado Department of Law, Consumer Protection Section, Collection Agency Regulation, Ralph L. Carr Colorado Judicial Center, 1300 Broadway, 6th Floor, Denver, CO 80203, (720) 508-6022. www.coloradoattorneygeneral.gov/ca

Credit Repair Problems - If a credit repair company is violating your rights under Colorado law, you can sue the business, and may be entitled to recover damages. For more information concerning credit repair, contact your local Better Business Bureau, your local District Attorney's Office, or the Colorado Department of Law, Consumer Protection Section, UCCC, Ralph L. Carr Colorado Judicial Center, 1300 Broadway, 6th Floor, Denver, CO 80203, (720) 508-6010. www.coloradoattorneygeneral.gov/uccc

Credit Bureau Problems - If a credit bureau is violating your rights under the Fair Credit Reporting Act, or if you are having problems with your credit report, contact the Federal Trade Commission, Consumer Response Center, 600 Pennsylvania Ave. NW, Washington, DC, 20580, (877)-FTC-HELP (382-4357), www.ftc.gov, or a private attorney.

COLORADO “CREDIT REPAIR” LAWS



**Colorado Department of Law
Consumer Protection Section
Uniform Consumer Credit Code**
1300 Broadway, 6th Floor
Denver, Colorado 80203
(720) 508-6010
E-mail: uccc@state.co.us

www.coloradoattorneygeneral.gov/uccc