The Credit Sweep Beginner's Cheat Sheet

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FAQ's

What business are the Credit Reporting Agencies in?

> Data business; they obtain, maintain and sell information

How many accounts should be disputed per letter?

> Max of 10 accounts per letter, unless medical collections. An unlimited number of medical collections can be disputed per 1 letter

How many dispute reasons should be used per account?

> 1 dispute reason per account unless the blatant inaccuracies used are virtually-certain to remove the account on that round

How long should I wait between dispute rounds to the credit bureaus?

> 30 days

Do I have to wait for a response from the bureaus before sending another letter?

> No. The CRA's may or may not respond and all required information can be extracted from a new credit report

What happens if the credit bureaus don't respond?

> Pull a new credit report, check for updated info and deletions, and then write a dispute letter using the new and relevant data for a dispute reason per each account

Do I have to send certified mail with return receipt?

> You may send dispute letters via regular mail; they do not have to go out certified.

What's the difference between a factual dispute and a regular credit repair letter?

> Regular credit repair dispute letters are normally law-heavy, cookie-cutter disputes; factual dispute letters are custom and include dates and balances directly taken from the credit report

The METRO 2 Format

The Metro 2 file format is a prticular type of file used by creditors to send data to the credit bureaus.it is the format through which data getrs added to the credit bureau databases.

A metro 2 file is a database file with fields to match virtually everything you can imagine related to credit and consumers. It was created by the CRA's in the 90's to replace the metro format which had been in use since the 70's. All reporting to the CRA's is now done through Metro 2.

The bureaus control and manage the Metro 2 format and related documentation and educational materials through their self-made trade organization, the CDIA ("Consumer Data Industry Association"). Take special note that the bureaus **CONTROL** and **MANAGE** the Metro 2 format *and* its related documentation.

A credit reort is nothing more than a human-readable representation of the results of a database query. The databases belong to the CRA's and are controlled by them. The query formulas themselves are extremely complex and are also owned and closely guarded by the bureaus.

Each bureau has its own database structure and format, and therefore its own query formula for searching through data to generate credit reports

Bureau database queries use what is called a "matching algorithm" to determine what data belongs on what credit report

A matching algorithm is a series of coputer formulas that are used to match financial data up to consumers and vice-versa. While each formula is proprietary and unique to each bureau, the credit bureaus' matching algorithms do have a few common characteristics

1. The allow for partial data matches

2. Certain pieces of information (such as SSNs, last name, etc.) are given more weight than others

3. Additional data is always favored *over accuracy*. Remember that the bureaus are in the data business, and **more data equals more money**

Protecting the Bottom Line

A large part of credit repair involves correcting or removing incorrectly reported negative items from a consumer's credit report. The credit repair process, as you might have guessed, is seriously affected by the credit bureaus' conflict of interest. Here is why:

1. Removing a negative item hurts profits because it makes consumer data less valuable. Remember, sub-prime data is the most expensive, in-demand data—and the most profitable. Removing negative items and repairing trashed credit reports reduces the amount of sub-prime data that the bureaus have to sell to lenders.

2. Spending time to verify an item cuts into profits because (in theory) they have to pay a human being to do it (or at the very least, they have to maintain the systems through which disputes are handled)

The most profitable course of action for the credit bureaus is to adopt practices and policies that keep more people in the sub-prime market

To illustrate, imagine for a moment that you are the credit bureau. You get a letter in the mail about John Doe's credit report. It seems, according to John Doe, that there are some incorrect negative items that shouldn't be there. But wait... that means John is part of that profitable sub-prime market. PLUS, fixing the problems means actual work, which costs money. After thinking to yourself for a short while, you get an idea: "Hey, what if we just blow off this John Doe guy. Chances are, he'll give up after one try and it will keep him profitable and save us money. Let's just ignore this letter, and if he writes again we'll just send him back something that says 'looks right to us!'"

This is essentially what the credit bureaus have done, and is precisely why the need for credit repair exists.

It is because of this conflict of interest that the bureaus aren't too excited about your efforts to improve consumers' credit scores. They drag their feet, lie about "investigations", and say that items are "verified" when nobody has really checked anything (and more).

Yes, there are laws and rules to prevent this stuff.

Protecting the Bottom Line (cont)

But they routinely break these rules. Since most people (especially those who don't know the rules) give up after the first road block, it is far more profitable for the bureaus to break the rules than it is to bother with obeying them.

The credit bureaus do not get ANY benefit from correcting items on a credit report.