

This Sample Deluxe Version was created using a very thick JOINT credit report with both Husband and Wife and is an EXTREME case. It took only 8 minutes of data entry to generate this entire document. The Paradigm did the hard part

Your Logo Goes Here

Credit Advice prepared and specifically tailored for Mike Warner and Lisa Warner

Dear Mike and Lisa,

After looking at your recent credit report and comparing the credit report with the answers you gave me, I have structured the following action steps that I think will dramatically increase your credit score and put you in a position to save tens of thousands in interest on your next loan. Try to implement as much of the advice as you can and as quickly as you can to put yourself in a position to get the best loan programs.

Mike's and Lisa's Action Plan

You currently have the following accounts that show a past due balance that you need to pay the past due amount showing in order to increase your credit score. Please make sure to call and verify that the past due amount is the correct amount with the creditor. Also, please make sure to stay current from this point forward on the account because past due balances drastically reduce your credit score and it is best to avoid them.

Creditor	Account #	Past Due Amount
For Mike:		
RNB Target	478476696	\$98
For both Mike and Lisa:		
Chase	8879569487	\$29
Bank Of America	486784434	\$55

Gives advice for both or separately depending on what is inputted into the Paradigm. This system is completely custom for each client and gives them specifically tailored expert advice on how to dramatically increase their credit score

Please remember that paying a past due balance on a collection or a charged-off account does not increase your credit score. You had past due balances on the following accounts that were listed as being past due on a collection/charge-off account. I do not suggest paying these types of accounts when you are planning on applying for a loan in the next six months since they can hurt your score by paying them. Please let me clarify that I am not suggesting that you not pay these accounts, but that you consider waiting until the loan closing or shortly after to pay them since it can reduce your score and hurt your chances of getting loan approval. I suggest that you either pay or settle these accounts either concurrent with the loan closing or directly after since not paying them can lead to either a lawsuit being filed or the debt being sold to several collection agencies in the future, which will damage your credit even more in the long run.

Creditor	Account #
For Mike:	
Discover Platinum	6584784556
Walmart	468967808
For Lisa:	
First USA	568475847

Revolving credit cards make up a very significant portion of what determines your credit score. Your total revolving credit utilization ratio is calculated as follows:

Divide the total balance of all open revolving credit cards into the total limits for all open revolving credit cards.

$$\text{Credit Card Utilization Ratio} = \frac{\text{Total Open Revolving Credit Card Debt}}{\text{Total Open Revolving Credit Card Limits}}$$

For Mike:



The closer to zero this ratio is, the better. You currently have \$43666 outstanding on all revolving credit cards and \$117700 in total open revolving credit card limits. This means you have a 37.10% debt ratio on revolving credit card debt. Having a 0% debt ratio is ideal. You want to keep your credit card balances as low as possible to maximize your credit score. If you can't pay-off your credit cards then I suggest spreading your debt evenly across all cards

since it is better to spread your debt over many cards than max out a few while the others have a zero balance. This will maximize your credit score the most. For example; assume you are not able to pay a dime on your current credit cards but want to maximize your credit score by evenly spreading your debt among all cards by transferring from one card to another. Since your current debt ratio is 37.10%, you would want to have the following balance on each of your cards in order to maximize your credit score without paying a dime.

The best way to accomplish the ideal balances below is to start with your lowest balance and transfer up to the ideal balance for that card. For example, if your ideal balance should be \$3,000 and you currently owe \$600, that would mean you should transfer up to the \$2,400 onto this card by paying the others down to their ideal balance.

Please keep in mind this advice is meant to maximize you credit score. Your corresponding interest rate for each credit card and what you will pay in interest for each credit card are not taken into consideration since the purpose of this letter is to maximize your credit score whenever you plan to get a mortgage loan in the next 3 months.

Creditor	Account #	Ideal Balance
American Express Blue	3772342	\$741.99
American Express Optima	4576877	\$2596.96
Dillards	452746758	\$927.49
MBNA	4736868	\$4451.93
Pulaski	6587498658095	\$370.99
Discover	45737858765	\$927.49
Washington Mutual	14355676	\$2300.16
First USA	3564687	\$9274.85
FNB	575788	\$3709.94
Citi/ Shell	3457368	\$8347.37
Bank Of America	347686889	\$2596.96
UBOC	345768778	\$7419.88

For Lisa:

The closer to zero this ratio is, the better. You currently have \$14057 outstanding on all revolving credit cards and \$53900 in total open revolving credit card limits. This means you have a 26.08% debt ratio on revolving credit card debt. Having a 0% debt ratio is ideal. You want to keep your credit card balances as low as possible to maximize your credit score. If you can't pay-off your credit cards then I suggest spreading your debt evenly across all cards since it is better to spread your debt over many cards than max out a few while the others have a zero balance. This will maximize your credit score the most. For example; assume you are not able to pay a dime on your current credit cards but want to maximize your credit score by evenly spreading your debt among all cards by transferring from one card to another. Since your current debt ratio is 26.08%, you would want to have the following balance on each of your cards in order to maximize your credit score without paying a dime.

The best way to accomplish the ideal balances below is to start with your lowest balance and transfer up to the ideal balance for that card. For example, if your ideal balance should be \$3,000 and you currently owe \$600, that would mean you should transfer up to the \$2,400 onto this card by paying the others down to their ideal balance.

Please keep in mind this advice is meant to maximize you credit score. Your corresponding interest rate for each credit card and what you will pay in interest for each credit card are not taken into consideration since the purpose of this letter is to maximize your credit score whenever you plan to get a mortgage loan in the next 3 months.

Creditor	Account #	Ideal Balance
American Express Blue	3772342	\$521.60
American Express Optima	4576877	\$1825.58
Capital One	2674568	\$5215.96
Chevy Chase	4576879	\$2607.98
Pulaski	6587498658095	\$260.80
Discover	45737858765	\$651.99
Washington Mutual	14355676	\$1616.95
Wells Fargo	4235645788	\$1356.15

I understand that most people can't pay off their credit cards and have to carry a balance from time to time. Here are a few tips to keep in mind when you want to buy a home or a car but can't pay down your credit cards:

Getting added as an authorized user on a credit card can help you increase your credit score 10 points or more and is a great idea for anyone that has less than \$10,000 in total credit card limits or for someone that has a debt ratio of 30% or more. Here is the best way to decrease your debt ratio and add to the average length of time you have had credit (both will increase your credit score)

1. For the credit cards you currently have: Call and ask your credit card company if they will increase your credit card limit based on your payment history. Tell them you do not want them to pull your credit and cause you to

get an inquiry which is why you are asking if they can do it without running your credit. Sometimes they say yes, sometimes they say no. I do not suggest letting them pull your credit if you plan to make a credit purchase in the next six months since the inquiry will decrease your credit score.

2. If you know a family member or a friend that has good credit, and you know that they have one or more credit cards that have a very low balance but a very high limit, then ask them to add you onto their card as an authorized user. They don't even need to give you the credit card when it comes in the mail. The credit score does not distinguish between primary cardholders and authorized users, which means you can get a quick score boost by getting added to the right credit card. The older the credit card they add you to, the better. Please also try to only get added to the high limit/low balance cards because you want the credit card they add you to to decrease your debt ratio, which will happen only if they owe very little on the card. Keep in mind that whatever they owe will reflect on your credit report also. The same goes for late payments. The credit card company they add you to must also request your social security number; otherwise the card will not appear on your credit report. Choose the person you ask this favor of wisely because even though it can help you increase your score quickly, it can also decrease your score if they max out the credit card or make a payment late since the information being reported on their report will also be reported on yours.
3. Whenever you find yourself carrying credit card balances that you cannot pay down, another thing to consider is asking a family member for a short term loan to pay down your credit cards. I have seen people's credit scores increase by more than 50 points just by paying off their credit cards.

For Mike: 

Negative items do hurt the credit score a lot. The following negative items below that are showing on your credit report, are the ones that you claimed are incorrect but I feel that your version of the account history would actually decrease your credit score if the credit report were to be updated with your version of the account history. Therefore I suggest that you do nothing as far as disputes are concerned with the credit bureaus.

Creditor	Account #	Reason
Dillards	34768	I closed this account
Walmart	437368	I was 60 days late in 2000, not 1999

The following incorrect negative items showing on your credit report, according to your version of the facts, will not increase your credit score if you had the credit report changed to reflect your version of the facts.

City National	356873658	This belongs to someone else
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The following negative items below showing as incorrect on your credit report would actually increase your credit score if your version of the facts were updated to the credit bureaus.

Bally's 	37368	This charge-off is not mine
Trojan Professional	435875985	This is my Dad's collection
Gimbels	5683598	This was opened in 1988 not 1995
Service Merchandise	35783578	I don't recognize this account.

For Lisa:

Negative items do hurt the credit score a lot. The following negative items below that are showing on your credit report, are the ones that you claimed are incorrect but I feel that your version of the account history would actually decrease your credit score if the credit report were to be updated with your version of the account history. Therefore I suggest that you do nothing as far as disputes are concerned with the credit bureaus.

Creditor	Account #	Reason
ABC Collection	568758	This was paid in November of 2002, not June 2002

The following incorrect negative items showing on your credit report, according to your version of the facts, will not increase your credit score if you had the credit report changed to reflect your version of the facts.

City National	356873658	This belongs to someone else
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CalFed


457875

I only co-signed on this

The following negative items below showing as incorrect on your credit report would actually increase your credit score if your version of the facts were updated to the credit bureaus.

Bally's	37368	This charge-off is not mine
Collectech	34578598	I do not recognize this account
Gimbels	5683598	This was opened in 1988 not 1995

Credit scoring can be difficult to understand at times but try to remember that the score is only made up of five factors summarized below:

35% of the score is derived from payment history. Pay your bills on time and avoid judgments and tax liens and you'll be ok. 

30% of the score is derived from balances carried on accounts. The lower the better and remember that revolving credit card debt is the most significant factor in this area. It is always better to pay off credit cards before an auto or mortgage loan to get the biggest score increase.

15% of the score is derived from the average length of time you have had credit. The longer the length the better. Never close a credit card because you will hurt yourself in this area since your average account age will not increase in the future as quickly.

10% of the score is derived from the mixture of credit you have on your credit report. To maximize this area you want to have a mortgage, a car loan and a few credit cards. The magic number of credit cards to have is three but it is never a good idea to close credit cards to get down to that number because closing the card does more damage than the increase received by having fewer cards.

10% of the score is derived from the number of times you apply for credit. There are several types of inquiries but the only kind that hurt your credit score are the ones where you let someone pull your credit in order for you to get approved for a loan of some sort. Even asking for a credit limit increase is considered applying for a loan of some sort since you are trying to have the credit limit increased. Pulling your own credit report online is considered a personal inquiry and does not hurt your credit score. Anytime you receive a pre-approved credit offer in the mail is considered what the industry calls a promotional inquiry and will not affect your score either. Lastly, a current creditor of yours looking at your credit report without you asking them too is considered an account review inquiry and has no effect on your credit score.

Please also keep in mind that your credit score also determines what rate you will pay for auto insurance and also may be looked at by an employer as a factor in determining whether or not to hire someone.

I hope this information helps. Please feel free to contact me with any questions you may have.

Sincerely,

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