

**Credit Counseling in a New Era**

Virginia Association  
of Housing  
Counselors  
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**Latest Issues**

- Clients Challenged with Credit Issues
- Repairing Credit Report
- New Credit Reform laws
- Qualifying for a Mortgage Loan
- Rebuilding a Credit File
- Things Clients Need to Know

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**Clients Challenged with Credit Issues**

- Late Payments
- Judgments
- Collections
- Tax Liens
- Clean Trade lines

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## Rebuilding Credit File

- Good rental history preferably for at least two years
- Utility history of no late payments (Power, cable, telephone)
- Car Insurance Payments
- Checking account history (no overdrafts)
- PAYMENTS MADE BY PAYROLL DEDUCTION ARE NOT ELIGIBLE WHEN BUILDING YOUR FILE!

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## Repairing Credit Report

- Retrieving Your Credit Report
  - [www.annualcreditreport.com](http://www.annualcreditreport.com)
- Disputing Items
- Credit Repair Fraud
  - Credit Repair Companies
- Paying off past due and other derogatory Items

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## New Credit Reform Laws

- The new normal credit card
- Limited interest rate hikes
- Highest interest balances paid first
- Limits on over-limit fees
- Smart uses for credit cards

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## Qualifying for a Mortgage Loan

- Industry wide requirements are pretty consistent with requiring at least a 620 credit score, to include VHDA.
- Rate can be affected by credit score especially on conventional loans.
- Preferably have a 12 month history of no late payments on the credit report
- Paid receipts for any judgments or collections that have been paid, as often times the creditors to not report to all 3 repositories, or sometimes not at all.
- Remember, no credit can sometimes be as derogatory as no credit.

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## Things your clients need to know

- Beware of ads make claims that they can repair your credit- some companies take your money and leave you with the same negative information on your credit report
- Credit repair fraud is a growing problem for consumers. Although errors on your report can be corrected, a poor credit history that is accurate cannot be erased.
- Recent legislation allows you one free copy of your credit report per 12 month period at [www.annualcreditreport.com](http://www.annualcreditreport.com)
- Because they have "paid off a delinquent account", it does not erase the fact that the payments were derogatory and will affect your credit.

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## Questions?

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