

There Is No Quick Fix For Improving Your Credit Report

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Add to My Profile | [More Videos](#) Question: I've had trouble paying my bills on time in the past and now my credit record isn't the best. I've seen advertisements for credit repair services. Do they work? Answer: Hard work and the passage of time are the only tried and true methods of repairing a blemished credit record. While there are a variety of legitimate options to reduce debt, some companies offer false promises to erase your bad credit or help you qualify for lower interest rates. If the information on your credit report is accurate and timely, it can't be changed or removed. Individuals have paid hundreds or even thousands of dollars to companies that simply can't provide the services they claim. Steer clear of companies that guarantee they can erase bad debt from your credit file or fail to tell you your legal rights and what you can do to help yourself. Your credit history is maintained by private companies called credit bureaus that collect information provided by banks, credit card companies, mortgage companies and other creditors. The three major bureaus are Equifax, Experian and Trans Union. You can request an annual free copy of your credit report online from each of these bureaus at www.annualcreditreport.com or by calling (877) 322-8228. Negative information can remain on your credit report for seven years and a bankruptcy will be noted for 10 years. If you discover mistakes or outdated items on your report, you can fix them yourself by notifying the bureaus. To regain control of your finances and manage your debt, start by designing a realistic budget that allows you to pay off your existing debts, cover your everyday expenses, and save for the future. Many nonprofit organizations including universities, credit unions, housing authorities and military bases operate credit counseling programs. These programs can help you develop a personalized plan to solve your money problems. Creditors may be willing to accept reduced payments if you're working with a reputable service. Credit counseling services often arrange for consumers to pay debts through a debt management plan. You deposit money each month with a credit counseling organization, which then uses those deposits to pay your bills and loans according to a payment schedule they've worked out with your creditors and you. Be aware that not all credit counseling services are legitimate. Just because an organization says it is "nonprofit" doesn't guarantee that its services are free or affordable. Think carefully before sending money to a credit counseling organization that doesn't have an office in your community. If a dispute develops with a credit counselor that provides services via the Internet or is located in another state, how will you resolve it? So be sure to check references. The Better Business Bureau can tell you whether they have received complaints about a company. Credit repair organizations must provide you with a copy of "Consumer Credit-File Rights Under State and Federal Law" before you sign a contract. They must also give you a written contract that clearly explains services to be performed, your obligations including all costs, how long it will take to achieve results, and any guarantees. A debt negotiation program is not the same thing as a debt management program or credit counseling. Debt negotiation programs claim they can work out a deal with your creditors to lower the amount you owe. These programs can be risky and may have a negative impact on your credit report and, in turn, your ability to be approved for new credit. Bankruptcy should be your last resort for financial recovery. Federal law requires that you must receive credit counseling from a government-approved organization within six months before you file for any bankruptcy relief.

About the Author

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