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The Basics

Fix your credit in just 72 hours

Rapid rescoring services can act fast to correct nasty credit-report errors or omissions. That could be a godsend if you're in the middle of the home loan process, but it's still better to head off the problems first.

By [Liz Pulliam Weston](#)

Anyone who's tried to fix an error in a credit report knows that it can be a slow, tedious process. Yet some companies promise to fix credit mistakes in 72 hours or less.

And guess what? It's not a scam.

Rapid rescoring services are a legitimate and growing part of the credit industry. Usually offered by independent credit reporting agencies, these services are used by mortgage lenders or brokers who are trying to get better loan terms for their borrowers.

Removing errors can help boost a borrower's credit score in the midst of the lending process and get them a loan, or a better rate, than might have been possible otherwise.

Now, the bad news:

- ▮ **You can't use these services directly.** Companies that offer rapid rescoring work with mortgage lenders and brokers, not with consumers. If you're being offered "instant credit repair" directly, it's almost certainly a scam.
- ▮ **These services can't remove true negative entries or items that are in dispute.** Rapid rescoring can't help you erase the past or win your case if you're fighting with a creditor.
- ▮ **You need proof that an error was made.** Typically, this comes in the form of a letter from the creditor admitting the error -- something along

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the lines of “We acknowledge that the account we reported as 30 days past due was not in fact delinquent.” It’s best if you, as a consumer, already have such a letter in hand, although some rescoring services will contact the creditors for you and arrange to get proof. This delays the process, however.

- **Results aren’t guaranteed.** Removing the error may help your credit score, or it may not. There’s still too much that’s unknown about how credit scoring works to predict with certainty how your score will react to the change.

Still, brokers who use the services say they typically get good results.

“It has been an extremely useful tool when you run into credit challenges in the middle of trying to get home-loan financing for a client,” said Ginny Ferguson, vice president of the National Association of Mortgage Brokers. Even when the rescoring takes longer than 72 hours -- sometimes the process can take two weeks -- “it’s still a faster process than snail mail,” Ferguson said.

A faster way to fix problems

Ferguson was among a group of NAMB members who began agitating in 1997 for a faster way to fix credit errors.

In the past, human beings made most lending decisions, which some say led to discrimination. But it also allowed loan officers to plead their borrowers’ cases, especially if there were special circumstances. Errors in a credit report -- accounts that weren’t the borrowers, payments reported as late that were actually on time -- might not sink a deal if the borrower had a sympathetic loan officer or underwriter.

“In the days prior to the proliferation of credit scores,” said 22-year mortgage veteran Dick Karth, vice president of product development for MortgageIT Inc. in New York, “a good loan officer or a diligent underwriter oftentimes saved deals which might have been denied based on erroneous information.”

Now most lending decisions are automated, using computers and credit scores -- three-digit numbers used to judge your credit-worthiness. The opportunities to get special treatment have declined dramatically, brokers say, and errors are a more serious problem.

If someone else’s bankruptcy is reported in your credit file, for instance, you can lose hundreds of points off your credit score -- and your mortgage application likely would be rejected. Even minor errors can knock enough points off your score for the lender to turn you down or charge a higher interest rate.

Waiting for a mistake to be corrected through normal channels -- by writing the credit bureau and waiting up to 30 days for an investigation -- simply takes too long, brokers said. Home sales and refinancings can fall through in the time it takes to fix problems, and the crunch has gotten worse as interest rates have dropped and loan volumes spiked.

Sometimes problems in a credit report aren't noticed until days -- or even hours -- before a loan is scheduled to close, said David Wolff, vice president for consumer relations at credit bureau TransUnion.

"I've seen it happen on the morning of the closing," Wolff said. "That's somewhat understandable, given the volumes of mortgage lending we're seeing right now."

How it works

The rescorers -- credit reporting agencies that act as middlemen between lenders and credit bureaus -- have established relationships with the bureaus to speed through corrections, said Marty Flynn, president of Credit Communications, a San Ramon, Calif., company that offers rapid rescoring.

The loan officer or broker typically collects proof of the error from the borrower and passes it along to the rescorer. In some cases, the rescorer may contact a creditor directly to get a letter acknowledging the mistake.

The rescorers transmit the proof to the credit bureaus, which have created special departments to collect the information and verify it with the creditors. If the credit bureaus agree an error was made, they update the borrower's credit report to reflect the change, allowing for a new credit score to be calculated, said Christina Karpowitz, spokeswoman for credit bureau Experian.

For many credit-reporting agencies, the rapid rescoring services have become an important sideline to their other services, which include merging credit reports from all three bureaus into one easier-to-read report for brokers and loan officers. Credit Communications charges about \$100 to correct one error at all three bureaus, Flynn said.

Do your own repairs

Still, even brokers who tout the services say consumers are better off not waiting to the last minute to fix any credit problems. If you don't have proof that you're right, rapid rescoring might not help you. And getting a loan can be harrowing enough without trying to hurriedly correct problems in the middle of the process.

Your best bet, they say, is to do as much credit repair yourself as possible before you begin shopping for any major loan.

Here are some steps to take:

- 1 **Review your credit report.** Get a copy of your credit history from each of the three major bureaus and review for errors, outdated information and accounts that aren't yours. The bureaus will provide information about how to dispute these items.
- 1 **Contact your creditors.** If the bureaus say the creditors have verified information you think is incorrect, you'll need to contact the creditors directly to argue your case. If you succeed in getting the creditor to remove the item from your credit report, make sure you get a letter from the creditor acknowledging the error.
- 1 **Keep good records.** Hang on to all the paperwork that's generated by these disputes and investigations. You can present it to the credit bureau, or your loan officer, if the creditor continues to report the error.

These steps are in addition to the things you should be doing to protect and improve your credit score, regardless of whether you plan to apply for a loan soon. (For more on that topic, see my column "[Beef up your credit score in 5 steps.](#)")

Liz Pulliam Weston's column appears every Monday and Thursday, exclusively on MSN Money. She also answers reader questions in the [Your Money message board](#).

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