

Establish Good Credit

You may want to obtain a secured credit card. These cards require you to prepay your credit limit. While these cards can help you show reestablished credit, many of the cards may charge you to use your own money.

Apply for a retail store credit card. Store credit cards are sometimes the easiest to obtain. But beware, do not apply for more than one at a time as creditors shy away from borrowers who are trying to receive a lot of credit.

Be aware that some lenders may accept non-traditional credit such as your electric, phone and other utility bills, as well as insurance premium payments or any other regular monthly bills. You may be required to show on-time payment with the check itself, both front and back.

Debt – To – Income Ratios

Every day we talk to people who say they have "perfect" credit. However, we find when we analyze their outstanding debts, that the debt load they are carrying exceed their ability to easily pay back those debts. The "perfect credit" they are referring to is a payment history. Unfortunately lenders look beyond payment history to total debt outstanding. This is often referred to as Debt-to-Income Ratio, or DTI, and it is the hardest credit concept to nail down. Your DTI is the relationship of your monthly debt payment to your income.

Traditional home lending guidelines require that your debt payments, including a potential mortgage payment of principal, interest, taxes and insurance, not exceed 36% of your income.

To calculate your DTI, add up all your monthly debt payments, (do not include your automobile insurance or utility and phone bills), then divide this total by your gross monthly income.

Consumer Credit and Budget Counseling Clients

Clients of Consumer Credit and Budget Counseling are already re-establishing their credit. They are making regular on-time payments, their DTI is dropping because the reduced interest rates they are paying allows them to pay down their debts faster. In fact, the Federal Housing Administration, (FHA), acknowledges the program by guaranteeing low down payment home loans for clients who have successfully paid off just half their debt under the program.

If you have any questions about the issues raised in this brochure please feel free to call Consumer Credit and Budget Counseling, Inc. to speak with our qualified counselors at no cost or obligation.



**CONSUMER
CREDIT & BUDGET
COUNSELING**

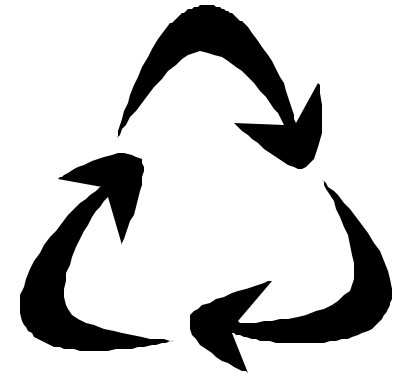
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Re-Establishing Your Credit



**"Time heals all
wounds"
(including credit
problems)
- Anonymous**



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Who We Are

Consumer Credit and Budget Counseling is a non-profit consumer education and financial counseling agency that serves individuals and families in financial distress. CC&BC assists each client to structure his or her consumer debts, primarily credit cards, into a single affordable monthly payment scheduled over a term of 3-5 years.

Consumer Credit and Budget Counseling is not a lending institution. It is not a government entity. It is a licensed non-profit consumer credit counseling agency.

The debt counseling function of CC&BC's business involves a determination of the relationship between how much a client will be able to pay on a monthly basis, as related to the client's monthly income and expense budget, and the total consumer debt to be paid or serviced.

Consumer Credit and Budget Counseling's funding comes from a small monthly service fee which is part of the client's Debt Management Program. The majority of our funding comes from voluntary contributions from creditors who participate in our Debt Management Program. In this way our Debt Management Program serves a dual role of helping the client repay their debts and helping creditors receive the **money owed them**.

What We Do

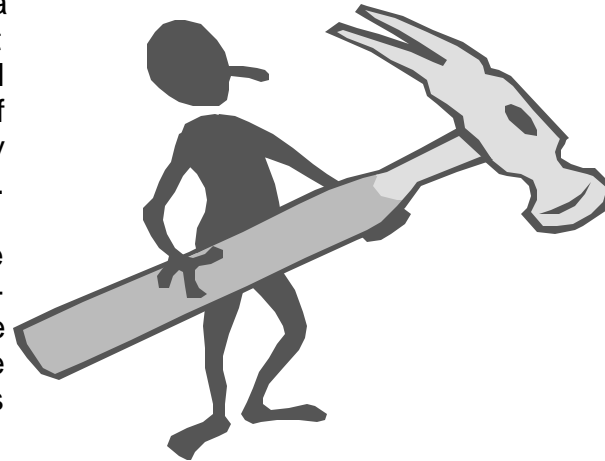
Consumer Credit and Budget Counseling helps its clients develop a budget which allows them to not only meet essential living expenses but also to pay down consumer debts in three to five years.

We structure the Debt Management Program by negotiating with credit card companies, banks, finance organizations and other creditors to lower payments, lower interest rates and reduce or eliminate late or over-limit fees.

Re-Establishing your Credit

Check and Repair your Credit Profile

The first step in the rebuilding process should be to check and repair your credit report. Your credit report is the first thing that any lender will look at to approve you for a loan, and it is best to know what your credit looks like so that you can explain or fix any problems which may crop up. The three major credit reporting agencies will send you a copy of your credit report for a small fee, or for free if you have recently been denied credit. You should get all three because one may contain an error not found in the other two. The phone numbers are:



Equifax 800-685-1111
Experian 888-397-3742
Trans Union 800-888-4213

Or you can go to our credit report link page: http://cc-bc.com/credit_reports.htm

Residents of the following states can receive one free credit report from each agency per year:

New Jersey	Vermont
Massachusetts	Georgia
Colorado	Maryland

Correct any mistakes that may appear. Under the Fair Credit Reporting Act, the credit reporting agencies must remove any disputed credit item within 30 days, unless the reporting creditor can prove you actually owe the debt, as reported. (You can request a free copy of "How to Dispute Credit Reports" from Consumer Credit and Budget Counseling by calling toll free 1-888-738-8233.)

Remember when deciding whom to pay off first: lenders may be more forgiving of medical collections than other credit problems.

Then start paying off any small collections or chargeoffs, and begin paying off the big items that may stand in your way. You can pay them off yourself or call Consumer Credit and Budget Counseling to assist you in setting up a debt repayment plan