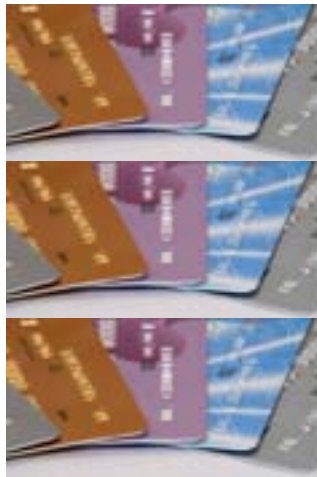


## **CREDIT GUIDE**



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About the Author:



Dr. Taffy Wagner is an ordained minister, Certified Educator in Personal Finances, inspirational and motivational speaker.

Her passion and expertise in finances has led her to more fulfilling roles as Personal Finances Expert, Financial Counselor and Financial Advisor for online radio shows. As a personal finances expert, Dr. Wagner has taught various groups such as Virtual Assistants and Christian Business owners how to manage money in personal and business finances. She has provided guidance to single mothers about money management and credit clean up.

She holds a Doctorate of Ministry in Biblical Counseling, a Master's Degree in Human Resources Management, Bachelor's Degree in Business Administration/Management and a Paralegal certificate.

Dr. Wagner has spoken at the Answers4Women online conference, Denver Public Library seminars on Personal Finances, 32nd Annual Urban Financial Services Coalition Conference, Single Mothers of Color Financial Symposium, African American Leadership Institute Expanding The Vision and Sistah Pride Conference, The Virtuous Woman Tour and more.

She has been interviewed on The Michael Dresser Show, The Bev Smith Show, World Talk Radio, Everyday Wealth Radio, Voice America and other local radio and internet shows. As a well-known personal finances expert, she has been quoted in Black Enterprise, Essence Magazine, Woman's Day and Black Parent Magazine and is a contributing editor to Blackmilitaryworld.com.

Dr. Taffy resides in Colorado with her husband, Eric and their twins, Erica and Cody.

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The purpose of this Credit Guide is to provide you with non-technical information so you can take control of your credit. It is not meant to be overwhelming yet in a manner that you should be able to take steps to get your credit in order.

One of the first steps you want to take is to look at your overall financial picture.

- Understand that you did not get into debt overnight
- With **D**iligence and **D**edication, you will be able to get out of debt.
- To get an overall look of your financial picture, you need to order your credit report.
- More than likely, since you did not get into debt overnight; it is likely that you do not know everyone that you owe. Do the following:
  1. Order your credit reports from all three credit-reporting bureaus. I recommend that you order them every four months. For example, in January order Experian, in May order Trans Union and in September order Equifax. This will allow you to see each report once a year and all of them throughout the year. Since legally you can only order them once a year at no charge, follow this suggestion pattern. (See sample letters at the end)
  2. If you choose to order them all at once, you can order them from [www.annualcreditreport.com](http://www.annualcreditreport.com).
- This is a heavy duty section. Do not become discouraged as you take each step.

Once you have gotten your credit reports, the next step is organizing old debt to pay them off.

If you have debt, I am sure you will agree with me when I say once you pay them off you will not want to incur debt again. It is not a fun position to be in.

Put the bills in order of smallest amount owed to the largest amount. You may have heard various people say to organize them from the largest interest rate to the smallest. Do not go by the interest rate.

- I recommend the smallest amount first because you need encouragement. This will help you to see that you can accomplish goal. The smallest bill might only take you two months to pay off. Guess what, you will have paid that small bill off before you know it.
- Once you have accomplished the goal of paying off the smallest bill, it is time to move on to the next bill. After you pay the smallest bill, you take that money and apply it to the second smallest bill. This way you are almost making double payments.

Maybe it takes you three months to pay off the second bill; you roll that amount into the third bill. By now you are able to see you are paying bills off faster than you were originally because you are applying that additional amount to the minimum amount due.

You did not place this money back into your wallet for additional use.

True enough this might be a section you did not think you could handle, **YOU CAN**. I am talking about **NEGOTIATING** old debts.

One of the important aspects of getting out of debt is **communication**. I know that when we find ourselves in debt, communicating is something that we avoided. You cannot restore your credit if you do not communicate with those you owe.

Communication is very important. Do not be afraid of their attitude. You will not always get a person on the other end with an attitude. Sometimes you will get a person that provides information that can help you.

It is important to be in control of your finances versus being controlled by your finances.

- You want to communicate in writing not by telephone. If a creditor initially contacts you by telephone, inform them they must contact you in writing in order to address your debt. It is not necessary to deal with unnecessary bad attitudes and more pressure. Usually written communication is civil and does not utilize scare tactics.

More than likely you have already seen the consequences of not communicating about your finances in the way of increasing interest rates, losing service and more.

Once you have prioritized your debt **DO NOT** and I repeat, **DO NOT** contact all the creditors at once. Contact them one at a time as you are able to negotiate and settle the debt.

I am sure the next question is will creditors negotiate with me and what amount do I negotiate for? Yes they will negotiate with you. I have done it myself and it is not hard. Of course you will have the adrenaline rush because you might not have done it before.

When you are about to negotiate, I strongly recommend an amount that you can afford. Do not start off with the highest amount but a smaller amount. Once you begin the negotiations, they can propose a counter amount.

Exercise caution when you are negotiating. Make sure you have the money in your account that you are willing to pay. Do not start the negotiations offering half of the balance. You can start with  $\frac{1}{4}$  or  $\frac{1}{3}$  of the amount owed. I have also asked for them to take that interest off and let's begin negotiations from there. For me the goal was to get to half. You would probably end up paying more than you wanted to if you start at half. I have had creditors work with me on the interest being taken off and we agree on an amount to negotiate the debt.

## **Settling Debt**

Know that if your debt is settled for less than the amount, a few things can occur

- The difference that is remaining they can report as income and you have to claim it on your taxes.
- When you settle, if you do not keep the documentation that says SETTLED IN FULL, you could have to pay again. (We will discuss more in Session 12)

## **Importance of Keeping Records**

Keeping records keeps you from having to pay again. When you order your credit reports, file them every year. These could later prove payments on old debts.

I recommend keeping settlement letters for at least 10 years. There have been times when a new creditor would purchase old debt and try to come after you. As long as you can prove it was paid, you will not have to pay again.

## **Debt Repayment**

If you do not keep any documentation from debt you settled, you may have to pay that debt again.

When you pay the debt, pay by money order or bank check. This way you have a record of the check or money order. Keep those stubs as well.

When you are paying a debt, do not agree to let anyone automatically deduct it out of your checking account. You need to control when you pay.

If you have a creditor that will once again work with you on a monthly payment plan, pay the bill as agreed. I had a creditor that worked with me and even told me he would vouch for me if I needed to restore my credit.

## **Importance of Knowing the Law**

Knowing the laws are important. This could save you from paying the wrong person and also from getting harassing phone calls.

Visit the page below on the internet regarding The Fair Debt Collection Practices Act

<http://www.ftc.gov/os/statutes/fdcpa/fdcpact.htm> This could save you so much in the long run.

## Other Tips

I understand we are in a recession – if you have lost your job or someone in your household has and you have gotten behind on credit card payments, share with the creditor you are down to one income. They will more than likely work with you. **DO NOT COMMIT** money you do not have.

Ask the different creditors if a work out loan is available. To my understanding, this is where they close one loan and as long as you pay the work out loan off it would report paid on your credit report.

**To stop the creditor for calling you:** If you are dealing with a collection agency you can temporarily or permanently stop the calls and letters by sending a letter to the company asking them for all of the detailed information that they have on the debt including invoices and signed contracts by you. Chances are that the debt collection company will not have these items, therefore they will be unable to prove that the debt is directly associated with you. In most states the company will have 30 days to get the information together, and during that time you will not receive any calls because the debt is in question. If the company has all of the requested information they'll begin to call again, but it will give you 30 days to hopefully figure out some way to pay the debt. If they do not have the requested information you can demand that they stop calling and remove the debt from your credit report as there is no proof that the debt is yours to pay. Taken from: [http://articles.directory.com/Collection\\_Agency-a1074.html](http://articles.directory.com/Collection_Agency-a1074.html)

If those calls continue – then I recommend you keep a log of each person you talk to from the specific company, time and date of the call.

## **Illustration of How to Realistically Pay off a Debt**

Let's say that your smallest debt is \$250.00. You do not have that extra 250

250

↑

83.34 (Month 3) → 250 (Paid)

↑

83.33 (Month 2) → 166.66 (Paid to date)

↑

83.33 Month 1

You must be realistic about the amount you can pay per month or per pay check.

## Sample Letters to Credit Reporting Agencies

### Requesting your Credit Report

June 3, 200x

Experian National Consumer Assistance Center  
P.O. Box 2104  
Allen, TX 75013-2104

Re: Copy of Credit Report

Dear Sir or Madam:

I am writing to you to request a copy of my credit report. The following information should be helpful:

Name Mr. Anxious Finances

DOB: xx/xx/xxxx

SSN: 111-11-1111

Current addr: 121 Anytown Lane

Special Effects, CO 80919

Prev addr (5 yrs or more): 110 Making it Happen Blvd

Colorado Springs, CO 82220

Home Phone: 111-111-9999

Under the FCRA, I should be able to see my credit report for free, because I live in Colorado. Thank you for your assistance,

Almost Home

## **Sample Letter to Remove Unauthorized Inquiry**

May 15, 20xx

Discover Card

111 Soandso Lane

Yourtown, NJ 11111

Re: Unauthorized Credit Inquiry

Dear Discover,

I recently received a copy of my Trans Union credit report. The credit report showed a credit inquiry by your company that I do not recall authorizing. I understand that you shouldn't be allowed to put an inquiry on my file unless I have authorized it. Please have this inquiry removed from my credit file because it is making it very difficult for me to acquire credit.

I have sent this letter certified mail because I need your prompt response to this issue. Please be so kind as to forward me documentation that you have had the unauthorized inquiry removed.

If you find that I am remiss, and you did have my authorization to inquire into my credit report, then please send me proof of this.

Thanking you in advance,

Your Name

Sample Letter to Stop Phone Contact

May , 20xx

Name

Street Addr

City, State and Zip

Equifax

Street Addr

City, State and Zip

Acct Number:

Re: Stop Phone Contact

Dear Sir or Madam

As outlined in the Fair Debt Collection Practices Act, I am notifying you in writing that I do not wish to have you contact me at work or my employer regarding this account. All further business with me will be directed through written correspondence.

If you do not comply with my request, I will file a complaint against you and your company with the Federal Trade Commission and will prosecute to the full extent of the Fair Debt Collection Practices Act.

Sincerely,

Your Name

Sample Budget Planner

<b>Monthly Income</b>	<b>Amount</b>
Husband's Income	
Husband's Annual Salary	
Wife's Income	
Wife's Annual Salary	
Other Income (I.E. Monthly Rental Income, Self-Employed Business)	
<b>TOTAL</b>	
<b>Available Income</b>	
Monthly Spending Category	
Housing (Rent/Mortgage)	
Taxes and Insurance	
Car Payment	
Car Insurance	
Car Maintenance (Gas, Oil Change, Tune-Ups)	
Car Wash	
Baby Items (Diapers, Clothes, Formula, Furniture)	
Childcare	
Utilities (Gas/Electric)	
Water	
Trash	
Cable	
Internet Access	
Telephone Bill	
Cell Phone Bill/Pager/Blackberry	
Groceries	
Lunch	
Dining Out Meals	
Dry Cleaners	
Recreation – Movies and Events	
DVD's, CDs, - Buying	
Education Expenses	
Subscriptions – Newspapers, Magazines	
Pet Expenses – Food, Vet Bill	
Vacation Expenses	
Payment to Credit Card 1	
Payment to Credit Card 2	
Payment to Credit Card 3	
Savings	
Investments(Savings Bonds, Money Markets, Mutual Funds)	
Retirement Account	
Checking Account	

Automatic Deductions (Monthly, Quarterly or Annual)	
Automatic Deduction 1	
Automatic Deduction 2	
Automatic Deduction 3	

Total for Spending \_\_\_\_\_

Net Income \_\_\_\_\_

Minus Spending \_\_\_\_\_

Available Income \_\_\_\_\_

\*\*\* For items that do not apply above, leave blank.\*\*\*

**Just as IMPORTANT is to know what your financial picture looks like regarding loans.**

**Below is a chart for that.**

<b>Loans</b>	<b>Monthly Payment</b>	<b>Balance Owed</b>
<b>House Loan Balance</b>		
House 1		
<b>Car Loan Balance</b>		
Car Loan 1		
Car Loan 2		
<b>Credit Card Balance</b>		
Student Loan 1		
Student Loan 2		

I hope that you have found this credit guide helpful. If you need some one-on-one assistance, do not hesitate to go through my products page on [www.DebtAtTheAltar.com](http://www.DebtAtTheAltar.com).

Thanks

A handwritten signature in green ink on a black background. The signature reads "Dr. Taffy Wagner" in a cursive, flowing script.

Dr. Taffy Wagner, CEPF

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