

getting PERSONAL

First-person accounts from mortgage professionals

By Douglas Muir, CEO, Credit Justice Services

As the owner of a national credit-repair company, I have had to surmount much criticism. I feel for the mortgage industry and the bum rap it has received of late — but the credit-repair business often receives an even worse repute and is sometimes painted as illegal and even evil.

Fighting labels such as “scam artist” and “liar” can be tough, but honest and transparent communication can help do just that. I also believe that educating clients — and making sure to educate myself — makes a big difference.

In 2007, when discussion had just begun about the since-passed Credit Cardholders’ Bill of Rights Act, I was invited to visit with staff members of Sen. Carl Levin’s (D-Mich.) office to speak about the three major credit bureaus and credit cards.

After noting a 2004 Massachusetts Public Interest Research Group study that showed 79 percent of credit reports contain inaccurate information, I challenged the group to allow me to pull credit reports on several individuals. One intern volunteered for the sampling.



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When we pulled his credit report, he was shocked to discover the report indeed contained inaccurate information. His tri-merge report showed a late credit card payment that he said he made on time. The score also was 60 points lower than that of a free report he had pulled days earlier.

As we discovered these things, I told the group about consumers’ legal rights and how the Fair Credit Reporting Act empowers consumers to control their credit information. The law states that the three major credit bureaus must prove consumers’ credit reports to be true and accurate. If the reporting bureau can’t verify the information, it must be removed.

It was an honor to speak with the senator’s office and to participate in a small way with the passing of the Credit Cardholders’ Bill of Rights Act, which President Obama signed this past May. The act, which is set to take effect in February, is designed to prevent universal default, a practice in which banks raise consumers’ interest rates based on their payment behavior on other, unrelated accounts. It also will prohibit banks from randomly changing the terms of consumers’ existing contracts and will allow card-holders an opportunity to cancel cards or pay off accounts if a legitimate reason justifies an interest-rate hike.

The act also will help consumers avoid sudden hits to their credit scores resulting from lowered limits, which can create a balance greater than 40 percent of available credit and cause a credit score to drop significantly.

In essence, the bill gives U.S. citizens an important voice — their own — when it comes to credit-report fairness. It also will assist mortgage professionals, who share the goal of helping consumers fulfill their dreams of new, ongoing and secure homeownership. By confirming consumers’ rights, the Credit Cardholders’ Bill of Rights Act will provide consumers protection from banks that in the past raised rates at

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their whim. For mortgage brokers, this should mean fewer surprises during the loan-approval process.

As the economy continues to struggle, first-time homeowners face a tight credit market, and many existing homeowners struggle to avoid defaulting on difficult mortgage payments. Mortgage brokers and credit-repair specialists should team up to provide these consumers advice and guidance.

One way to best serve clients is to educate and inform them about their rights, choices and options. A client empowered with information is more able to make informed decisions and more likely to think of brokers and credit-repair experts with esteem rather than with contempt. As we move forward, I think brokers and credit experts can agree that our mission is to create financially independent consumers who enjoy the comfort and security of homeownership. Together, we can do that better.