CREDITHERO'S GUIDE TO THE LAW

CreditRepair Cloud®

The Credit Hero Challenge

How would you like me to hold you by the hand as you launch your own credit repair business?

In case you've missed all the buzz around our Credit Hero Challenge, lemme give you a quick overview of what it is and why so many heroes have jumped in with both feet!

Here's what you get when you join the challenge…

- 14 Days of Credit Repair Business Start-Up Training
- Fast Track Credit Repair Business Roadmap
- Credit Repair Business Workbook
- Unfair Advantage Cheat Sheets

PLUS! We threw in bonuses!

- Bonus #1: Credit Repair Course Certifications!
- Bonus #2: Exclusive Training, "How Our Millionaires Club Winners Grew Their Business To 7 Figures

We'll be starting again soon, sign up NOW at

CreditHeroChallenge.com

CREDIT HERO'S GUIDE TO THE LAW

Written by Daniel Rosen
Founder of
CreditRepair Cloud™

Table Of Contents

Disclaimer

The information in this guide is for educational purposes only and is not intended to be legal advice. The information shared is accessible to the public and based on my review and understanding. Credit Repair Cloud is not a lawyer, I am not a lawyer, and I suggest that if you have legal questions, research reputable sources or consult with a lawyer. It is necessary to obey all state licensing requirements and any federal and state laws that your lawyers deem applicable. I have read about these things, and I talk to attorneys; you should contact your lawyer or read up on it yourself. Knowledge is power.

Introduction

Hey Credit Hero!

If you were ever searching for a way to make a real difference in the world, look no further. In the U.S., consumer debt has ballooned to over 14 trillion dollars. With that, many people find themselves unable to climb out of the circumstances that are keeping them locked up in the same rut, and worse. They find themselves in situations that snowball out of control, leaving their lives and their families with a whole chain of negative side effects that seem to have no end. The sad truth is, credit lenders and banks don’t operate with consumers’ best interests at heart. It’s a broken system that intentionally preys on and punishes the most vulnerable. That’s why our country needs Credit Heroes now, more than ever before.

But the problem is, there is so much misinformation out there on the internet — especially when it comes to the laws around credit repair. So I have created this booklet with links to the major laws that you need to know about credit repair. It also includes: links to the state laws; important information about CFPB and the TSR, which are hot topics these days; and information to help you with your goal to remain legal and compliant.

My goal when I wake up each day is to help as many people as I can. I’m very proud of what we do here and I’m very proud of all of you, our Credit Heroes. I know I’ve found my true calling. We have created a movement of Credit Heroes who change lives, and nothing is going to stop us.

I hope this information helps to make things clearer for you. If you have any friends who need to read this, please share this information with them.

To your success!

Daniel Rosen
Founder of Credit Repair Cloud

Creating A Legal Business Entity

There are 4 types of business entities to choose from:

- Limited Liability Company (LLC)
- S-Corporation
- C-Corporation
- Sole Proprietorship

Remember, choosing your business structure is a personal decision and should be based on your own personal situation, including how you want to be taxed, long term goals, and so much more.

This doesn't have to be expensive! You can start as a sole proprietor, which costs nothing — or you can be an LLC or a corporation, which will cost you money. This is all up to you. But if you're just starting, a way to save money is to get an LLC later when you're making enough money to need tax benefits. You can start as a sole proprietorship and then you just need to have your full name in the business name. Then it doesn't cost you ANYTHING because in most states you can start a sole proprietorship without even registering with the state. But your state may be different, so check beforehand. You can do this with a Google search. Do you have a business name that's different from your name? File for a DBA ("doing business as") with your county. Here in Los Angeles County, that costs about $30. Creating a legal business entity doesn't have to be expensive.

Choosing a Business Name

I want to address this whole fad lately where people are saying to not have the word "credit" in your business name. It's totally bizarre. Why would you hide what you do? How are customers going to know what you do? Who are you hiding from? Our company has "Credit Repair" in the name, and we make millions of dollars. Half the people in our Millionaires Club have "Credit Repair" in their company name. I think it's smart to name your business something clear that will get you the most clients.

There's also a story going around that having the words "Credit Repair" is going to make it hard to get a business checking account, but this is not true. There are many major banks that won't have any issue. Many credit repair companies bank with Bank of America. Other people use Chase. I don't think this is a concern. Some credit unions may not accept it, but that shouldn't stop you. If a bank turns you down, simply go to another one. There are plenty of banks who want your business.

Some people also say you can't get business credit if you have the word "Credit Repair" in your business name, and I don't think this is true. But if it is…what does it matter? You shouldn't run a business on business credit. You should just run lean and make money. Worrying about getting business credit is only going to get you in debt.

Compliance Do's and Don'ts

Compliance should be an essential part of your business operations because it can save you money and stress over time. Let's look at some of the fundamental things you can do to be compliant, all while still earning a big income and changing your clients' lives.

TRANSPARENCY

For starters, your clients need transparency – they should know exactly what you're doing since you're sending everything in their name and they are paying you. They can see their progress reports in their portal, and be assured that you are taking action; I believe you should give them access to everything you are doing, including the content of the letters you're sending on their behalf. Not only is it good business sense, but it will keep you compliant with the law.

Some credit repair business owners think that they are giving away trade secrets when they show the clients how they are making progress repairing their credit score. This is not true. Anyone could do the work of credit repair, just like anyone can cut their own hair or do their own taxes, but most won't. They don't have the time or energy and they trust you!

That's why your clients will pay you well to do it for them. Along the way, you will also teach your clients how to better handle their finances and their credit so they can maintain their great results long after your work is done.

Remember, you're building a business and a reputation. Your transparency will create referrals and grow your business much more quickly than pretending you're the only one who knows how to do credit repair.

HONESTY

Next, let’s talk about honesty. You can get into really big legal trouble if you’re dishonest with your advertising or just straight lying to your clients. Not to mention, your honesty is key to your reputation and the long term success of your business.

There are some things you should never say to prospects or clients:

❌ “We can delete anything” – You can’t! There are items that cannot be deleted. You won’t know until you’ve relentlessly attempted to do so.

❌ “We can delete accurate information” – You should not say you can delete accurate information. If the item is questionable, dispute it. If it is verified as accurate with all entities, you will likely not be able to delete it. If you are persistent, you never know… it could fall off but probably not.

❌ “We will get you XXX credit score” – Credit scores constantly fluctuate and there are many types of credit scores. You should never guarantee to reach a specific credit score!

❌ “We guarantee the item will be deleted” – As a credit repair professional, you should do everything within your power to delete the questionable and inaccurate negative information, and with persistence and pressure you are usually very successful in removing most of it, but there is NO GUARANTEE that ANY specific item will be deleted.

❌ “We guarantee you will be approved for a loan” – You are a credit repair pro, not a loan company and do not know what guidelines their lender has for approval. Approvals are usually based on many factors that fall outside the credit report, such as income, assets, and down payments. With that being said, you absolutely should never guarantee that a consumer will be approved for any loan!

❌ “We can clean up your credit fast” – Consumers didn’t get into problems overnight and the issues will not be resolved overnight. This process takes time, persistence, and pressure and even in the most ideal circumstances, most clients take 6-12 months to complete credit repair. Be realistic; you should not say it is a fast process!

❌ “We can solve all your credit problems” – This should never be said. In fact, it’s typically quite the opposite. No matter what you do, there is a high probability that some negative items will not go away, because the client may need to pay down debt and/or rebuild credit to resolve their problems.

❌ “We use loopholes” – We do use consumer protection laws such as the Fair Credit Reporting Act (FCRA) to audit the credit bureaus. If the bureaus can’t verify the information, it must be deleted. This is not a loophole, its knowledge and persistence.

❌ Finally, stay away from using absolutes – To protect yourself and your company, try to not use absolutes. Absolutes are words that give the impression that something is definite or guaranteed. A few examples of words to remove from your scripts and vocabulary are:

- Definitely
- Certain
- Convinced
- Positive
- Absolutely

Also, when you’re advertising and marketing your credit repair services, you need to pay close attention to the “net impression” you are giving. Net impression is exactly how it sounds – it's a consumer's impression of the ad itself, or what a consumer would take away from the ad in its totality.

Regulators are looking to prosecute business owners who make deceptive statements, false promises, or imply they can do more than they truly can. Whenever you are advertising your credit repair services, whether it’s on your website, a social media ad, print ad, radio commercial or TV ad, make sure you are transparent and truthful, being very careful to not give the wrong impression.

There are also telemarketing rules. These rules include: who you can contact by phone or SMS; when you can contact them; and what you are allowed to say or not say. You should take the time to learn these rules to make sure you are not breaking any of them. You can find more information about the telemarketing sales rule on page 14 of this book.

And finally, in order to be compliant on a local level, state level, and federal level – depending on where your clients live – you may need specific licenses, bonds, or to potentially register as a credit service organization. This is all about compliance, and you’ll need to confirm what’s needed to stay compliant for your business.

Remember, running a business the right way means going above and beyond what is required legally, being transparent, and always remaining truthful.

Not only is it the right thing to do, it leads to better client relationships and realistic expectations, saves you time, and builds your business on a stronger foundation, for bigger success.

Licensing and Bonding

Be Compliant. Find out what is required to have a business in your state. Here's a link with the laws for every state: https://www.creditrepaircloud.com/all-states.

Each state has different regulations and requirements to be compliant.
Remember, I am not an attorney, and this is not legal advice.

There are 3 main aspects of compliance:

- Bonding
- Registration
- Specific state requirements

Basically, some states have no requirements, while others have many. You need to follow the law for the state your company is in, and if you help clients in other states, you need to follow the law in the states they live in too.

Let's talk about each of the 3 aspects of compliance:

Surety Bonds

A surety bond is a three-party agreement that legally binds your credit repair company (who needs the bond), the state (who requires the bond), and a surety company that sells the bond. If you fail to perform or cause consumers harm, the bond will cover resulting damages or losses. Choose the state you are considering doing business in to find out if a bond is required.

- 23 states require a bond.
- Bonds cost between 1% and 10% of the total bond amount.
- The cost is based on your personal credit. So if you have poor credit, start by being your own client and improve it.

- If you have clients in a state that requires a bond, you should get one.
- Bonds are required in these states: IN, MD, ME, NC, TN, MS, PR, SC, CA, KS, LA, MN, MO, NE, NV, OH, OR, TX, UT, VA, VI, WI, ID.

Before you go out and spend a lot of money on bonds in multiple states, consider this: There are thousands of people right there in your own state who need your services, so don't overcomplicate things. Focus on those who need you close to home; as you expand, you can expand to other states.

Here are two reputable companies that offer surety bonds for all states. You can find more in a Google search or contact a local insurance agent. I recommend that you get 3 quotes from different providers to find the lowest prices:

- https://surety1.com/bond_info/credit-services-credit-repair-surety-bond/
- https://bondsexpress.com/credit-services-organization-bond/

Registration

- 19 states require credit repair companies to register with a state agency. Each state is different.
- They call this "CSO registration," which stands for "Credit Service Organizations."
- Basically, they want to know exactly who is practicing credit repair within their state.
- Some states publicly post a list of CSOs online that have registered so consumers can check the listing to confirm whether a credit repair company is registered or not.
- Registration is required in these states: CA, DC, DE, IA, IL, KS, LA, MN, MO, NE, NV, OH, OR, TX, UT, VA, VI, WI, WV, ID

State Requirements

Other than bonding and CSO registration, you need to make sure your contract conforms with state requirements.

Contract requirements vary by state, and there are a lot of variations, but just to name a few contract terms to watch out for:

- Make sure your fees are in line with limits your state requires.
- Make sure your contract conforms with your state requirements.
- Some states require specific disclosures and even specific font size.
- Some states have term limits, or require specific refund and cancellation periods.
- Only 5 states that I'm aware of require an actual license from the state: OK, MS, PR, SC and ID.

Business Checking Account

Get a business checking account. Again, you aren't required to have a corporation or LLC for this, but you will need a legal business entity (see section one: Creating A Legal Business Entity).

Business License

You might need a business license for your city or county. Call them to check. Ours here in Los Angeles cost us $90 for our first year. This is not expensive.

Federal Credit Repair Laws

The Fair Credit Reporting Act

The FCRA is the law that makes credit repair possible. It gives you the right to dispute the accuracy of any item on a credit report. Credit bureaus have 30-45 days to verify the disputed item, or they must remove it. This process is the basis of credit repair. Nearly 8 out of 10 Credit Reports have errors!

The three credit reporting agencies (Experian, Equifax, Transunion) are often the top three most complained-about companies to the Consumer Financial Protection Bureau (CFPB). The vast majority of complaints involve errors in consumers' credit reports. Credit report errors can come off quickly, usually after one dispute letter. You just need to know the rules.

People who know credit repair use and study this law. You can download a copy of it here at the FTC website:
https://www.ftc.gov/enforcement/statutes/fair-credit-reporting-act

Credit Repair Organizations Act

The CROA is a federal law that regulates credit repair organizations in the United States. One of the most important things the CROA did is make it illegal for credit repair organizations to make false claims. Once you get familiar with the law, it is simple to stay compliant.

The CROA is a federal law passed in September 1996 that regulates organizations whose purpose is increasing consumer's credit score through credit repair. This law is moderated and enforced by the Federal Trade Commission (FTC), so the FTC has the authority to close down any credit repair organizations that are operating outside the parameters of these laws (like fraudulent or illegal activities).

The main sections include mandates that say:

- You can't misrepresent your services (no false claims about what you will do for the client and definitely no promise of working and then not doing the work).
- You must provide a written contract between you and the client that the client signs.
- Your clients have three days to cancel the contract.
- You can't charge until services are rendered (most companies will do some initial document processing and then charge the client for the work they have just done).
- Consumers can sue and get refunded all money paid (plus legal fees and damages) if the credit repair organization is found to have violated the CROA with that consumer.
- State laws can't change or render any of the CROA ineffective.

Simply put, these laws were put in place to protect people from credit repair companies using illegitimate business practices. As long as you're not trying to defraud or trick people, it's not hard to stay compliant.

To read the Credit Repair Organizations Act in full, visit the United States House of Representatives' record of the act here:
https://www.creditrepaircloud.com/credit-repair-organizations-act

The Telemarketing Sales Rule

For all the decades that credit repair has existed, it has been governed by its own special set of laws called CROA, which was created by Congress to be the law of the land for exactly how credit repair businesses can operate and charge. And this went on nicely for years.

But recently, when the CFPB wanted to disrupt the credit repair industry, they had to find a reason, so they found a very obscure part of an old regulation that no one had ever heard of called "the Telemarketing Sales Rule (TSR) which states that if the sale occurs over the phone, the client can't be charged until at least 6 months after the work is done. You can read the entire text of the TSR here
https://www.ecfr.gov/current/title-16/chapter-I/subchapter-C/part-310

Now, there is no business in America that can wait to be paid until 6 months after they deliver their service, it is just absurd. No company of any kind could function that way. Imagine starting a new job and getting your first paycheck in 6 months. Could you afford to feed your family in that time when you're not being paid?

What you need to know about the TSR

If you're running a credit repair business and you're concerned about the TSR, here is some context to help you understand what's happening, and what it means for you:

- There are ongoing efforts in the courts right now to reverse this, because it's completely unfair — especially since CROA has spelled out for decades exactly how credit repair businesses should get paid.

- It seems obvious that the CFPB did this to make it harder for credit repair businesses, which of course makes the banks and credit bureaus very happy, because credit repair exposes their errors and costs them a lot of money.

Does it mean you cannot run a credit repair business? No, it doesn't mean that!

- Credit repair has been around for decades. It's not going anywhere; there are laws that protect it and govern it. There's the CROA, and there are state laws to support credit repair.

- But now you also need to be aware of the TSR, which is about Telemarketing. The definition of that is "completing a sales presentation over the phone and taking payment information over the phone." If that's how you want to run your business, then you have to wait 6 months after you complete your work to get paid. And as we established earlier, that's not very fair.

Does that mean you can't use a phone for your business? No, it doesn't mean that. There are other options!

- You can give a free consultation over the phone.

- You can do a credit audit over the phone and talk about someone's credit situation.

- You can even have an affiliate refer a client to you over the phone.

- You can meet with a client in person.

- You can take payments in person.

- You can take payments by mail.

- And you can even take payments on your web site.

- But you cannot complete a sales presentation and take payment information over the telephone, because that's telemarketing and would be subject to the TSR. (Remember, the key phrase is "sales presentation," but if you're educating the client on how their credit can be managed better, that's not a sales presentation!)

Or, if you want to use a phone, here's a pretty good scenario:

1. Do a credit audit over the phone (free consultation) with no taking of any financial information, and give a little description of your program.

2. Let the customer know over the phone that if they want to learn more and sign up to your services, they can visit your site. The call ends.

3. The customer completes their own review and signs up later on the website with no interaction about payments with anyone on the phone.

- I believe you can even have a chat app on your site to answer questions because that's not a telephone. For this, check out tawk.to, crisp, intercom or gist. All good choices.

- Or, you can take this as a perfect opportunity to beef up your website so that you can handle all of your signups there. If you've got testimonials and great reviews, you can let your website do the closing for you.

- Or just meet with your clients in person – then there's no TSR!

- We haven't gotten official opinions on Zoom calls, but it seems that due to covid, there would be reasonable arguments that it would pass face to face analysis, so consider having a video chat with any potential client and close the deal over Zoom.

Additionally, if you want to perform a more complete sale by phone, there is an exemption to the TSR if you market in any way other than by direct mail (meaning, if you don't use US Mail for your advertising). So, you can run online campaigns (like Google Ads and Facebook Ads) and radio and TV commercials that can draw inbound calls. Then, you can answer those inbound calls and make your sale. And in this case, you would only have to follow CROA (and state law).

Now, if you go this route, and you're advertising to draw inbound calls only, just keep in mind that there may be state telemarketing rules to consider and you must be careful to ensure that your ads are not deceptive.

I have read about these things, and I talk to attorneys, so you should contact your lawyer or read up on it yourself.

And just like always, follow the laws of your state and CROA, and don't break the telemarketing laws. This way, you will be in excellent shape in your efforts to be legal and compliant.

Using the Law to Repair Credit

Credit repair works when you understand the law and you use it to your favor. So here's a guide to the credit repair laws that will help you to reach your goals.

Once you've challenged information in your credit report, the credit bureaus and furnishers have 30 days to investigate and either verify it as correct or remove the disputed information.

They are also required to mail you the results within 30 days.

What are the basic laws you need to know?

1. The FCRA is the primary set of laws that makes credit repair possible.
2. The Fair Debt Collection Practices Act (FDCPA) is the legislation that governs the debt collection industry.
3. The Statute of Limitations is a definitive amount of time items can appear on your credit and how long debts can be collected.
4. There are two main statutes of limitations: "Debt Collection" and "Credit Reporting."

How can you use these laws to your advantage?

➔ The **Fair Credit Reporting Act (FCRA** is the primary set of laws that makes credit repair possible.

What does FCRA mean to you?

1. You have the right to know what's in your credit file.

2. You must be notified if the information in your credit file has been used against you.

3. You have the right to dispute incomplete or inaccurate information and the credit bureau must correct or delete it within 30 days from the time they receive your

dispute.

4. Credit bureaus may not report outdated information.

5. Your file may only be shared with people or companies with a valid need to see it, usually to consider an application for credit, employment, insurance, or renting.

6. You know all that junk mail you get from companies stating that you're pre-approved? They get your information from the credit bureaus, they are called prescreened credit offers, and you have the right to block those companies from buying that information.

7. Another right you have as a consumer under the FCRA is to block your report if you feel you may be a victim of identity theft. You have the right to place a security freeze to stop the bureaus from releasing your personal information. You can also remove the freeze when you see fit.

8. If your rights were violated, you may seek damages.

By the way, when I use the phrase: "You may seek damages," the FCRA is very specific. Each occurrence can leave the bureau or furnisher financially liable and you don't need to sue them yourself. Most credit repair companies work with local attorneys that will sue them for you on a contingency basis, meaning you don't pay unless they collect.

So that was a summary of the FCRA, which is powerful when used properly.

➔ The **Fair Debt Collection Practices Act (FDCPA)** is the next law you need to know about.

The Federal FDCPA is the legislation that governs the debt collection industry.

These laws were enacted specifically to provide limitations on what debt collectors can do when collecting on certain types of debt. The FDCPA prohibits debt collection companies from using abusive, unfair, or deceptive practices to collect debts from you.

Debt collectors include collection agencies, debt buyers, and lawyers who regularly collect debts as part of their business.

Why is FDCPA important to you?

1. Well, for one thing, the FDCPA restricts debt collectors from calling you before or after certain hours and also does not allow any form of harassment. Additionally, if you have an attorney representing you, the debt collector must contact your attorney instead of you after they know you have an attorney.

2. Most importantly, the FDCPA can help you place the burden of proof on the debt collector if you dispute the validity of the debt.

3. Also, debt collectors must send consumers a letter with some basic information on the debt within five days of first contacting them. It must include the amount of debt, the original creditor's name, and a summary of your rights.

4. If you dispute a debt in writing or demand validation within 30 days of when you receive the required information from the debt collector, the debt collector cannot call or contact you to collect the debt or the disputed part until the debt collector has provided verification of the debt in writing to you. This is often very helpful in removing accounts from your credit report that cannot be verified.

Here's a FDCPA personal case study

I have a personal story that shows you the power of FDCPA.

Back when I did one-on-one credit repair, I once helped a client that had a debt collector trying to collect a really large debt – it was over $60k! The debt collector was calling him at work, late at night, and really caused a lot of problems. When I became aware of the issue, I mailed a simple validation demand to the debt collector. I asked for the written contract for the account they were trying to collect and they were not able to produce it. Then, I disputed the account with the credit bureaus, and voila! It was deleted and the debt collector crawled back under the rock he came from.

So, as you can see, the FDCPA is quite powerful, once you know how to use it!

Brief recap of FDCPA

- The Fair Debt Collection Practices Act is called the FDCPA for short.

- The FDCPA covers when, how, and how often a third-party debt collector can contact a debtor.

- The FDCPA makes it illegal for debt collectors to use abusive, unfair, or deceptive practices when they collect debts. Basically, no harassment or unfair treatment is allowed.

- If the FDCPA is violated, you can sue the debt collector in a state or federal court for damages plus legal fees, and some attorneys do it on a contingency basis.

➔ **Statute of Limitations**

A “Statute of Limitations” is the length of time an action is valid.

There are statutes of limitations on all sorts of things. Today, we’re talking about credit and debt so in this case, the Statute of Limitations is a definitive amount of time items can appear on your credit and how long debts can be collected. There are two primary statutes of limitations: “Debt Collection” and “Credit Reporting.”

For the sake of simplicity, we’re going to call them the “Credit Time Clock” and the “Debt Time Clock.”

Remember, the Credit Time Clock is the maximum amount of time items can appear on your credit report. On the other hand, the Debt Time Clock is the maximum amount of time someone can bring legal action on a debt that you owe.

The Credit Time Clock is essentially the Statute of Limitations for Credit Reporting.

There's a bunch of names for it. Officially, it’s called "running of reporting period,” and it’s also sometimes called the “statute of limitations for credit reporting” or the “7 year rule.”

I call it the Credit Time Clock and it’s one of the most misunderstood parts of the FCRA.

The FCRA describes how long items can remain on credit reports and when they must be removed. Some items have a seven year expiration date (like charge-offs and collections) while other items remain for 10 years (like bankruptcies); in the case of tax liens, they may remain indefinitely.

The credit bureaus keep personal credit history for a specific amount of time based on the item's DATE of FIRST DELINQUENCY.

The DATE of FIRST DELINQUENCY is when you first stopped paying.

The following information is taken directly from the FCRA and from the FTC's official interpretation of the "running of reporting period."

- Derogatory Accounts can stay for 7 years from the DATE of FIRST DELINQUENCY!
- Inquiries can stay for 2 years from the date placed, and some soft inquiries only stay for 6 months!
- Unpaid Tax Liens can stay "indefinitely."
- Chapter 7 Bankruptcy is 10 years from the date filed.
- Chapter 13 Bankruptcy (also called a repayment plan) can stay for 7 years from the date the repayment plan ends. This means that if you have a 4-year repayment plan, it could take as long as 11 years to "fall off" your credit report.
- The majority of Public Records like judgments and child support take 7 years.
- Closed or Inactive Accounts generally fall off after 10 years.

One important thing to mention is that you would expect items to automatically "fall off" your credit report when the time clock is over. Unfortunately, this isn't always the case!

Sometimes, errors are made and OFTEN creditors or debt collectors will purposely report false "status" dates in hopes of keeping items on your credit report longer. The reason they do this is because the longer something negative is on your report, the more likely it is that you eventually pay it.

The Debt Time Clock is also called the "Debt Collection Statute of Limitations." This is the length of time a debt collection agency can take a legal action to collect a debt.

The length of time to bring action is determined by the type of contract (Written, Oral, Promissory, or Open Ended Accounts) and is also determined by the STATE in which the debtor lived when the debt began.

Types of Debt

1. **Oral Contract:** You agree to pay money loaned to you by someone, but this contract or agreement is verbal (i.e., no written contract, a "handshake agreement"). Remember a verbal contract is legal, but tougher to prove in court.

2. **Written Contract:** You agree to pay on a loan under the terms written in a document, which you and your debtor have signed.

3. **Promissory Note:** You agree to pay on a loan via a written contract, just like the written contract. The big difference between a promissory note and a regular written contract is that the scheduled payments and interest on the loan also is spelled out in the promissory note. A mortgage is an example of a promissory note.

4. **Open-Ended Accounts:** These are revolving lines of credit with varying balances. The best example is a credit card account.

Ok, now - let's chat about expired debt!

I'd like to talk a little more about the Debt Time Clock in relation to when the debt actually expires.

It is determined by two factors:
1. The type of debt
2. The state the debtor lives in

<u>Knowing if a debt is expired or not gives you an edge</u>

State Examples:

- **Florida**

Let's say you stopped paying a credit card debt in the state of Florida and it was sold to ABC collections, and ABC collections is coming after you. They're calling you, sending letters, and threatening to sue. They want the money and they want it now! The statute of limitations protects you. In this example, if it is a credit card, that would mean it's "open ended." Revolving accounts are accounts that you can use, pay back, then reuse are open ended.

So in Florida, the length of time the creditor has to collect the debt is 4 years from the date of last activity. The "Date of Last Activity" is when you last made a payment. If you never made any payments, it would be the date you opened the account.

In this example, if your last payment was over 4 years ago, technically, you no longer owe this debt. It's no longer valid.

- **Louisiana**

Let's say you live in Louisiana, where you had a personal loan and that you stopped paying. That would be considered a written contract. Once you've signed the written contract, you're bound by its terms. If you default on the terms of the contract by failing to make the payments as agreed, the other party may take certain actions to pursue you for what you owe. One of those actions could include filing a lawsuit against you to get you to pay up.

If they decide to sue you, they would have 10 years before the debt would expire.

I would also like to point out that they would be able to sue you after the 10 year expiration date—but if you can prove that the debt is expired, it's highly unlikely they would win.

Want to know the statute of limitations on debt for all states? Here you go!

https://www.creditrepaircloud.com/statute-of-limitations-sol-on-debt

<u>Knowing when debts expire is helpful for many reasons</u>

1. Creditors and debt collectors know that most consumers don't understand how long debts are valid, and being able to stand up for your rights or help clients do the same is very powerful.
2. Knowing when debts expire gives you a big advantage if you are ever sued.
3. It gives you leverage.

Knowledge is power, especially in credit repair, and if you know your way around the laws, and you get familiar with how to use laws the RIGHT way, you'll never need to guess what your next move is. You'll ALWAYS know exactly what you can do to be a Credit Hero and change a whole lotta lives!

Daniel's Resources

Credit Repair Software

- www.CreditRepairCloud.com of course!

My Book

- The Ultimate Guide to Starting a Credit Repair Business (Get your FREE copy, just pay S&H) Get Free Book Now!

Credit Repair Training and Certification

- All Training https://training.creditrepaircloud.com
- Learn about The Masterclass https://CreditRepairCloud.com/FreeTraining
- Take the Credit Hero Challenge www.CreditHeroChallenge.com
- Videos and Resources https://www.creditrepaircloud.com/resources

My Podcast (Zillions of Credit Repair Tips)

- Credit Repair Business Secrets
- Credit Repair Business Secrets Youtube

Credit Repair Websites and Hosting

- MyCreditRepairSite A complete ready-made site for under $20.

Getting Paid (Merchant Accounts, payment platform, etc):

- Guide to Getting Paid At Credit Repair
- Get a Merchant Account for Credit Repair

Surety Bonds for Credit Repair Organizations

- https://surety1.com/bond_info/credit-services-credit-repair-surety-bond/
- https://bondsexpress.com/credit-services-organization-bond/

Federal Laws

- The Fair Credit Reporting Act
  https://www.ftc.gov/enforcement/statutes/fair-credit-reporting-act
- Credit Repair Organizations Act (CROA)
  https://www.creditrepaircloud.com/credit-repair-organizations-act
- The TSR (Telemarketing Sales Rule)
  https://www.ecfr.gov/current/title-16/chapter-I/subchapter-C/part-310

Credit Repair Laws by State

- Credit Repair Laws for Each State
- Statute of Limitations for Debt Collection by State

Reports, Scores and Monitoring with a $1 Trial (and imports into CRC)

- IdentityIQ (Vantage Scores)
- MyScoreIQ (FICO Scores)
- SmartCredit (Vantage Scores)
- MyFreeScoreNow (Vantage Scores)

Virtual Address

- The UPS Store
- Regus Professional address from $37/month

Misc

- Kall8 Get a Toll-Free 800 number for just $5/month. Includes call forwarding, virtual fax with email call notifications and more? We use Kall8 ourselves !
- Credit Repair Business Revenue Calculator
- Credit Repair Courses and Resources

Disclaimer

The information in this guide is for educational purposes only and not intended to be legal advice. The information shared is accessible to the public and based on my review and understanding. Credit Repair Cloud is not a lawyer, I am not a lawyer and I suggest that if you have legal questions, research reputable sources or consult with a lawyer. It is necessary to obey all state licensing requirements and any applicable federal and state laws that your lawyers deem applicable. I have read about these things, and I talk to attorneys and you should contact a lawyer or read up on it yourself. Knowledge is power.

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