



Repair, Build, & Maintain Good Credit While in Prison

Good credit is essential to everyone. Whether it's a home, car or even qualifying for a job (many employers actually look at your credit), good credit is something you must have. Being in prison and working to maintain credit can be a bit trickier. This is why we have put together this guide - to help you help yourself. Credit can go downhill fast once you get to prison. It's obviously much harder, if not impossible, to pay on existing debt. You might find yourself defaulting on loans, leaving accounts in limbo, etc.

STEP 1 First, do a "liability inventory" on your credit report by contacting the three major credit bureaus. Be sure to include your full name, address and social security number. They will mail your report to you (or to someone on the outside that you have designated). You're entitled to free credit reports from each of the three credit bureaus each year. Make sure you contact all three since not every account is always reported to all three.

ADDRESS: Equifax
P.O. Box 740241
Atlanta, GA 30374
PHONE: 1-800-685-1111

ADDRESS: Experian
P.O. Box 2002
Allen, TX 75013
PHONE: 1-888-397-3742

ADDRESS: TransUnion
P.O. Box 1000
Chester, PA 19022
PHONE: 1-800-888-4213

**The average household has
\$130,922 in debt — \$15,762
of it on credit cards.**

<http://www.creditcards.com/credit-card-news/credit-card-debt-statistics-1276.php>

NOTE: In order to help keep your credit report confidential, you can request that the information be sent to a loved one on the outside, and they can forward the information to you, excluding sensitive data such as social security number, account numbers, etc.

STEP 2 Once you have received all three reports from Equifax, Experian and TransUnion, verify all of the information. If you find inaccurate information in any of the three reports, contact the companies immediately to officially dispute the record by writing to them and informing them it is untrue. They will then contact the creditor on file for a response. If none is given, the information will be removed from your credit report. When negative information in your report is accurate, only the passage of time can assure its removal. A consumer reporting company can report most accurate negative information for seven years and bankruptcy information for 10 years. Information about an unpaid judgment against you can be reported for seven years or until the statute of limitations runs out, whichever is longer. Use the following sample letter to dispute inaccurate information in your credit report:

Sample Dispute Letter

Date
Your Name
Your Address
City, State, Zip Code

Complaint Department
Name of Company
Address
City, State, Zip Code

Dear Sir or Madam:

I am writing to dispute the following information in my file. The items I dispute are circled on the enclosed copy of the credit report that I received.

This item (identify item(s) disputed by name of source, such as creditors or tax court, and identify type of item, such as credit account, judgment, etc.) is (inaccurate or incomplete) because (describe what is inaccurate or incomplete and why). I am requesting that the item be deleted (or request another specific change) to correct the information.

Enclosed are copies of (use this sentence if applicable and describe any enclosed documentation, such as payment records, court documents) supporting my position. Please investigate this (these) matter(s) and (delete or correct) the disputed item(s) as soon as possible.

Sincerely,
Your name

Enclosures: (List the items/documents you are enclosing.)

STEP 3 If you are delinquent on any of the accounts, this will need to be resolved before you can move forward on any of the additional steps below. You will need to write to each company listed. Explain that you are incarcerated and may not be able to pay the full amount. Ask them what, if any, options they will provide you to help you settle the account as paid. It is not unlikely to receive a settlement offer. For example, if you owe \$1,000 on a debt, the company may offer to settle the debt for much less. This option is not always given, but it is more likely that they would work with you because you are incarcerated, and their ability to collect is hindered because of this. The company may request that you pay the entire settlement at the same time, or they may offer terms for a payment plan. If you are delinquent on any accounts, it's a win for both sides. The company is able to collect some money, and you are able to improve your credit. See the following sample letter:

Sample Settlement Letter

Date
Your Name
Your Address
City, State, Zip Code

Complaint Department
Name of Company
Address
City, State, Zip Code

Attention: (name of collector or collection agency)
Address

RE: Collection letter dated (date of letter here) or phone call on (date of call here) reference account #: (account or reference number)

Dear Mr./Ms. (Collector's or Collection Agency's Name)

I do not agree that I owe as much as you claim I owe on the above referenced account. In an effort to save both of us a great deal of time and expense I am offering to settle this account for \$ _____.

If you accept my offer, please send written confirmation to my address listed above. Once I receive your written confirmation, I will mail full payment to your organization within thirty business days. (Please note that prison checks take time to process.) If you wish to discuss this settlement offer, please write to me at the address provided. Because I am incarcerated, you cannot reach me by phone. Regardless, please understand that I will not make any payment until receiving written confirmation that you accept my offer.

Sincerely,
Your name

Additional Resource! If you need letter-writing tips, our Writing a Professional Letter Self-help Guide is a great resource.



SEND A SELF-ADDRESSED STAMPED ENVELOPE TO*:

WriteAPrisoner.com
Writing a Professional Letter Self-help
P.O. Box 10
Edgewater, FL 32132 USA

* Prison staff or pen-pals can also print this guide at
<http://www.writeaprisoner.com/self-help>

STEP 4 Once you have any prior financial obligations under control, it's time to look at what you keep and what you get rid of. Do you have any active credit cards? If you are looking into closing some credit card accounts, try to save your oldest accounts, even if you only save one. The longer you have an account, the better it looks on your credit report. If you are looking to close the account because of higher interest rates or annual fees, try contacting the card issuer to see if they would waive the annual fee or reduce the interest amount. If they know you're serious about leaving them, they may be more apt to work with you, and it benefits you to keep those older accounts open.

STEP 5 If you do not already have one, open a savings account in your name. Try to make deposits to it each month no matter how small. Never remove money from it if at all possible. The time you have it open, the frequency of deposits and your ability to not make withdrawals from your savings account may not directly impact your credit score, but it



Someone is sitting in the shade today because someone planted a tree a long time ago.

- Warren Buffett



could directly impact your ability to make a large purchase on something such as a home or a car one day. You can't go wrong by starting and building a savings no matter how small. Please note that some banks require a minimum amount of money to be kept in your savings account. Also, many banks offer better interest rates as you put more money into savings. Please check to be sure that you are not in a state that attempts to "collect money for incarceration." Some states will come after your money if you have any to pay for incarceration costs. This is an

unfortunate practice that can keep incarcerated people from ever rebuilding their lives. Please be sure you check before opening a savings account.

Financial Tips After You Are Home

- Avoid loans. Loans must be paid back, and they can often land you right back in a situation you are forever trying to get out of. If you cannot make the purchase with cash, try to wait until you can. Predatory lending fees from banks are all too prevalent, and debt is one way we keep ourselves down. Especially avoid the so-called "payday" loan businesses. Their payment plans make it nearly impossible to ever pay them off. Avoid them at all costs. If you absolutely must borrow money, do so from a reputable bank.
- A good vehicle is essential, but most people cannot afford a new one. Many people jump blindly into a costly new car loan, which ends up costing much more by the time you finally pay it off. You lose value the day you drive it off the lot. It is better to purchase an older car that is safe and runs well, and pay for it with cash if you can. Flashy is fun, but it shows poor judgment and holds you back in the long run. A good, safe used vehicle is the way to go. Purchasing your used vehicle with saved cash and keeping it well maintained is the smartest move. Public transportation is usually an option, and although it may be inconvenient, it will allow you to save money for your used car purchase. And once you buy your car, consider car-pooling with a responsible co-worker when possible.
- Budget your life. Write down all of the expenses you must pay for monthly and add them up. This shows you how much you must earn each month. If you are earning less than you are spending, you will need more income or need to reduce your monthly costs. Always striving for both is your best plan of attack. Some examples of items in your monthly budget would be house rent or mortgage payment, water bill, electric bill, health insurance (you may be eligible for reduced coverage if your income is low), groceries, home gas, and vehicle gas. Many people create a budget list but don't include everything. One of the best things you can do is to literally keep a log of every single penny you spend. Pick up a notebook, jot down the date, and then log every item - cup of coffee, bus fare, a box of Girl Scout cookies - whatever you spend money on, write it down daily. You will be surprised how much you spend on items you didn't include in your original budget.

- Be frugal and learn to be content with what you have. In your neighborhood somewhere there are parks, hiking trails, beaches, bike paths, and more. Many local organizations sponsor free events - craft shows, art shows, family events, outdoor concerts, movies, etc. Discover your backyard and live fully in it with your loved ones. The finer things in life aren't things at all. It is peace of mind and security. It is time with the people we cherish. When we spend our lives trying to pay off debt, it is much harder to enjoy. Live simple, and truly live large.
- Compare prices on everything. Saving money puts you in control. We promise you will feel better each day by saving as much as possible. Find the cheapest price of gasoline in your area, pay for bills online to avoid the cost of a stamp and envelope, make all of your stops in one trip when you need to drive somewhere, etc. You get the idea. Save on everything you possibly can!
- Be thrifty, and be resourceful. Learn to sew damaged clothes. If sewing was manly enough for the Vikings, it is plenty manly enough for men today. Do not discard. Fix, repair, restore. If you are not sure how to fix something, search Google. Believe us when we tell you the answer is there. You can learn nearly any skill on YouTube - how to repair a leaky roof, play the guitar, speak Spanish, solve algebra problems - all free, and all at your pace! Also, learn to negotiate prices when possible. Buy in bulk when you can if it saves money. This can make a lot of sense on items like toilet tissue, cleaning products, groceries, etc. Purchasing used items isn't just for cars. Goodwill and other thrift stores sell secondhand goods at excellent prices. We live in a consumable/disposable society where people get rid of perfectly good items just because they run out of closet space. You'll be surprised at how much you can save on clothing costs alone by shopping at thrift stores. You can also pay attention to seasonal clearances at regular retail stores. Don't buy things just because they're on sale, though. If you live in a cold climate and you're going to need warm socks and boots, then yes, keep an eye out for the end of winter clearances and buy these items to have on hand for the next season.
- Avoid high cost consumables that provide no benefit: soda, alcohol, cigarettes, junk food, etc. These items have no value and actually harm you. They are also very expensive. If you need to kick a habit, do so! Put that money away for something of value for you or your family. People quit these bad habits daily, and so can you. You will feel great to watch your savings add up and use that money for something truly rewarding.
- Spend time, not money. There are occasions when we must give gifts and want to give gifts. The gift of yourself and your time is the greatest gift of all. Whether you make something for someone (a meal, a cake, a handmade gift) or make time to do something special with them, chances are you will spend much less money than if you headed to the mall to buy something. Money should become your servant, not your master. Always ask yourself: Do I *need* this, or do I *want* this? The peace of mind that comes with being out of debt is incomparable. You will have less stress and will enjoy life in ways you have never imagined.

It can sometimes seem like nothing is possible behind those walls, but that isn't the case. In fact, there isn't much that's impossible behind those walls when given the right tools. We hope this document helps you improve your financial status.

Success story or suggestion? We want to know what worked for you so we can share it with other inmates.
 If you have a suggestion to make about this resource, please do so at:
 Self-help Suggestion - P.O. Box 10 - Edgewater, FL 32132 USA

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