



Your Credit Report



750. 670. 620. 575.

You may not think about them every day, but your credit report and the three little digits that make up your credit score probably influence your life in many ways. They can affect the cost of credit you receive, your ability to rent or buy a home, the insurance rates you pay, and even the jobs you can get. By understanding the reporting and scoring process, your consumer rights, and how to recover from inaccuracies and guard against identity theft, you can establish and maintain a stellar credit report and score.

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800.777.7526
www.cccssf.org

What is a Credit Report?

Like the name implies, your credit report tracks your credit activity. There are several types of credit, including credit cards, store cards, personal loans, car loans, mortgages, student loans, and lines of credit. Your credit report does not generally show the payment history for non-credit expenses, such as utilities, insurance, and medical bills, unless they go unpaid and are sent to a collection agency.

Credit Bureaus

Credit reports are built and maintained by credit bureaus. There are three major credit bureaus in the United States:

- Equifax
- Experian
- TransUnion

Creditors typically report to them monthly, and data is also obtained from court records. Since credit bureaus do not always collect the same information, your three credit reports can be different. The credit bureaus sell your reports to interested parties, such as creditors, insurance companies, employers, and landlords, who use the information to decide whether to lend or do business with you.

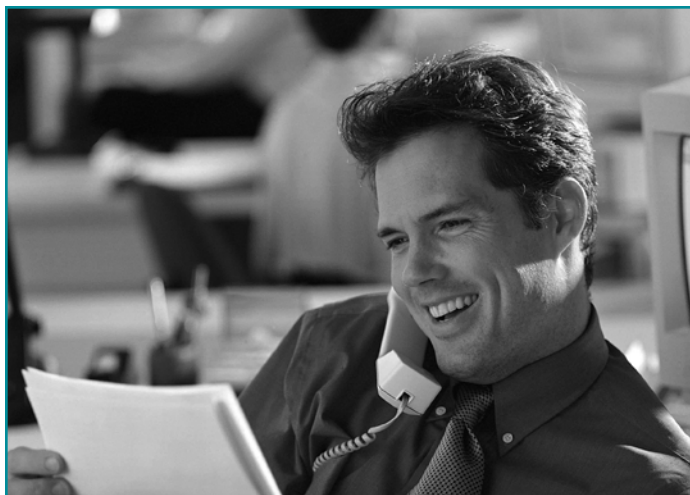
Sections of a Credit Report

Credit reports are divided into four sections:

Personal identification – Most reports begin with your personal identification information. It lists your name and any former names or aliases, your current address and former addresses, and sometimes your employment history and marital status.

Trade lines – The bulk of a credit report is dedicated to your history of handling credit. It includes:

- Creditors and account numbers
- The date accounts were opened
- Credit limits or original balances
- Whether accounts are individually or jointly held
- Balances and payment patterns for the last 24 to 36 months
- Whether accounts are in collections or in dispute



Public records – This section shows public records that are related to credit worthiness, such as liens, bankruptcies, repossessions, judgments, foreclosures, and court-ordered child support arrears.

Inquiries – This section lists anyone who has accessed your credit report. Inquiries can either be “hard” or “soft”. A hard inquiry is one that results from an application or transaction initiated by you, such as applying for a new credit card. A soft inquiry occurs when you pull your credit report or your credit report is checked for reasons not related to credit applications. The only person who can see the soft inquiries on your credit report is you.

Credit Scores

Your credit score is a numeric summary of the information in your credit report and is formulated to predict your credit risk – the risk you will not pay what you borrowed. The most commonly used scoring model is the FICO score, which ranges from 300 to 850. Generally, those with higher scores are more easily granted credit and get better interest rates. While there is no standard for what constitutes a “good” credit score, one benchmark to keep in mind is that most mortgage lenders look for a score of at least 620.

FICO scores only use the information in your credit report that is predictive of future credit performance, specifically your payment history (35%), amounts owed (30%), length of credit history (15%), pursuit of new credit (10%), and types of credit in use (10%). Income, employment history, race, religion, national origin, gender, marital status, and age are not considered.

Sample Credit Report

Report number: 11111111
Report date: 1/01/2013

PERSONAL INFORMATION

Name:	John S Smith	Address:	321 Any St, East City, CA 99999
Social Security #:	000-00-0000	Telephone:	555-555-5555
Date of birth:	01/05/1964	Employer:	ABC Clothing
On File Since:	2/01/1980	Occupation:	Cashier

TRADE LINES

AUTO FINANCE COMPANY

Account number: 1111111....
Address: 4 Dirt Rd, East City, CA 99999
Telephone: 555-555-5554
Status: Open/Never late
Last reported: 12/15/2012
Date opened: 05/01/2011
Type: Installment
Terms: 55 months
Monthly payment: \$250
Original amount: \$11,500
Current balance: \$9,250 as of 12/2012
Responsibility: Individual

CREDIT GIVER CO

Account number: 2222222....
Address: 91 North St, Bloomfield, FL, 10000
Telephone: 555-555-5553
Status: Open/Past due 30 days
Last reported: 12/20/2012
Date opened: 07/11/2010
Type: Revolving
Terms: N/A
Credit limit: \$4,000
Current balance: \$1,200 as of 12/2012
Highest balance: \$3,200
Recent payment: \$40
Responsibility: Individual
Account history: Delinquency of 30 days, 3/2012, \$50

PERSONAL LOAN CO

Account number: 3333333....
Address: 91 Beach Rd, Red Valley, CA, 98888
Telephone: 555-555-5552
Status: Charged off 10/15/2012
Last reported: 10/20/2012
Date opened: 01/05/2011
Type: Installment
Terms: 35 months
Monthly payment: \$100
Original amount: \$3,000
Current balance: \$0 as of 10/2012
Responsibility: Individual
Account history: Charged off as of 10/2012, delinquency of 180 days, \$1,800

ABC COLLECTION AGENCY

Account number: 4444444....
Address: 21 1st St, Morris, TN 22222
Telephone: 555-555-5551
Status: Collection account/Paid
Last reported: 12/25/2012
Date opened: 01/05/2011
Original creditor: Personal Loan Co
Type: Installment
Terms: N/A
Monthly payment: \$0
Original amount: \$1,800
Current balance: \$0 as of 12/25/2012
Responsibility: Individual
Account history: Collection as of 10/2012, paid 12/2012

PUBLIC RECORDS

PAGE COUNTY CLERK

Address: 1 Court Rd, Millstown, CA 99997
Telephone: 555-555-5550
Status: Claim paid
Type: Civil judgment
Claim amount: \$2,341
Plaintiff: XYZ Collection Agency
Date Filed: 10/22/2010
Date Resolved: 12/15/2010
Responsibility: Individual

INQUIRIES

Requests viewed by others

AUTO FINANCE COMPANY

Address: 4 Dirt Rd, East City, CA 99999
Telephone: 555-555-5554
Date of request: 4/20/2011

Requests viewed only by you

INTERESTED CREDIT CO

Address: 3121 Paved St, East Lake, MD 33333
Telephone: 555-555-5557
Date of request: 5/10/2012

Your Rights

Credit bureaus are regulated by the Federal Trade Commission and must comply with the Fair Credit Reporting Act (FCRA). This law gives you many rights, including:

The right to access your reports

Credit bureaus generally charge a fee for reports. However, you can get a copy of your credit report from each bureau free once a year through the Annual Credit Report Request Service. (Their contact information is on the right.) You are also entitled to an additional free report if you were turned down for credit, insurance, or employment due to your credit history, believe your identity was stolen, are on welfare, or are unemployed and plan to look for a job within 60 days.

The right to accuracy

It is the credit bureaus' responsibility to report only correct information. If you discover inaccuracies, you can file a dispute with the bureaus, and they are required to investigate it. (See "Protecting Yourself From Errors".)

The right to have negative information "age-off"

Credit reports may reflect late payments, collection accounts, repossessions, and most other negative information for seven years. A Chapter 7 bankruptcy will remain on your credit report for ten years from the date of filing. Paid judgements can only stay on your credit report for seven years from the date the judgement was filed, but unpaid ones can stay until the statute of limitations for collection (which varies from state to state) expires. Most inquiries can stay on your credit report for two years.

The right to privacy

Only those with a need recognized by the FCRA may access your report. This is usually a creditor, insurer, landlord, or other business. Employers must have written consent from you before accessing your report. You may also request that your information not be given to creditors looking to make pre-approval offers. This can be done by calling 1-888-5-OPTOUT.

Protecting Yourself from Errors

Mistakes can happen. Some people only find out about it after they are denied for credit. Periodically checking your three credit reports for accuracy can

Credit Bureau Contact Information

Since contact information can periodically change, confirm addresses before sending a letter containing personal information.

Annual Credit Report Request Service

P.O. Box 105283, Atlanta, GA 30348

877-322-8228

www.annualcreditreport.com

Equifax

P.O. Box 740241, Atlanta, GA 30374

To order credit report: 800-685-1111

To report fraud: 888-766-0008

www.equifax.com

Experian

P.O. Box 2104, Allen, TX 75013

888-397-3742

www.experian.com

TransUnion

2 Baldwin Pl., P.O. Box 1000, Chester, PA 19022

To order credit report: 800-888-4213

To report fraud: 800-680-7289

www.transunion.com

help you avoid an erroneous denial. If you see an error, there is no need to panic. It can be corrected:

Correct inaccuracies with the credit bureaus

Start by sending a letter to the relevant credit bureau(s) or filling out an online dispute form to let them know what information is incorrect. It is only legal to take off legitimately inaccurate information. While you are not required to provide documentation to support your claim, if you have any (such as a canceled check for a bill that still shows as outstanding), it helps to include it. The credit bureau has 30 days to investigate your claim, during which time a dispute notation will appear on your report. They must delete the disputed information if they cannot find evidence to validate it, and, if requested, notify anyone who recently received the report of the change.

Add a statement to your report

You may add a brief statement (100 words or less) to your credit report if contacting the credit bureau and creditor does not resolve the issue. Adding a statement will not boost your score, but anyone who pulls your report will know your side of the story.

The myth of “Credit Repair”

It is not possible to permanently remove accurate items from your credit report through the dispute process or any other method. The dispute process is for removing accurate information only. Any company offering to remove negative accurate items from your report is engaging in deceitful practices.

Maintaining Your Credit

Maintaining credit responsibly not only reflects positively when future creditors review your credit report, it can also save you a great deal of money.

Pay on time, every time

A commitment to never make a payment late again is one of the most powerful steps you can take to demonstrate responsible use of credit.

Pay down existing debt

Even if you have never missed a payment, a large debt load can make it look to a lender like you are overextended. Explore ways you can lower your interest rates and free up cash to make more than the minimum payments.

Avoid taking on additional debt

Besides paying down existing debt, make an effort to not take on more debt in the future. Ideally, you should not charge more than you can pay off in full the following month.

Pay collection accounts

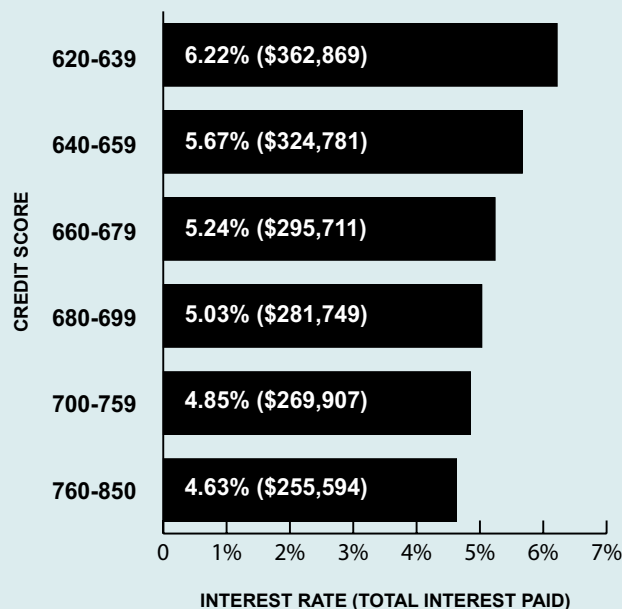
If you have collection accounts on your credit report, you can open up more financial opportunities for yourself by paying them. Request settlements for balances you can't afford to pay in full, and make sure to confirm the agreement in writing.

Keep your old accounts open

A long credit history with the same open accounts indicates stability.

Poor Credit Can Cost You

Borrowers with poor credit can wind up paying significantly more in interest than their counterparts with good credit. This example shows how much interest borrowers with different credit scores will pay over the life of a 30-year, \$300,000 mortgage (actual interest rates may differ).



Avoid excess credit applications

If you apply for credit too many times, it can look to a lender like you are desperate for money. A creditor may also see it as a sign that you need to rely on credit to pay your bills.

Establishing Credit

It can be difficult to qualify for credit if you have a history of payment problems or are applying for the first time. Often getting credit is easier with a:

Secured credit card

Unlike with a regular credit card, a secured credit card requires you to make a deposit with the creditor, which they can keep if you stop making payments. While secured credit cards are typically easier to get than regular credit cards, the credit limits are usually low, and the fees can be high. However, many creditors are willing to convert a secured credit card to a regular credit card after a year or two of on-time payments.

Co-signer

Having a co-signer with good credit can increase your chances for approval, but be especially careful with this type of arrangement. Any late payments you make will not only reflect poorly on your credit report but your co-signer's as well. After six months to a year, you may want to reapply for credit on your own.

Identity Theft

Identity theft occurs when someone uses your personal information to commit fraud or other crimes. Thieves commonly use the information they steal to get credit cards or other types of credit and then rack up huge amounts of debt that go unpaid. If you become the victim of identity theft, being proactive can minimize its impact on you. You may need to communicate with several institutions, including:

Creditors and financial institutions

If a credit card or checking account has been used or opened illegally, contact your creditor or financial institution immediately. They should close accounts that are not yours and change the account numbers and passwords for accounts that are yours. Monitor all future statements carefully for evidence of new fraud.

Police

Identity theft is a crime, and you can file a police report. In fact, a credit bureau or creditor may want you to provide one to investigate and remove fraudulent information.

Credit bureaus

Check your credit reports from all three bureaus to make sure that they are only reporting factual information. Remember, you are entitled to free reports if you believe you are the victim of identity theft. Dispute any fraudulent items. Even if the fraudulent information has not yet appeared on your reports, you can report it to the bureaus now. They can place a fraud alert on your reports, which notifies a creditor to take special caution when a credit application is made in your name. You may want to also consider putting a security freeze on your credit file, which blocks anyone from accessing your credit reports without entering a password that you set up.



CCCS offers a variety of free services to help you get out of debt, design a money management plan, and achieve your financial goals. For more information about how CCCS can help you master your money:

Call toll-free

800.777.7526

or log onto

www.cccssf.org