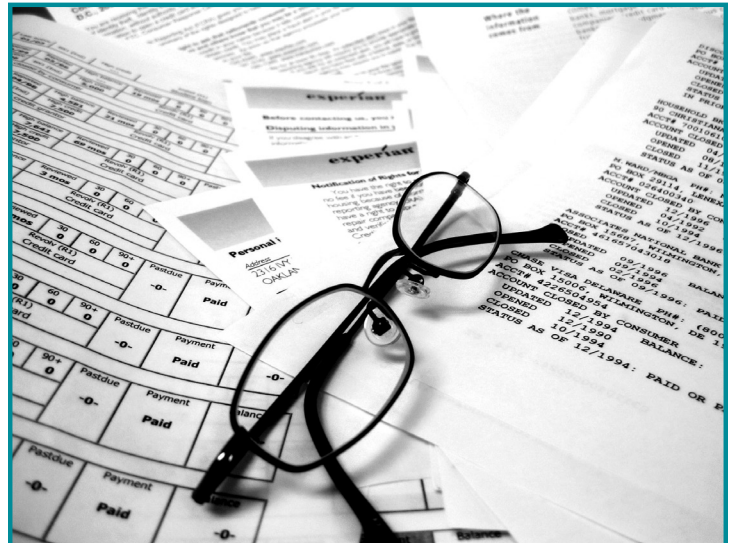




# Your Credit Report

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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## 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 not-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 otherwise 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 an inquiry 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 pre-approval offers. 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: 1/01/20X3

## PERSONAL INFORMATION

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Name:	John S Smith	Address:	321 Any St, East City, CA 99999
Social Security #:	000-00-0000	Telephone:	555-555-5555
Date of birth:	01/05/19X4	Employer:	ABC Clothing
On File Since:	2/01/19X0	Occupation:	Cashier

## TRADE LINES

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### AUTO FINANCE COMPANY

Account number: 1111111....  
Address: 4 Dirt Rd, East City, CA 99999  
Telephone: 555-555-5554  
Status: Open/Never late  
Last reported: 12/15/20X2  
Date opened: 05/01/20X1  
Type: Installment  
Terms: 55 months  
Monthly payment: \$250  
Original amount: \$11,500  
Current balance: \$9,250 as of 12/20X2  
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: 12/20/20X2  
Date opened: 07/11/20X0  
Type: Revolving  
Terms: N/A  
Credit limit: \$4,000  
Current balance: \$1,200 as of 12/20X2  
Highest balance: \$3,200  
Recent payment: \$40  
Responsibility: Individual  
Account history: Delinquency of 30 days, 3/20X2, \$50

### PERSONAL LOAN CO

Account number: 3333333....  
Address: 91 Beach Rd, Red Valley, CA, 98888  
Telephone: 555-555-5552  
Status: Charged off 10/15/20X2  
Last reported: 10/20/20X2  
Date opened: 01/05/20X1  
Type: Installment  
Terms: 35 months  
Monthly payment: \$100  
Original amount: \$3,000  
Current balance: \$0 as of 10/20X2  
Responsibility: Individual  
Account history: Charged off as of 10/20X2, 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: 12/25/20X2  
Date opened: 01/05/20X1  
Original creditor: Personal Loan Co  
Type: Installment  
Terms: N/A  
Monthly payment: \$0  
Original amount: \$1,800  
Current balance: \$0 as of 12/25/20X2  
Responsibility: Individual  
Account history: Collection as of 10/20X2, paid 12/20X2

## PUBLIC RECORDS

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### 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: 10/22/20X0  
Date Resolved: 12/15/20X0  
Responsibility: Individual

## INQUIRIES

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### Requests viewed by others

#### AUTO FINANCE COMPANY

Address: 4 Dirt Rd, East City, CA 99999  
Telephone: 555-555-5554  
Date of request: 4/20/20X1

### Requests viewed only by you

#### INTERESTED CREDIT CO

Address: 3121 Paved St, East Lake, MD 33333  
Telephone: 555-555-5557  
Date of request: 5/10/20X2

## 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 "Fixing 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 judgments can only stay on your credit report for 7 years, 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.

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

## 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](http://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](http://www.equifax.com)

### Experian

P.O. Box 2104, Allen, TX 75013  
888-397-3742  
[www.experian.com](http://www.experian.com)

### TransUnion

P.O. Box 2000, Chester, PA 19022  
To order credit report: 800-888-4213  
To report fraud: 800-680-7289  
[www.transunion.com](http://www.transunion.com)

### Dispute the information with the credit bureaus

Start by sending a letter to the relevant credit bureau(s) or filling out an on-line dispute form to let them know what information is incorrect. 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.

### Dispute the information with the creditor

If the credit bureau's investigation results in no change to your report and you believe the information is still inaccurate, contact the creditor directly to see if they will remove the information



from your report. If you dispute an item with a creditor, they may not report the information without including a notice of your dispute.

### 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.

## Improving Your Credit Report & Score

Negative information, if accurate, can stay on your credit report until it ages off. There are, however, many steps you can take to improve your credit report and score today:

### 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 improve your credit rating.

### Pay down existing debt

Even if you have never missed a payment, a large debt load will lower your score. 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 give your score a boost by paying them. Request payment arrangements for balances you can't afford to pay in full, and make sure to confirm the agreement in writing. Ask the collection agency to remove the account from your credit report if you pay them. They are under no obligation to do so, but it does not hurt to ask.

### Keep your old accounts

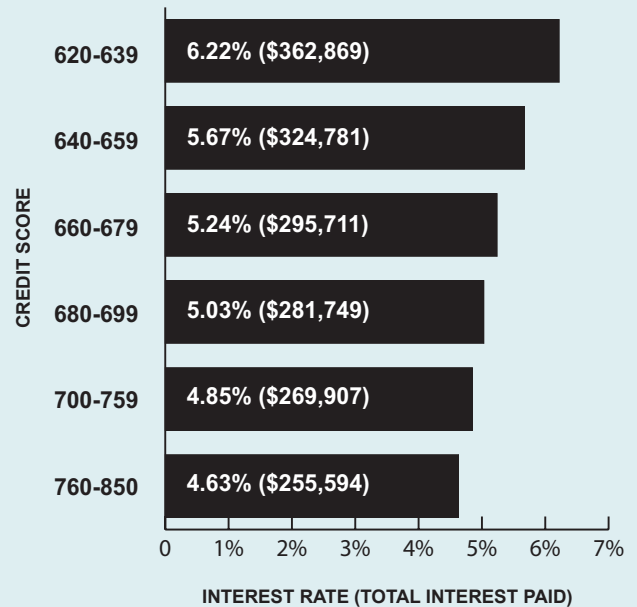
A long credit history with the same accounts indicates stability.

### Avoid excess credit applications

Each time you apply for credit, your score decreases just a bit. If you do it frequently, a creditor may see it as a sign that you need to rely on credit to pay your bills.

## 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).



## Establishing Credit

The best way to build a positive credit history is to use credit responsibly. However, 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, when someone applies for credit under your name, requires the creditor to call and verify that the person applying is you. The initial fraud alert only lasts 90 days. However, if you filed a police report, you can extend the alert to 7 years. You can also place a 1-year alert on your file if you are on active duty with the military.



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.cccsf.org](http://www.cccsf.org)**.