

**YOUR CREDIT REPORT IS A HISTORY OF YOUR CREDIT BEHAVIOR, OR HOW RESPONSIBLY YOU MANAGE YOUR MONEY AND YOUR DEBT.**



Your credit report is a history of your credit behavior, or how responsibly you manage your money and your debt.

This history — compiled by the credit reporting agencies (Experian, TransUnion, and Equifax) that receive your financial information from banks, lenders, and other creditors — is used to generate your credit report. Lenders and creditors then use this report, and the credit score associated with it, to determine if they will make a new loan to you, give you a credit card, or increase your limit on existing credit cards. Your credit history also affects the interest rates you receive.

## WHAT TYPE OF INFORMATION IS ON YOUR CREDIT REPORT?

There are generally four (4) sections of information:

- **Identifying Information:** Your full name, current and previous addresses, social security number, year of birth, and current and past employers.
- **Credit Information:** The accounts you have with banks, retailers, credit card issuers, utility companies, and other lenders (accounts are listed by type of loan, such as mortgage, student loan, revolving credit, or installment loan; the date you opened the account; your credit limit or the loan amount; any co-signers of the loan; and your payment history).
- **Public Record Information:** Court records on bankruptcy, tax liens, judgments, and past-due family support obligations.
- **Recent Inquiries:** The names of those who have obtained copies of your credit report within the past year (two years for employment purposes).

## ACCESSING YOUR CREDIT REPORT

All consumers should be aware that there is a central site which allows you to request a free credit report once every twelve (12) months from each of the nationwide consumer credit reporting companies: Equifax, Experian and TransUnion. Reports are available online, or via phone or mail:



*Francisco L.,  
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and Jon W., Counselor*

- Online: [www.annualcreditreport.com](http://www.annualcreditreport.com)
- Phone: 1-877-322-8228
- Mail: Submit the required form to:  
Annual Credit Report Request Service  
P.O. Box 105281  
Atlanta, GA 30348-5281

Reports are also available for consumers outside of [annualcreditreport.com](http://annualcreditreport.com) from each of the three (3) credit reporting bureaus at any time throughout the year, for a fee.

## WHY SHOULD YOU OBTAIN A COPY OF YOUR CREDIT REPORT AT LEAST ANNUALLY?

To avoid any unwelcome surprises, it's important to review a copy of your credit report before you apply for credit such as car loans, mortgages, or credit cards. Errors in credit reports can be common. There is a standard process for disputing and correcting inaccurate information on your credit report, but it takes 30-45 days. Remember, the lenders themselves make the decision about whether or not to grant you credit — not the credit reporting bureaus. The credit-reporting companies only supply the information about your credit history. Finally, by regularly reviewing your credit report, you help protect yourself against ID Theft.

## HOW LONG DOES INFORMATION APPEAR?

Missed payments and most public record items remain on the credit report for seven (7) years, with the exception of a Chapter 7 or 13 bankruptcy, or tax liens, which may remain for up to ten (10) years. Active, positive information may remain on the report indefinitely. Requests for your credit history (inquiries) remain on the credit report for up to two (2) years.

## CREDIT SCORES

Your credit score can mean the difference between being denied or approved for credit, and a low or high interest rate. A good score can help you qualify for an apartment rental, get lower insurance rates, and even help you get utilities connected without a security deposit.

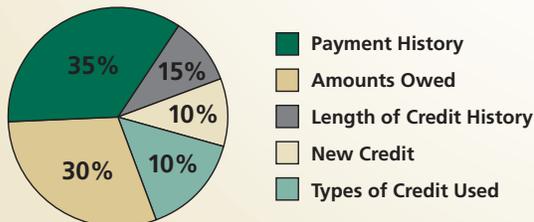
### What is it?

Your credit score is a three-digit number generated by a mathematical formula using information in your credit report. It's designed to predict risk, specifically, the likelihood that you will become seriously delinquent on your credit obligations in the 24 months after scoring. There are a number of credit-scoring models in existence, but the most common is FICO.

## WHAT IS YOUR NUMBER?

Data from your credit report goes into five (5) major categories that make up a FICO score. The scoring model weighs some factors more heavily, such as payment history and debt owed. FICO scores range from 300 to 850, where a higher number indicates lower risk.

Here's a display of the FICO scoring model:



Source: myFICO.com

## IMPORTANT TIPS ON IMPROVING AND MAINTAINING A CREDIT SCORE

### Payment History Tips

- Always pay your bills on time.
- If you have missed payments, get current and stay current.
- Be aware that paying off a collection account will not remove it from your credit report.
- Understand that closing an account doesn't make it go away or help raise the score.

### Amounts Owed Tips

- Keep balances low on credit cards and other "revolving credit" — high outstanding debt can affect a credit score. Your credit utilization ratio is key — the higher the percentage, the worse for your score.
- Pay off debt rather than moving it around via balance transfers.
- Don't open a number of new credit cards that you don't need, just to increase your available credit.

### Length of Credit History Tips

- If you have been managing credit for a short time, don't open a lot of new accounts too rapidly. New accounts will lower your average account age, which will have a larger effect on your score, if you don't have a lot of other credit information. Also, rapid account buildup can look risky, if you are a new credit user.

### New Credit Tips

- Do your rate shopping for a given loan within a focused period of time (the model distinguishes between a search for a single loan and a search for many new credit lines, in part by the length of time over which inquiries occur).
- Opening new accounts responsibly and paying them off on time will raise your credit score in the long term.
- It's okay to request and check your own credit report — this won't affect your score, as long as you order your credit report directly from the credit reporting agency or through an organization authorized to provide credit reports to consumers.

### Types of Credit Use Tips

- Apply for and open new credit accounts, only as needed.
- Don't open accounts just to have a better credit mix — it probably won't raise your credit score.
- Have credit cards — but manage them responsibly. In general, having credit cards and installment loans (and making timely payments) will rebuild your credit score.

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