

# Credit Reports and Credit Score: Getting the most mileage from credit





# What we will discuss

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- Valid uses of a credit report
- Sources of credit information
- Sample credit report
- Information contained in a credit report
- Obtaining credit reports
- Dispute process
- Credit scores
- Improving credit scores





# What is a credit report?

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A credit report is a record of how an individual has applied for, received and repaid credit obligations in the past.





# Credit reports

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- Credit reporting today
  - Increased access to credit
  - Decreased time for credit granting decisions
  - Improved mobility of credit
  - Greater access to consumer products and services





# How can my credit report be used?



Credit approval



Issue professional license



Employment



Court order or IRS



Underwrite insurance



Review or collection





# Where do credit reporting agencies obtain information?

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- Consumers
- Creditors
- Public records
- Internal and external inquiries
- Consumer statements
- Collection accounts





# Myth Buster

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I am married but I have different credit information than my husband.

TRUE

FALSE



# Sample credit report



Types of Information in a Credit Report											
<b>A Personal Identification Information</b>											
Names	Your First and Last Name		SSN# 123-45-6789								
	Your First, Middle and Last Name										
	Your Previous Name										
Current Address	Street Address		DOB 1/30/62								
	City, State ZIP										
Previous Addresses	Street Address, City, State ZIP										
	Street Address, City, State ZIP										
Latest Reported Employment	Your Employer's Name										
<b>B Alerts and Validations</b>											
ID security alert: fraudulent applications may be submitted in my name or my identity may have been used without my consent to fraudulently obtain goods or services. Do not extend credit without first contacting me personally and verifying all applicant information. This security alert will be maintained for 90 days beginning 12-01-07.											
<b>C Consumer Statement</b>											
I was injured on my job and could not make my car payments in 2007.											
<b>D Creditor Account Information/Credit History</b>											
Company Name	Account Number	Whose Account	Date Opened	Months Reviewed	Date of Last Activity	High Credit	Times	Items as of Date Reported			Date Reported
								Bal	Paid Due	Status	
Electronics Store	333000X	J	10/03	36	9/05	\$1,200		\$150	0	R1	1/08
Bank Name	44 XXX	A	5/04	44	12/07	\$6,000		0	0	11	1/08
Auto Finance Co.	560000	I	1/08	24	1/08	\$7,500	\$200	\$2,000	\$400	15	1/08
1	2	3	4	5	6	7	8	9	10	11	12
<b>E Public Record Information</b>											
Lien Filed 3/06; Fulton CTY; Case Number 42988; Amount \$42,789; Class: State; Released 9/07; Verified 9/07											
Bankruptcy Filed 5/05; Northern District Ct; ID Number 673HC12; Liabilities \$35,787; Personal; Individual; Discharged; Assets - \$780											
<b>F Collection Agency Account Information</b>											
Pro Coll (800) xxx-xxxx Collection reported 9/06; Assigned 9/05 to Pro Coll; Client XYZ Hospital, Amount \$789; Unpaid Balance \$789; Date of last activity 9/06											
<b>G Inquiries/Companies That Requested Your Credit File</b>											
1/2/2008 AAA Bank											
2/5/2007 BIG Department Store											



# Myth Buster

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My credit report contains information about my recent divorce.

TRUE

FALSE





# What information is not in a credit report?

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- Race
- Religion
- Medical history
- Political affiliation
- Checking or savings account
- Any other information not related to credit





# How to obtain a credit report?

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- Free reports every 12 months from AnnualCreditReport.com
- May be purchased at any time from any of the three agencies
- Personal information required for ordering report





# Myth Buster

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I don't need to check my credit report because I pay my bills on time.

TRUE

FALSE





# Importance of reviewing report annually

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- Discover identity fraud
- Keep accurate report on file
- Help set goals to improve or maintain information on report





# Myth Buster

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It is up to the credit reporting agency to verify information before they put it on my report.

TRUE

FALSE



## Dispute process if errors found in credit report

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- Use dispute form supplied by credit bureau
- Dispute through credit bureau Web site
- Dispute directly with creditor
- Request corrected reports be sent to creditors and employers who received inaccurate report
- Make a 100 word personal explanation in credit file for disputed or unresolved information.





# Guidelines for using credit cards

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- Plan ahead
- Shop around
- Pay bills on time
- Contact creditors for late pay
- Limit number of credit cards





# Guidelines for using credit cards

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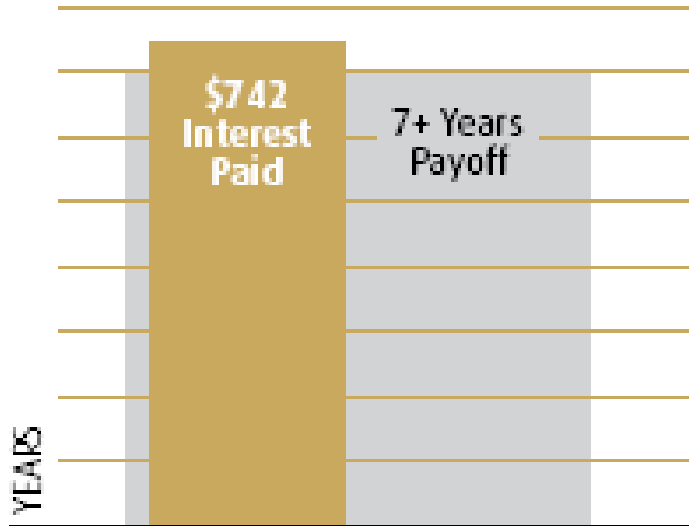
- Don't overspend
- Item purchased should outlast payments
- Use credit infrequently



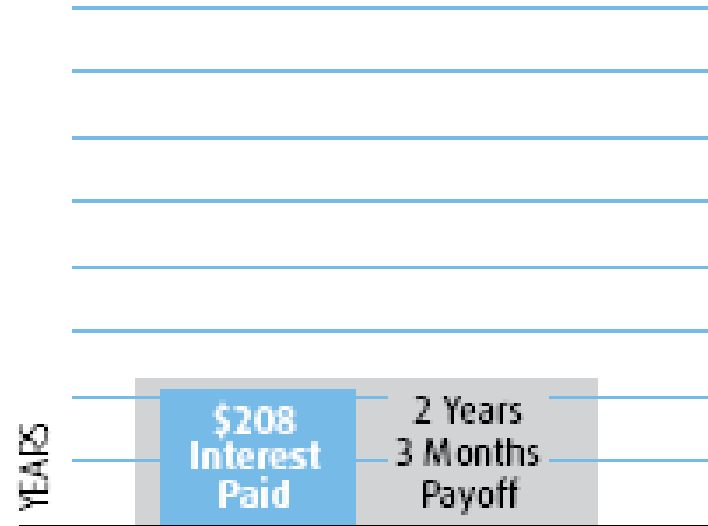


# Using credit means greater cost

Total Monthly Payment = **\$20:**



Total Monthly Payment = **\$45:**





# What is a credit score?

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A credit score is a three digit number that creditors use to assess the likelihood that consumers will repay their debts and make payments on time.





# Myth Buster

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You need a score above 700 to get a preferred interest rate.

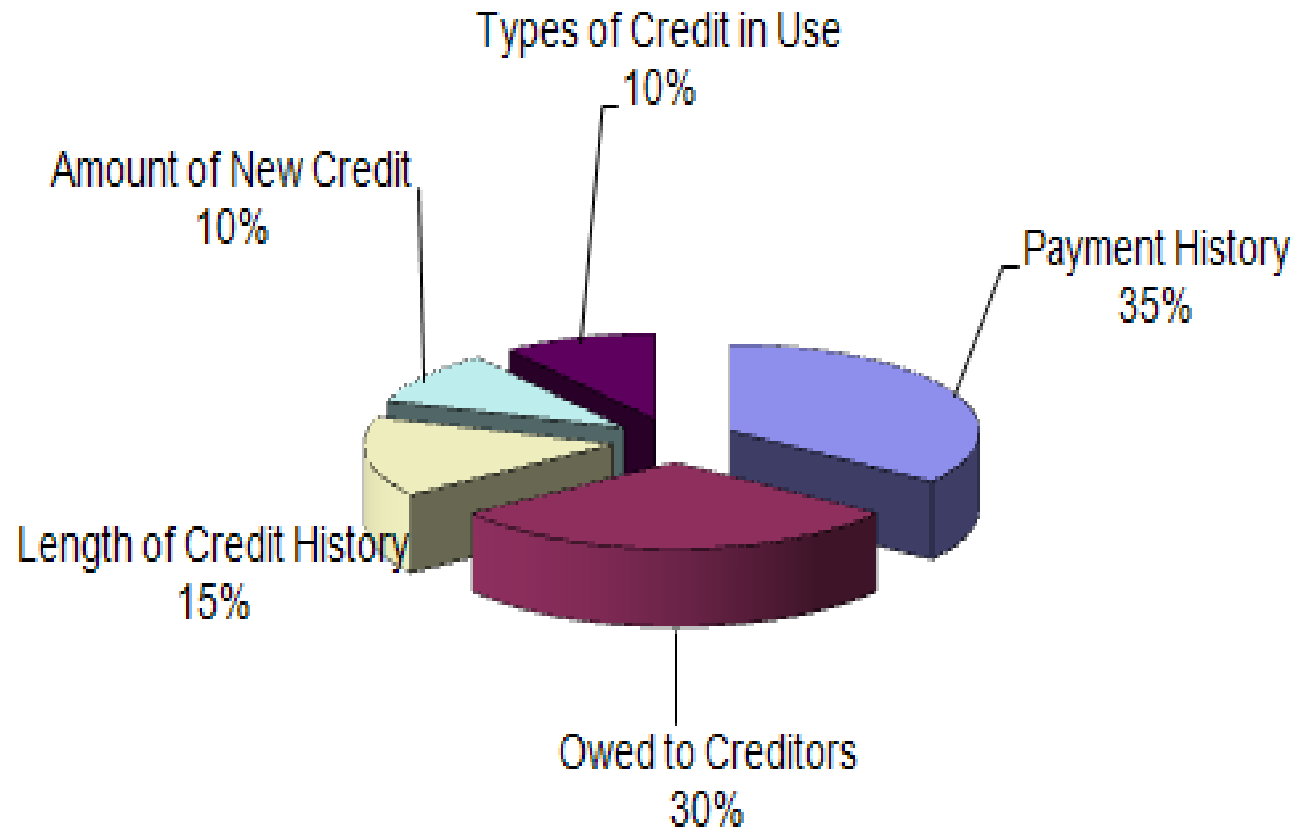
TRUE

FALSE





# How is a score generated?





# How can I improve my credit score?

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- Be sure the credit report is accurate
- Pay bills consistently and on time
- Reduce balances on credit card accounts and keep them low
- Consider limiting the number of credit cards used
- Reduce inquiries by limiting new credit applications
- Avoid companies who claim they can improve your score for a fee





# Summary

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- Good credit is a valuable financial asset
- Review credit report regularly and correct errors promptly
- Keep credit card balances low
- Pay bills on time every month
- Build and protect your good credit





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