

## Facts On Credit Bureaus

The following information relates to the understanding and use of a credit score. Listed are details regarding the determination of a credit score, how you can find out what your credit score is, and what you can do if you have questions about your credit score. Such information is critical when borrowing finances for personal or business use. The point of this information sheet is to make you aware of issues related to credit and how managing your credit prudently can insure a good credit score.

If you have had a loan or credit account with a lender, the lender has probably reported activity on your account to a credit bureau. The three major credit bureaus in the United States are: Equifax, Experian, and TransUnion.

There are Five Factors Used in Determining a Credit Score: Payment History: Approximately 35% of Amounts Owed: Approximately 30% Length of Credit History: Approximately 15% Taking on More Debt: Approximately 10% Types of Credit in Use: Approximately 10% Credit score reasons are useful in determining whether or not a credit report contains errors and/or how a consumer's credit health might be improved.

If I have a good credit score, what can you do to keep it that way?

- pay all your bills on time,
- if you have missed a bill payment, get the payment current and then keep it current,
- keep the balances owed on your credit cards and other lines of credit as low as possible,
- pay off debt rather than move it around to other agencies,
- do not open a number of new credit card accounts just to increase availability of credit,
- do not close credit card accounts as a short-term solution to increasing your credit score,
- if you have had credit for only a short period of time, do not open a lot of new accounts too rapidly,
- prudently apply for and open new credit accounts when needed,
- manage your credit card accounts prudently such as paying off the balance each month if possible, and
- note that simply closing an account does not make it go away, especially if it has a bad credit history.

Since lenders may not transfer account activity to all credit bureaus, your credit report may vary among credit bureaus. Therefore, it is important to check your credit report annually with each of the three credit bureaus.

Why do I want a copy of my credit report?

Your credit report has information that affects whether you can get a loan – and how much you will have to pay to borrow money. You want a copy of your credit report to: 1) make sure the information is accurate, complete, and up-to-date before you apply for a loan for a major purchase like a house or car, buy insurance, or apply for a job. 2) Help guard against identity theft. That’s when someone uses your personal information – like your name, your Social Security number, or your credit card number – to commit fraud. Identity thieves may use your information to open a new credit card account in your name. Then, when they don’t pay the bills, the delinquent account is reported on your credit report. Inaccurate information like that could affect your ability to get credit, insurance, or even a job.

The federal Fair and Accurate Credit Transactions Act of 2003 (FACT Act) allows that every U. S. resident may annually order 1 copy of their credit report free-of-charge from each of the 3 major credit bureaus.

How do I order my free credit report?

The three nationwide consumer reporting companies have set up a central website, a toll-free telephone number, and a mailing address through which you can order your free annual report. To order, visit [www.annualcreditreport.com](http://www.annualcreditreport.com) or call 1-877-322-8228. You may also complete the Annual Credit Report Request Form and mail it to: Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281.

A Warning About “Imposter” Websites

Only one website is authorized to fill orders for the free annual credit report you are entitled to under law – [annualcreditreport.com](http://annualcreditreport.com). Other websites that claim to offer “free credit reports,” “free credit scores”, or “free credit monitoring” are not part of the legally mandated free annual credit report program. In some cases, the “free” product comes with strings attached. For example, some sites sign you up for a supposedly “free” service that converts to one you have to pay for after a trial period. If you don’t cancel during the trial period, you may be unwittingly agreeing to let the company start charging fees to your credit card.

Some “imposter” sites use terms like “free report” in their names; others have URLs that purposely misspell [annualcreditreport.com](http://annualcreditreport.com) in the hope that you will mistype the name of the official site. Some of these “imposter” sites direct you to other sites that try to sell you something or collect your personal information.

Q. What if I'm turned down for credit?

A. If you have been turned down for credit, the Equal Credit Opportunity Act (ECOA) gives you the right to obtain the reasons why within 30 days. You are also entitled to a free copy of your credit report within 60 days. You can request the report from the three credit bureaus listed on page one.

Q. Why is a good credit score so important?

A. A good credit score creates opportunities for access to credit as well as helping you access credit more rapidly and with better terms. A good credit score also gives you access to a larger amount of credit, assuming you can prudently manage that credit and you have the capacity for repayment of the credit.

Q. What other criteria does a lender consider in addition to my credit score?

A. Lenders consider other than just your credit score when deciding whether or not to extend credit. They consider the amount of debt you can handle given your income, your employment history, your credit history, as well as staying within their institutional underwriting policies.

Q: What if I find errors – either inaccuracies or incomplete information – in my credit report?

A: Under the FCRA, both the consumer reporting company and the information provider (that is, the person, company, or organization that provides information about you to a consumer reporting company) are responsible for correcting inaccurate or incomplete information in your report. To take full advantage of your rights under this law, contact the consumer reporting company and the information provider.

Tell the consumer reporting company, in writing, what information you think is inaccurate.

Consumer reporting companies must investigate the items in question – usually within 30 days – unless they consider your dispute frivolous. They also must forward all the relevant data you provide about the inaccuracy to the organization that provided the information. After the information provider receives notice of a dispute from the consumer reporting company, it must investigate, review the relevant information, and report the results back to the consumer reporting company. If the information provider finds the disputed information is inaccurate, it must notify all three nationwide consumer reporting companies so they can correct the information in your file.

When the investigation is complete, the consumer reporting company must give you the written results and a free copy of your report if the dispute results in a change. (This free report does not count as your annual free report under the FACT Act.) If an item is changed or deleted, the consumer reporting company cannot put the disputed information back in your file unless the information provider verifies that it is accurate and complete. The consumer reporting company also must send you written notice that includes the name, address, and phone number of the information provider.

Tell the creditor or other information provider in writing that you dispute an item. Many providers specify an address for disputes. If the provider reports the item to a consumer reporting company, it must include a notice of your dispute. And if you are correct – that is, if the information is found to be inaccurate – the information provider may not report it again.

Q. What are some of the things done that can create an error?

A. Some of the things that can potentially create an error on your credit report are: 1) applying for credit without making sure your name is correct and complete, especially if it is a common name such as James Jones vs Jim Jones, 2) a clerical error made when entering data which should be corrected by notifying the credit reporting agency, 3) giving an incorrect Social Security number and 4) loan and credit card payments that have been applied to the wrong account

Q: What can I do if the consumer reporting company or information provider won't correct the information I dispute?

A : If an investigation doesn't resolve your dispute with the consumer reporting company, you can ask that a statement of the dispute be included in your file and in future reports. You also can ask the consumer reporting company to provide your statement to anyone who received a copy of your report in the recent past. You can expect to pay a fee for this service.

If you tell the information provider that you dispute an item, a notice of your dispute must be included any time the information provider reports the item to a consumer reporting company.

Q: How long can a consumer reporting company report negative information?

A: A consumer reporting company can report most accurate negative information for seven years and bankruptcy information for 10 years. There is no time limit on reporting information about criminal convictions; information reported in response to your application for a job that pays more than \$75,000 a year; and information reported because you've applied for more than \$150,000 worth of credit or life insurance. Information about a lawsuit or an unpaid judgment against you can be reported for seven years or until the statute of limitations runs out, whichever is longer.

Q: Can anyone else can get a copy of my credit report?

A: The FCRA specifies who can access your credit report. Creditors, insurers, employers, and other businesses that use the information in your report to evaluate your applications for credit, insurance, employment, or renting a home are among those that have a legal right to access your report.

Q: Can my employer get my credit report?

A: Your employer can get a copy of your credit report only if you agree. A consumer reporting company may not provide information about you to your employer, or to a prospective employer, without your written consent.

The FTC works for the consumer to prevent fraudulent, deceptive and unfair business practices in the marketplace and to provide information to help consumers spot, stop, and avoid them. To file a complaint or to get free information on consumer issues, visit [www.ftc.gov](http://www.ftc.gov) or call toll-free, 1-877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261. The FTC enters Internet, telemarketing, identity theft, and other fraud-related complaints into Consumer Sentinel, a secure online database available to hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.