



Understanding Your Credit Report and Credit Score

Credit Report

Your credit report contains information about where you work and live and how you pay your bills. It also may show whether you have been sued or arrested or have filed for bankruptcy.

The information in your credit report affects whether you can get a loan and how much you will have to pay to borrow money. Before you apply for a loan, it is important to check your report to make sure the information is accurate, complete, and up-to-date.

Credit Score

Credit scoring is a system creditors use to help determine whether to give you credit. Credit scoring is based on real data and statistics, so it usually is more reliable than subjective or judgmental methods. It treats all applicants objectively. A credit scoring system awards points for each factor that helps predict who is most likely to repay a debt. A total number of points – a Credit Score – helps predict how creditworthy you are, that is, how likely it is that you will repay a loan and make the payments when due. Your credit score can range from 350 to 850. A score of 650 is considered Fair; 750 is considered Good; and 850 is Excellent. Your credit score is similar to a report card you received in school. It tells everyone how well you are doing.

Improving Your Credit Score

To improve your credit score, concentrate on paying your bills on time, paying at least the minimum amount required, paying down outstanding balances, and not taking on new debt. It is likely to take some time to improve your score significantly. For additional information, view

Improving Your FICO® Score

<http://www.myfico.com/CreditEducation/ImproveYourScore.aspx>

Improve Your Credit Score (Experian)

<http://www.experian.com/credit-education/improve-credit-score.html>

Improving Your Credit (TransUnion)

<http://content.truecredit.com/LearningCenter/improvingCredit/overview.page?>

Keeping Score on Your Credit Score (Equifax)

http://learn.equifax.com/cs/Satellite?c=DS_General_Content_C&childpagename=DecisionSimple%2FDS_General_Content_C%2FDSGeneralContentTemplate&cid=1189578994233&pagename=DecisionSimple%2FPage%2FDSLLayoutTemplate&ParentLinkID=1162919656130

Credit Repair Scams

Beware of credit repair companies that claim that they can remove late payments, bankruptcies and other negative information from your credit report or can create a new report for you. For additional information, view the Federal Trade Commission website:

<http://www.ftc.gov/bcp/edu/microsites/idtheft/consumers/consumer-publications.html>

Credit Counseling *Housing and Credit Counseling, Inc.*

Housing and Credit Counseling, Inc. (HCCI) is a non-profit organization dedicated to counseling and educating all people to achieve their personal housing and financial goals. HCCI began as a grass-roots tenant's rights organization in 1972 and has grown into a multi-service organization with three offices throughout Northeastern Kansas - *Topeka, Lawrence, Manhattan*, - and a staff of 17. You might benefit from credit counseling.

Housing and Credit Counseling, Inc.

1195 SW Buchanan

Topeka, KS 66604

785-234-0217

<http://www.hcci-ks.org/>

Consumer Reporting Agencies or Credit Bureaus

Companies called consumer reporting agencies (CRA's) or credit bureaus compile and sell your credit report to businesses. Because businesses use this information to evaluate your applications for credit, insurance, employment, and other purposes allowed by the Fair Credit Reporting Act (FCRA), it's important that the information in your report is complete and accurate.

Obtaining Your Credit Report or Credit Score

Financial advisors suggest that you periodically review your credit report for inaccuracies or omissions. This could be especially important if you are considering making a major purchase, such as buying a home or vehicle, or trying to get a loan for one of these purchases or even to start a business. Checking in advance on the accuracy of information in your credit file could speed the credit-granting process.

If you have been denied credit, insurance, or employment because of information supplied by a CRA, the FCRA says the company you applied to must give you the CRA's name, address, and telephone number. If you contact the agency for a copy of your report within 60 days of receiving a denial notice, the report is FREE.

Equifax

PO Box 740241

Atlanta, GA 30374-0241

EXPERIAN (397-3742)

www.equifax.com

Experian

PO Box 2104

Allen, TX 75013

(800) 916-8800

www.experian.com

Trans Union

PO Box 1000

Chester, PA 19022 (800) 685-1111 (888)

<http://www.transunion.com/>

Under the Fair Credit Reporting Act, you are entitled to one free credit report in a 12 month period from each of the three consumer reporting agencies (Equifax, Experian, and TransUnion.) To request these reports, contact:

Annual Credit Report Request Service

PO Box 105283

Atlanta, GA 30348-5283 (877)

FACTACT

www.annualcreditreport.com

How to Dispute Credit Report Errors

Under the Fair Credit Reporting Act (FCRA), both the Credit Reporting Agency (CRA) and the organization that provided the information to the CRA, such as a bank or credit card company, have responsibilities for correcting inaccurate or incomplete information in your report. To protect all of your rights under the law, contact both the CRA and the information provider.

First, send a written statement to the CRA detailing what information you believe is inaccurate. Include copies (NOT originals) of documents that support your position. In addition to providing your complete name and address, your letter should clearly identify each item in your report that you dispute, state the facts and explain why you dispute the information, and request deletion or correction. You may want to enclose a copy of your report with the items in question circled. Send your letter by certified mail, return receipt requested, so you can document what the CRA received. Keep copies of your dispute letter and enclosures.

For additional information on how to dispute credit report errors, view <http://www.ftc.gov/bcp/edu/pubs/consumer/credit/cre21.htm>.

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