

UNDERSTANDING YOUR CREDIT REPORT

Your credit report contains information about your past and present credit transactions. The report is used primarily by potential lenders to evaluate your creditworthiness. It's a good idea to get and review a copy of your credit report annually, especially if you are about to apply for additional credit, like a loan.

How to get a copy of your credit report

Every consumer is entitled to a FREE annual credit report every 12 months from each of the three primary credit bureaus (Experian, Equifax, and TransUnion).

To get your free annual report, you can contact each of the credit bureaus individually, or you can contact one centralized source that has been created for this purpose. In addition to the annual report, you are also entitled to a free report under the following circumstances:

- A company has taken adverse action against you, such as denying you credit, insurance or employment (you must request a copy within 60 days of the adverse action)
- You're unemployed and plan to look for a job within the next 60 days
- You receive Federal Assistance
- Your report is inaccurate due to fraud (this includes identity theft)

What is AnnualCreditReport.com

The easiest way to order your free annual report is through AnnualCreditReport.com. You can order your report by going online at www.annualcreditreport.com, by calling (877) 322-8228, or by completing an Annual Report Request Form and mailing it to Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281.

Alternatively, you can contact each of the three credit bureaus individually:

- Experian National Consumer Assistance Center, www.experian.com, (888) 397-3742
- Trans Union LLC, Consumer Disclosure Center, www.transunion.com, (800) 888-4213
- Equifax, Inc. Information Services, LLC, www.equifax.com, (800) 685-1111

If you make your request online, you should get access to your report immediately. If you request your report by phone, you should receive it within 15 days.

What's included in your credit report

Your credit report begins with your personal information:

- Your name
- Address
- Social Security number
- Telephone number
- Employer
- Past address(es)
- Past employer(s)
- Your spouse's name (if applicable)

Check this information for accuracy. If any of it is wrong, correct it with the credit bureau that issued the report.

The bulk of the information in your credit report is account information. For each creditor, you'll find the following information:

- Lender's name
- List of accounts held with the lender
- Account type
- Date the account was opened
- High balance of account
- Current account balance
- Loan terms (if applicable)
- Your payment history
- Account's current status

You'll also see status indicators that provide information about your payment performance over the past 12 to 24 months, such as:

- If account is or has been past due
- Length of time past due
- Repossessions
- Notations of bankruptcies
- Tax liens
- Criminal proceedings
- Charge-offs

At the end of your credit report, you'll find notations on who has requested a copy of your credit report in the past 24 months. These requests show up as inquiries. A lender will request a copy of your credit report when you apply for credit. Other inquiries indicate your name has been included in a creditor's prescreen program, like for an unsolicited credit card offer.

You may be surprised at how many accounts show up on your report. If you find inactive accounts (accounts you no longer use), you should contact the credit card company, close the account and ask for a letter confirming that the account was closed at the customer's request.

What does all of this mean?

The willingness of a lender to extend you credit depends on the lender's criteria and your credit history. Generally, a lender feels more comfortable that you will pay back your debts timely if you have proven this in the past. A history of late payments or bad debts can cause a new lender to turn you down for credit or extend it to you at a higher interest rate. Too many inquiries on your credit report in a short time can also make lenders suspicious. Loan officers may assume that you're being turned down repeatedly for credit or that you're not being responsible with your money. This may lead to lenders not wanting to extend credit to you.

Your credit report may also indicate you have good credit, but not enough of it.

How do you correct errors on your report?

Under federal law, you have a right to dispute incorrect or misleading information on your credit report. Typically, your annual credit report will include either a form to complete or a phone number to call to alert the credit bureau about the information that you wish to dispute.

Once the credit bureau receives your request, it generally has 30 days to complete an investigation by checking any item you dispute with the party that submitted it. Then, one of four things should happen:

- The party submitting the information agrees the information is incorrect and the information is corrected
- The party submitting the information maintains the information is correct and your credit report goes unchanged
- The party submitting the information doesn't respond, and the disputed information must be removed from your report
- The credit bureau doesn't investigate, so the disputed information must be removed from your report.

You should be provided with a report on the investigation within five days of its conclusion. If the investigation resulted in a change to your credit report, you should also get an updated copy.

For any information that you dispute but remains unchanged, you have the right to add a statement of 100 words or less to your credit report explaining your side of the story. A summary of your statement will go out with every copy of your credit report in the future. You can also have the statement sent to anyone who has gotten your credit report in the past six months.