

CREDIT REPORTS

It is important for you to know what is in your credit report. Knowing your score is important if you have a major purchase (car, home, etc.) coming up. It is estimated that approximately 70% of all credit reports contain one or more errors.

You are entitled to a **FREE credit report** if you are ever denied credit and the denial is linked to unfavorable information contained in a credit report. The credit-reporting agency is required to disclose the unfavorable information and the source of that information to you.

You are also entitled to a free copy of your credit report once each year from each of the three credit reporting agencies. There are many websites that advertise a free credit report or credit score, but the only legitimately free one is annualcreditreport.com (or call 1-877-322-8228). Lenders use a system known as “myFICO” for your actual credit score. For the companies that advertise their “free” credit score or your credit report for free, please also note the fine print that says “with purchase” or subscription to the product or service they are selling.

If you find errors on your credit report that appear to be the result of identity theft contact:

1-877-IDTHEFT (438-4338) www.consumer.gov/idtheft
1-800-876-7060 www.fraud.org

A credit-reporting agency cannot make changes to your credit report. They only report information provided to them by credit grantors. It is up to you to work with your creditors to clear up any erroneous information that is contained in your credit file.

If you have bad credit reported on your file, and the information reported is found to be accurate, that information will remain on your file and reported for seven (7) years after the date of the final payment or any activity concerning that file. If the information relates to a bankruptcy, the information will remain for ten (10) years following the date of bankruptcy discharge.

Contact information for the major credit reporting agencies is listed below:

Trans Union
Consumer Disclosure Center
P.O. Box 390
Springfield, PA 19064-0390

1-800-888-4213
www.transunion.com

Experian (formerly TRW)
Consumer Assistance
P.O. Box 2104
Allen, TX 75013-2104

1-888-397-3742
www.experian.com

Equifax Credit Information Services
P.O. Box 74241
Atlanta, GA 30374

1-800-685-1111
www.equifax.com

Sample Dispute Letter

Date

Your Name
123 Current Address
City, State 00000-0000

Complaint Department
_____ Credit Bureau Credit Information Services
P.O. Box 00000
City, State Zip Code

Dear Sir

I am writing to dispute the following information in my file. The items I dispute are also circled on the attached copy of the credit report I received (always send a copy of your credit report with the disputed information circled).

The lien filed on 02/95 and bankruptcy filed 10/94 are inaccurate because I never had a lien or bankruptcy filed (what is inaccurate and why). I am requesting (state what specific corrective action you desire) that these items be deleted from my credit report to correct the information.

Please investigate these matters and delete the disputed items as soon as possible.

Sincerely

Your Name

Enclosures: Credit Report

ANATOMY OF A CREDIT REPORT

Details about your financial behavior and identification information are contained in your personal credit report. This consumer-friendly report is sometimes called a credit file or a credit history. A copy of your credit report makes it easy for you to understand the information a lender would be seeing if they review your credit history. The typical consumer credit report includes four types of information: identifying information, credit history, public records and inquiries.

Identifying (personal) information is just that, information to identify you. Look at it closely to make sure it's accurate. It's not unusual for there to be two or three spellings of your name or more than one reported variation of your Social Security number. That's usually because someone reported the information that way. The variations will stay on your credit report; because removing them would remove data that is linked to you.

Other information might include your current and previous addresses, your date of birth, telephone numbers, driver's license numbers, your current and previous employers and your spouse's name.

<u>Personal Identification Information</u>	
Your Name	Social Security # 000-00-0000
123 Current Address	Date of Birth: December 18, 1984
City, State 00000	
Previous Address(es)	
234 Any Road, Deadhorse, AK 00000	
P.O. Box 0000, Wink, TX 00000	
Last Reported Employment: Hospital Sanitation	

"Statements of dispute" may also be added by you or your creditors. Creditors report temporary dispute statements when you challenge an account's status with them. The statement is no longer reported when the dispute is resolved, usually within 30 days.

If you and your creditor cannot agree on an account's status, you may have a statement added to your credit history. The statement will remain for seven years. Because the Fair Credit Reporting Act (FCRA) requires that credit bureaus add statements at the consumer's request, they cannot mask medical information contained in a statement. Statements display to anyone who reviews your information so it may not be in your best interest to share your medical information in a statement.

By law, credit-reporting agencies cannot disclose certain medical information (relating to physical, mental, or behavioral health or condition). Although they do not generally collect such information, it could appear in the name of a data furnisher (i.e., "Cancer Center") that reports your payment history to them. If so, those names display in your report, but in reports to others they display only as medical payment data.

Public record information in some states may also include overdue child support. Bankruptcy information can remain on your credit report up to 10 years; unpaid tax liens can remain for up to 15 years; other public record information can remain up to seven years.

This section is the part you want to be absolutely blank. If you have a public record on there, you've had a problem.

Public Record Information

Lien Filed 02/95; Big City, Case or other ID Number-00000; amount \$27045; Class-state; released 07/95; verified 02/95

Bankruptcy filed 10/94; Any District Ct; Case or other ID Number-000AB000; Liabilities-\$13072; Personal; Individual; Discharged; Assets-\$790

It doesn't list arrests and criminal activities; just financial-related data, such as bankruptcies, judgments and tax liens. Those are the monsters that will trash your credit faster than anything else.

The next section is your **credit history**. Sometimes, the individual accounts are called trade lines.

Credit information includes specific account information, such as the date opened, credit limit or loan amount, balance and monthly payment and payment pattern. The report also states whether anyone besides you (a joint account holder or cosigner, for example) is responsible for paying the account. Active positive credit information may remain on your report indefinitely, while most negative information remains up to seven years.

	Company Name	Account Number	Whose Account	Date Opened	Months Review	Last Activity	High Credit	Terms	Balance	Past Due	Status	Date Reported
Note	1	2	3	4	5	6	7	8	9	10	11	12
	Bank	1234	I	4/98	24	4/01	\$750		\$0		I1	3/04
	Store	5678	J	12/00	36	12/01	\$1,000		\$0		R1	1/04
	Auto	9101	I	5/00	48	12/04	\$2,400	\$50	\$300	\$200	I5	8/04

Notes:

1. Creditor reporting the information
2. Account number reported by the creditor
3. See explanation (next page)
4. Month and year the creditor opened the account
5. Number of months account payment history has been reported
6. Date of last payment Change or occurrence
7. Highest amount charged or the credit limit
8. Number of installments or monthly payment
9. The amount owed as of the date reported
10. The amount past due as of the date reported
11. See explanation (next page)
12. Date of last account update

Each account includes the name of the creditor and the account number, which may be scrambled for security purposes. You may have more than one account from a creditor. Many creditors have more than one kind of account, or if you move, they transfer your account to a new location and assign a new number. The entry will also include:

<p>Whose Account: Indicates who is responsible for the account and the type of participation you have with the account.</p> <p>J = Joint I = Individual U = Undesignated A = Authorized User T = Terminated M = Maker C = Co-Maker/Co-Signer B = On behalf of another person S = Shared</p>	<p style="text-align: center;">Status: Type of Account</p> <p>O = Open (entire balance due each month) R = Revolving (payment amount variable) I = Installment (fixed number [and amount] of payments)</p> <p style="text-align: center;">Timeliness of Payment</p> <p>0 = Approved not used, too new to rate 1 = Paid as agreed 2 = 30 + days past due 3 = 60 + days past due 4 = 90 + days past due 5 = Pays or paid 120 days past due; or collection account 7 = Making regular payments under wage earner plan or similar arrangement 8 = Repossession 9 = Charged off bad debt</p>
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On Experian's report, your payment history is written in plain English – “never pays late,” “typically pays 30 days late,” etc. Other reports use payment codes ranging from 1 to 9; an R1 or I1 on a report are indications of a good payment history on a revolving or installment account. Other comments might include internal collection and charged off or default. Charged off (written off) means the creditor has made efforts to collect the debt, without success and has given up.

Collection Agency Account Information

Any Collection Agency
Collection Reported 07/99; Assigned 09/99 to Any Collection Agency (800) 000-0000Client
ABC Hospital: Amount-\$878; Paid collection Account

The final section is the **inquiries**. That's a list of everyone who asked to see your credit report

Requests by others to view your credit history will show you who has received information from your credit report and who was given your name during the recent past, as allowed by law. According to the Fair Credit Reporting Act, credit grantors with a permissible purpose may inquire about your credit information without your prior consent. This section includes the date of the inquiry and how long the inquiry will remain on your report.

Any time anyone gets into your credit report, it will post an inquiry. It's a very detailed entry record. It's great for you, the consumer to know who's been looking at your report.

Companies that Requested your Credit File

08/06/04 Bureau Disclosure	12/27/04 Department Store
03/01/04 Bankcard	01/23/04 Bankcard

Inquiries are divided into two sections. "Hard" inquiries are ones you initiate by filling out a credit application or taking your child to the orthodontist. "Soft" inquiries are from companies that want to send out promotional information to a pre-qualified group or current creditors who are monitoring your account.

You may have heard that a large number of inquiries can have a negative impact on your credit score, but you're probably OK. However, the vast majority of inquiries are ignored by the FICO scoring models.

For instance, the model has a buffer period that ignores inquiries within 30 days of getting a mortgage or a car loan. It also counts two or more "hard" inquiries in the same 14-day period as just one inquiry. Therefore, you could have 30 in two weeks and it would only count as one inquiry.

If you find a mistake on your credit report -- an account that isn't yours or a disputed amount -- you'll need to fill out the form that comes with the report, or follow the instructions on the explanatory sheet.

The process takes time because the creditors have 30 days to respond to a charge of a discrepancy. As long as a charge is in dispute, that dispute will show up on your report. Long-time lenders say it's common for reports to have errors. Some estimate that as many as 80 percent of all credit reports have some kind of misinformation.

On most personal credit reports, information about those who inquired for the purposes of extending a pre-approved credit offer are included for your information. These inquiries are not revealed to creditors and do not impact your ability to obtain credit.

Your credit report does not contain – and credit bureaus do not collect – data about race, religious preference, medical history, personal lifestyle, political preference, friends, criminal record or any other information unrelated to credit. Nor is there information about your checking or savings accounts.