



# TOP 5 TIPS

## 1 Credit Report Basics

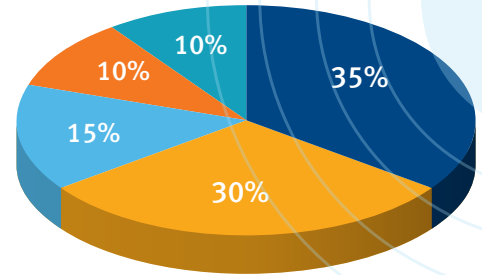
Your credit report tells lenders or potential employers:

- Who you are
- How much debt you have
- Payment history
- If there is negative information on you or you are being sued

There are 3 credit reporting agencies that provide information about you:

- Equifax®
- TransUnion®
- Experian®

Your credit score can range between 350 – 850, depending on the company’s scoring model



- Payment History
- Amount Owed
- Length of Credit History
- New Credit
- Types of Credit Used

## 2 What's in a Credit Report?

These items ARE on your report:

- Installment Loans
  - Auto, Home, Personal Loans, Payday Loans, Student Loans
  - Loans you have co-signed on or you are an Authorized User
  - Loans you have/had jointly, even if divorced
- All credit cards and revolving debt
  - Home Equity Lines of Credit
  - Credit Cards
  - Business Credit Cards (personally guaranteed)
- Public Records
  - Bankruptcy
  - Judgments
  - Collections
  - Tax Liens
- Inquiries
  - Credit pulled for lending purposes (any company)
  - Employers, Insurance and “soft pulls” are shown but do not affect score

- Personal Information
  - Name (current/past)
  - Address (current/past)
  - Date of Birth
  - Social Security Number
  - Employer (current/past)

These items ARE NOT on your report (unless you are in default\*)

- Utility, insurance, cell phone, or medical payments\*
- Land contract or rent payments\*
- Checking/savings account balances
- Income
- Race, gender, religion or national origin
- Driving record

# 3

## Your Credit Score is Your Buying Power

Your credit score can have one of the biggest impacts on your financial life. Your credit history may be reviewed by banks, cell phone companies, insurance agents, credit card companies and even potential employers. Understanding how it works will help you maintain healthy finances.

- Higher scores = lower interest rates, longer repayment terms, lower monthly payments
- Lower scores = higher interest rates, shorter repayment terms, higher monthly payments, more interest

### FICO® Score - Primary method used to assess credit

- Score range: 300 to 850
- The score is based on:
  - Past payment history: 35%
  - Outstanding debt: 30%
  - How long you have had credit: 15%
  - New applications for credit: 10%
  - Types of credit: 10%

### VantageScore® – Newer Credit Scoring System

- Score range: 501-990
- Groups scores by letter category (like school grades)
  - A = 901-990
  - B = 801-900
  - C = 701-800
  - D = 601-700
  - F = 501-600



\*Example of FICO Scores

# 4

## Update Your Credit Report

- Obtain your Free Annual Credit Report  
Visit: [www.annualcreditreport.com](http://www.annualcreditreport.com)  
Call: 877-322-8228  
Mail: Annual Credit Report Request Service  
P. O. Box 105281  
Atlanta, GA 30348-5281  
*-Order all three at once to compare and review for mistakes*
- Ask for advice – meet with a financial expert (Banker) to review the report and identify errors
- Dispute any incorrect items online or via letters – send to all three credit bureaus
- Follow up on the results
- You can obtain a free credit report anytime you are denied for credit

# 5

## Tips to Keep Your Credit Strong

- Monitor your Credit Report regularly and pay your bills on time  
*The National Foundation for Credit Counseling (NFCC) reports that recent activity on your credit reports is more important than past mistakes. Establish a steady record of repayment to help resolve past due accounts.*
- Don't max out your credit
  - Keep your revolving credit to less than 30% of your total available credit (credit limits)
  - Creditors and lending institutions consider your credit utilization ratio when deciding to grant credit or raise your credit lines
- Keep track of the Length of Credit History
  - FICO says that the length of your credit history accounts for 15 percent of your scores
  - Don't close accounts, particularly those that you've had for a longer time
- Minimize your Risk of Identity Theft
  - Protect your personal information (SSN, PINs, passwords, credit/debit cards)
  - Protect your incoming/outgoing mail
  - Sign up for direct deposit
  - Keep your financial trash "clean"
  - Keep an eye on your bank statements and credit card bills

