

What is a credit score?

- Your credit score is a number between 300 and 850.
- It is used by creditors to decide whether to give you credit and on what terms.
- The higher the number, the better your credit rating.

What is the FACT Act?

The FACT (Fair and Accurate Credit Transactions) Act was signed into law in December 2003 and incorporates . . .

- New privacy regulations
- Identity theft dispute procedures
- Free annual consumer disclosures

That means you can request a **FREE** copy of your consumer disclosure every twelve months from TransUnion, Equifax, and Experian.

A “consumer disclosure” is *all* the information in your credit file. A “credit report” contains only *some* of the information in your credit file.

You can request your FREE consumer disclosure . . .

- Online at www.annualcreditreport.com
- By phone at 877-322-8228
- By sending a request from to:
Annual Credit Report Request Service
P.O. Box 105281
Atlanta, GA 30348-5281

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Resources

Get a copy of your credit report at:

www.myfico.com
www.experian.com
www.transunion.com
www.equifax.com
www.truecredit.com

Find the best card for you at:

www.bankrate.com (click on credit cards)
www.credit-card-applications-center.com

Learn how to manage your money and use credit cards properly at:

www.aba.com (click on consumer connections)
www.mymoney.gov
www.managingmymoney.com

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A Guide To Understanding Your Credit

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What is a credit report?

- A credit report details your financial history.
- Consumer reporting agencies sell your credit report to creditors, insurers, and employers who use it to evaluate your applications for credit, insurance, and employment, etc.

What is in your credit report?

- Identifying Information
 - Full name
 - Current and previous addresses
 - Social Security number
 - Current and previous employers
- Credit Information
 - Types of accounts
 - Loans, mortgages, student loans, and credit cards
 - Credit limit or loan amount
 - Any co-signers of the loan
 - Payment history
 - Late payments, amounts owed, and accounts with balances
 - Length of credit history
 - Time since account opened
 - Time since account activity
- Public record Information
 - State/county court records
 - Bankruptcy, tax liens, and monetary judgments
- Recent Inquiries
 - Names of companies who have obtained copies of your credit report within the past year

Source: www.fibsf.org (Federal Reserve Board, San Francisco)

How to improve your credit score

- **Payments**
Pay your bills on time and in full if you can. If you are going to have a late payment, call your creditor. They may be able to help you during a difficult time.
- **Time**
Try to establish a long credit history. Don't cancel your oldest credit cards, because they demonstrate the length of your active credit history.
- **Balances**
Don't owe a balance of more than 50 percent of your credit limit on each credit card. If possible, always pay more than the minimum payment due.
- **Checkups**
Check your credit report each year to make sure it is correct and contains no inaccuracies. If you find a mistake, contact the creditor or reporting agency immediately.

Warning: Signs of a crooked credit counseling service

- An organization that **guarantees** to remove late payments, bankruptcies, or similar information from your credit report.
- An organization that charges money to "repair" your credit.
- A company that asks to verify your credit card information month after month, even though it was determined to be correct.
- An organization that is reluctant to give you its address.
- An organization that pushes you into decisions too quickly.

Credit misconceptions

- **Your score will drop if you check your credit.**
Checking your own credit is considered a "soft inquiry," while an inquiry by a creditor is considered a "hard inquiry." A soft inquiry will bring your score down only a few points.
- **Closing old accounts will improve your credit score.**
It is actually beneficial to keep old accounts open because it establishes a longer credit history. To improve your credit score, lower your limit on accounts or cancel newer accounts.
- **Negative records are removed from your report once you pay them off.**
Negative records, including bankruptcy, remain on your credit report for 7-10 years after they are first posted.
- **You are not responsible for an account if you are a co-signer.**
When you become a co-signer on someone else's credit, you are taking legal responsibility for payment. The obligation will show up on both parties' credit reports. Therefore, if the other person is responsible for monthly payments and they are delinquent, you are responsible for that debt.

Source: www.myfico.com