

## Consumer credit reports and scores

### Do you...

Understand what makes up a credit score?

Know what's in your consumer credit report?

Risks to consider in not knowing your credit score and what's in your consumer credit report

Being denied for credit or employment due to errors on your report or a poor credit score

Higher interest rates on loans

Not knowing you've become a victim of identity theft

### Consumer credit reports

A consumer credit report is a record of your credit activities. It lists your credit card accounts and loans you may have, the balances and how regularly you make your payments. Companies that want to do business with you, such as lenders, apartment managers, insurance agencies, and employers, review your consumer credit report and use the information to make decisions about whether they want to lend to you, rent an apartment to you, provide insurance to you and hire you.

For many companies, credit reporting information to the consumer reporting agencies (also referred to as credit bureaus or credit reporting agencies) is optional. This may explain differences in your consumer credit reports.

#### MAJOR PARTS OF YOUR CONSUMER CREDIT REPORT

Your report has four major sections:

1. Personal information—this section contains your name, address, Social Security number, date of birth and employment information.
2. Accounts—this section lists companies you have credit accounts with, the type of account (bank card, auto loan, mortgage, etc.), the date you opened the account, your credit limit, your account balance and your payment history.
3. Inquiries—this section lists everyone who has accessed your consumer credit report within the last two years. Each time you've applied for a credit card or loan it shows up here. It also includes requests from those who have purchased your name and address for marketing purposes.
4. Negative items—this section lists public record information obtained from state

and county courts and may include bankruptcies, foreclosures, suits, wage garnishments, and liens and judgments. It also includes information on overdue debt.

#### HOW LONG INFORMATION STAYS ON YOUR CONSUMER CREDIT REPORT

Information may stay on your consumer credit report for up to seven years. Some information, such as a bankruptcy, may stay on your report for up to ten years.

### Credit scores

Your credit score is based in part on your credit accounts and payment history. A credit score is like a test score: the higher, the better. The more bad marks on a consumer credit report, like late payments or large credit card balances, the more points taken off the credit score. This score, typically ranging from 300-850, is used by creditors to determine your credit worthiness and the probability that you'll pay back a loan.

Lenders use many different credit scoring models. Responsible borrowing and repayment are your best route to a great score.

#### OTHER THINGS TO CONSIDER TO MANAGE YOUR FINANCES:

- Pay bills on time; consider setting up automated payments
- Get current and stay current
- Try to keep balances low in proportion to your overall credit limit
- Only apply for credit that is absolutely needed
- A longer history of paying bills on time provides more information to determine your credit risk

Contact your creditors for help if you're having trouble—it may minimize damage.

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### WAYS TO MANAGE YOUR CREDIT SCORE

- Continue to pay your bills on time for an excellent credit rating
- Access your free credit report annually at [www.AnnualCreditReport.com](http://www.AnnualCreditReport.com) or 877-322-8228
- Check for errors and duplicate accounts
- Report unauthorized activity immediately
- Dispute errors to each credit reporting agency or the entity that reported the information

### Three national credit bureaus/ consumer reporting agencies

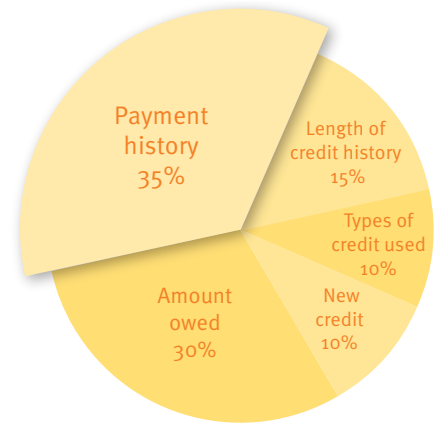
A credit bureau is a national consumer reporting agency.

- Equifax: 800-525-6285
- TransUnion: 800-916-8800
- Experian: 888-397-3742

### Getting your credit score

- Your credit score changes as new information is reported
- You can access your score for an additional charge when you view your consumer credit report
- Credit scoring models vary widely

One sample of what factors impact your credit score



Source: [www.myfico.com](http://www.myfico.com)

### ABOUT ECMC

Educational Credit Management Corporation (ECMC) is a nonprofit company providing services in support of higher education finance. We work to support college access and success, and we provide students with tools and resources for planning and paying for college. The Financial Awareness Basics (FAB) Series is designed to help you make informed decisions about your financial future.