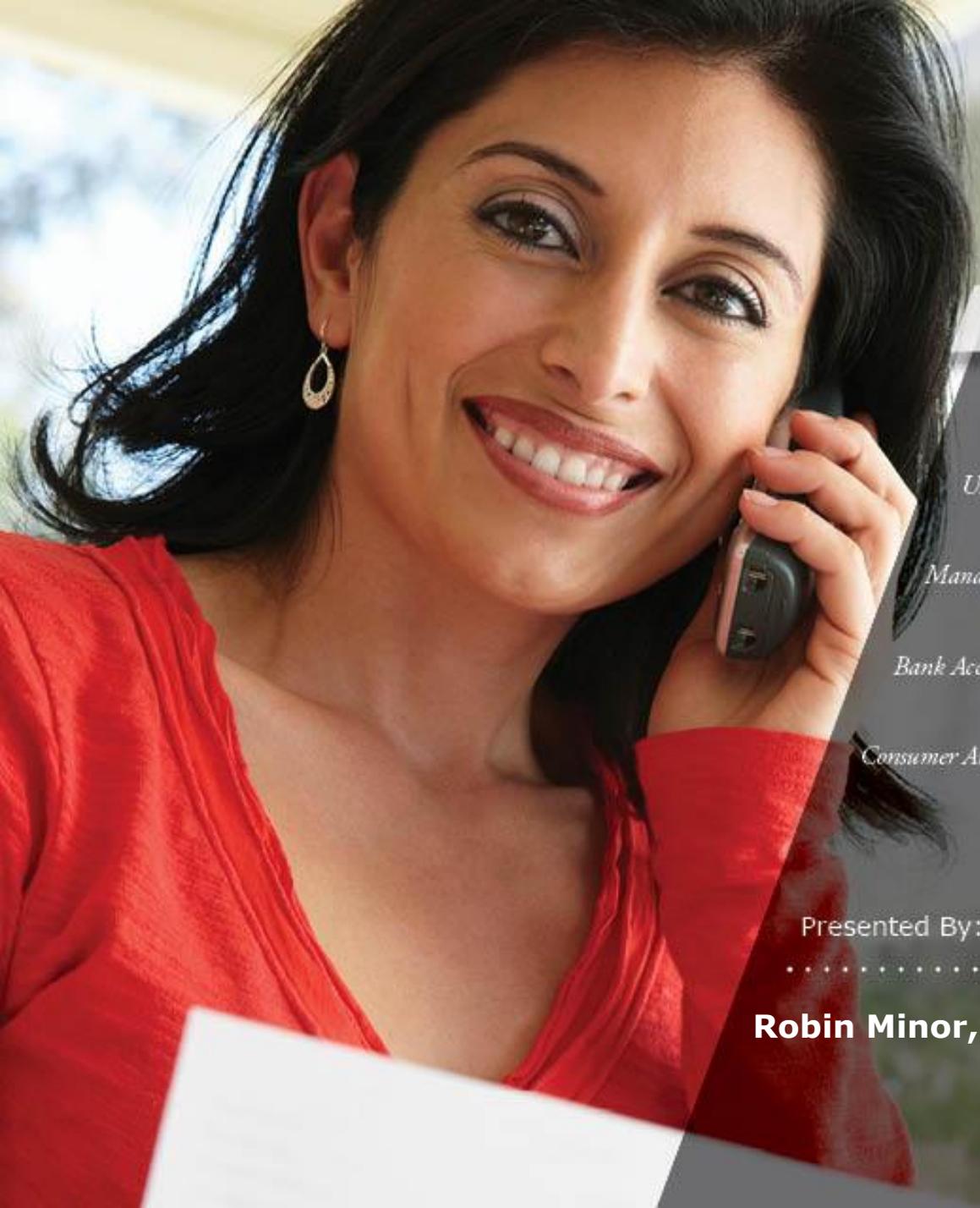




*Getting and
Staying on Track*

Understanding Credit Reports
and Scores...and How to
Improve It!





Getting and
Staying on Track



*Establishing a Money
Management Plan*

***Understanding Credit Reports
and Scores***

Building Wealth

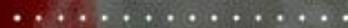
Using Credit Wisely

Managing Debt

Bank Account Management

Consumer Awareness

Presented By:



Robin Minor, CCCC



Apprisen

What Will We Cover?



When we are finished, you will understand:

- **Credit Reports and Credit Scores** - What they are and how they are developed.
- **Understanding the Reports** - How to read them and why they are important.
- **Acting On the Information** – What to do to maintain, correct, or improve the information that is on the report.

What is a Credit Report?



It's a detailed record of your history of borrowing money and paying it back.

- Report card about your credit standing
- Used by lenders, insurance companies, landlords, and employers to determine whether you have good financial habits
- Credit reports are provided by credit bureaus based upon information provided to them by creditors on a voluntary basis



Who Are the Credit Bureaus?



There are three major credit bureaus:



Free Credit Reports



You are entitled to one free copy of your credit report from each of the three credit bureaus annually.

- www.annualcreditreport.com
- 1-877-322-8228
- Annual Credit Report Request Service
PO Box 105281, Atlanta, GA 30348-5281
- Credit Score does not come automatically with free report



Free Credit Reports



You are entitled to a free credit report if:

- Turned down for a loan
- Didn't get the best terms on a loan
- Denied insurance or employment based on information in your report
- Unemployed and looking for a job within 60 days
- On welfare
- Information is inaccurate due to fraud or identity theft

You must ask for your report within 60 days of receiving notice of the action. The notice will give you the name, address, and phone number of the credit reporting company.

What is on a Credit Report?



Here is what is contained in your credit report:

- Identification and employment information
- Account information and payment history
- Collection accounts
- Public record
- Inquiries from creditors/potential employers

What is on a Credit Report?



Consumer Information:

Name	Jane Doe
Social Security Number	123-45-6789
Birthdate	4/15/1965
Address	123 Apple Lane Anywhere, OH 12345
	456 Dove Street Flying High, CA 55443
Current employer	Pretend Manufacturing
Previous employer	Nice Time Employer

What is on a Credit Report?



Credit Summary:

Revolving Accounts	
Count	4
Balance	5678
Current	3
Delinquent	1
Total Accounts	
Count	6
Balance	127,428
Current	5
Delinquent	1
Account Summary	
Open	6
Closed	0
Public Records	0
Inquiries (Prev 2 years)	4

What is on a Credit Report?



Account History:

Creditor Name - (i.e XYZ Bank)																			
Account Number	1234-XXXX-XXXX-XXXX																		
Account Type	Revolving																		
Responsibility	Individual																		
Monthly Payment	\$55																		
Date Opened	9/1998																		
Date Reported	5/2012																		
Balance	\$2750																		
Credit Limit	\$5000																		
High Balance	\$3500																		
Past Due	\$0																		
Remarks	Current, was 90 days past due																		
Payment History																			
Year One																			
2012>	2011>																		
5	4	3	2	1	12	11	10	9	8	7	6	5	4	3	2	1	12	11	10
OK	OK	OK	OK	30	OK	Ok	OK	OK	30	60	90	OK							

What is on a Credit Report?



Public Record Information:

Bankruptcy	
Type	Chapter 7 Bankruptcy
Status	Discharged
Date Filed	3/25/2006
Reference Number	B350578609
Closing Date	5/25/2006
Court	County
Liability	\$65,700
Exempt amount	0
Asset amount	0
Remarks	

What is on a Credit Report?



Credit Inquiries:

Creditor Name	Date of Inquiry
Bank of USA	9/7/2009
Orange Mortgage Company	10/1/2011

How do I Dispute My Report?



Fair Credit Reporting Act

- The Dispute Process is free
 - Send certified letter to CRA and creditor in question
 - CRAs must investigate within 30 days
- Must delete what they can't verify
- Must correct inaccuracies
- Must report back to you
- Must share the updated information with the other credit reporting agencies
- Once report is updated, you are entitled to new report

Accurate Negative Information



You can't have information removed if it is accurate.

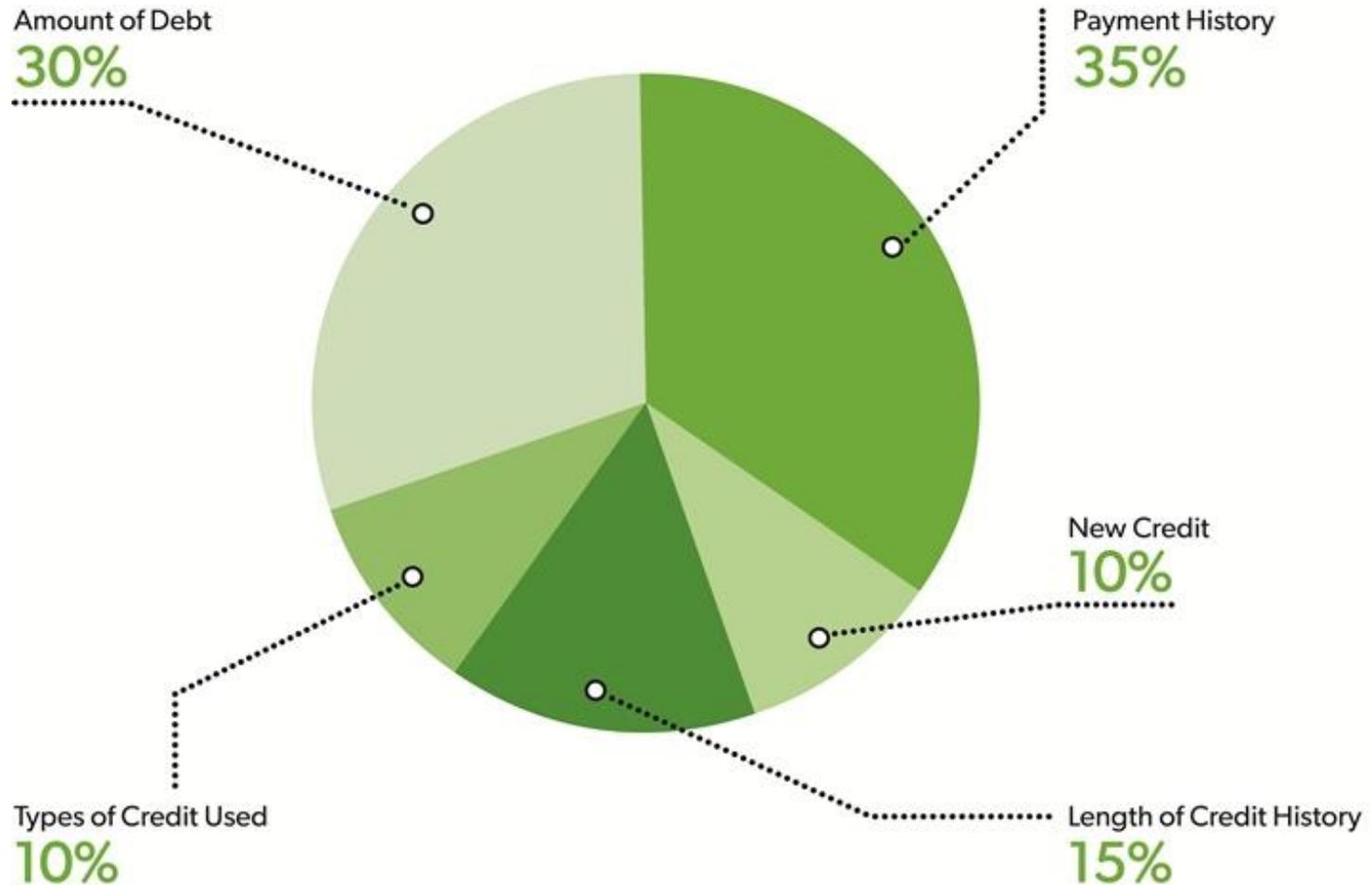
- Negative account information will be reported for 7 years from the date of first delinquency
- Chapter 7 bankruptcy-10 years
- Chapter 13 bankruptcy-7 years
- Defaulted student loans, judgments on loans, and lawsuits can be listed longer per individual state statute
- Foreclosures – 7 years from the filing date
- Hard Inquiries – 2 years

What are they?

- A number developed from a calculation using the information from your credit report.
- Most widely used is the Fico Score
 - Scores range from 300-850
- Other scoring models that use the 300 – 850 scoring range
 - Beacon - Equifax
 - Empirica – TransUnion
 - Plus - Experian
- New Score being introduced called Vantage Score
 - Scores range from 300-850
- The higher the score, the better risk you are determined to be and the better rate you will be eligible for.

What Makes Up My Score?

The 5 areas a FICO score considers



Payment History (35%)



Key Factors

- Recency
- Severity
- Frequency



Amount of Debt (30%)



Key Factors

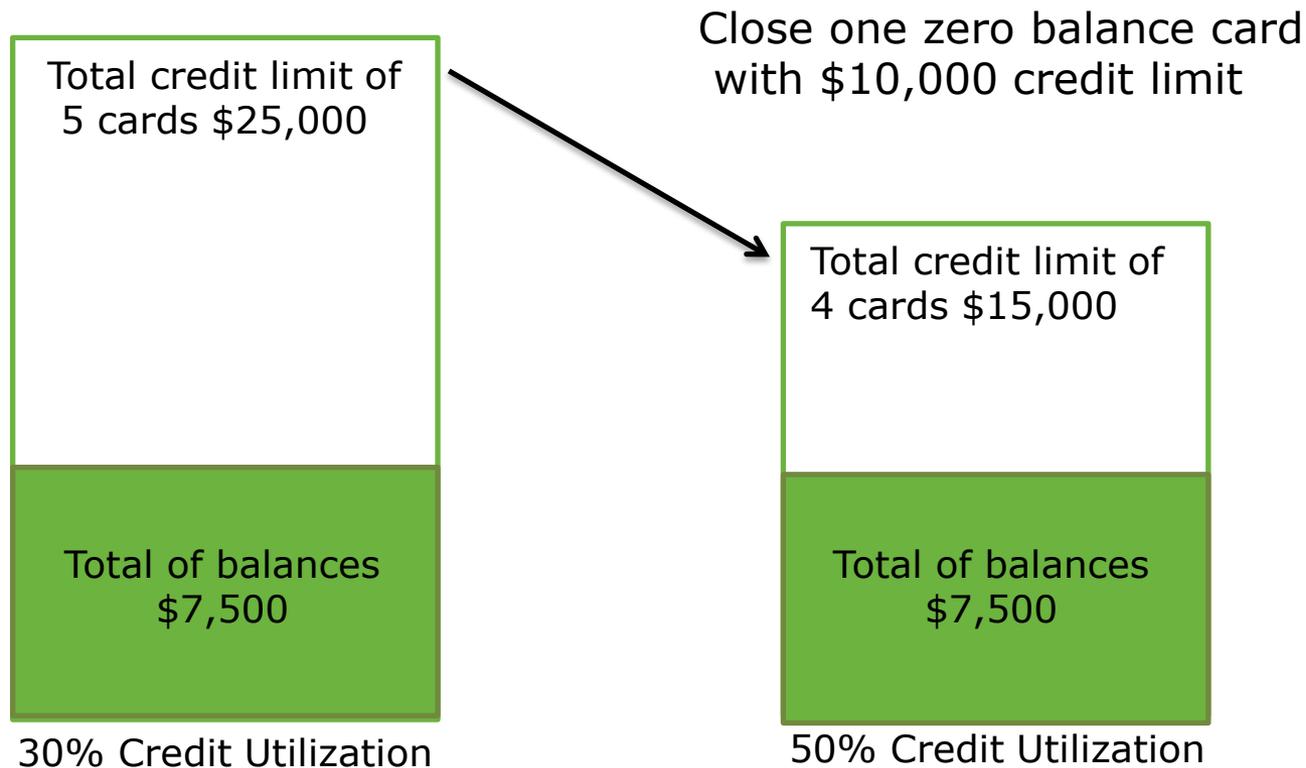
- Credit card debt
- Installment debt



Amount of Debt (30%)



Credit Utilization Ratio



Length of Credit History (15%)



Key Factors

- How long have accounts been established?
- New accounts



New Credit (10%)



Key Factors

- Inquiries
- New accounts

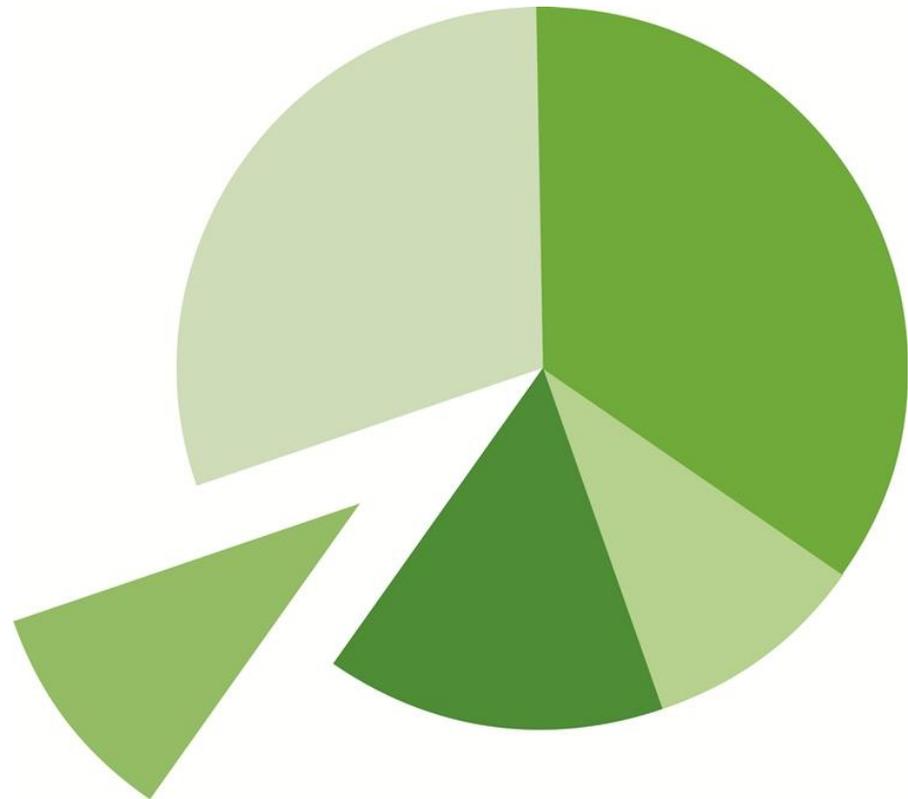


Types of Credit Used (10%)



Key Factors

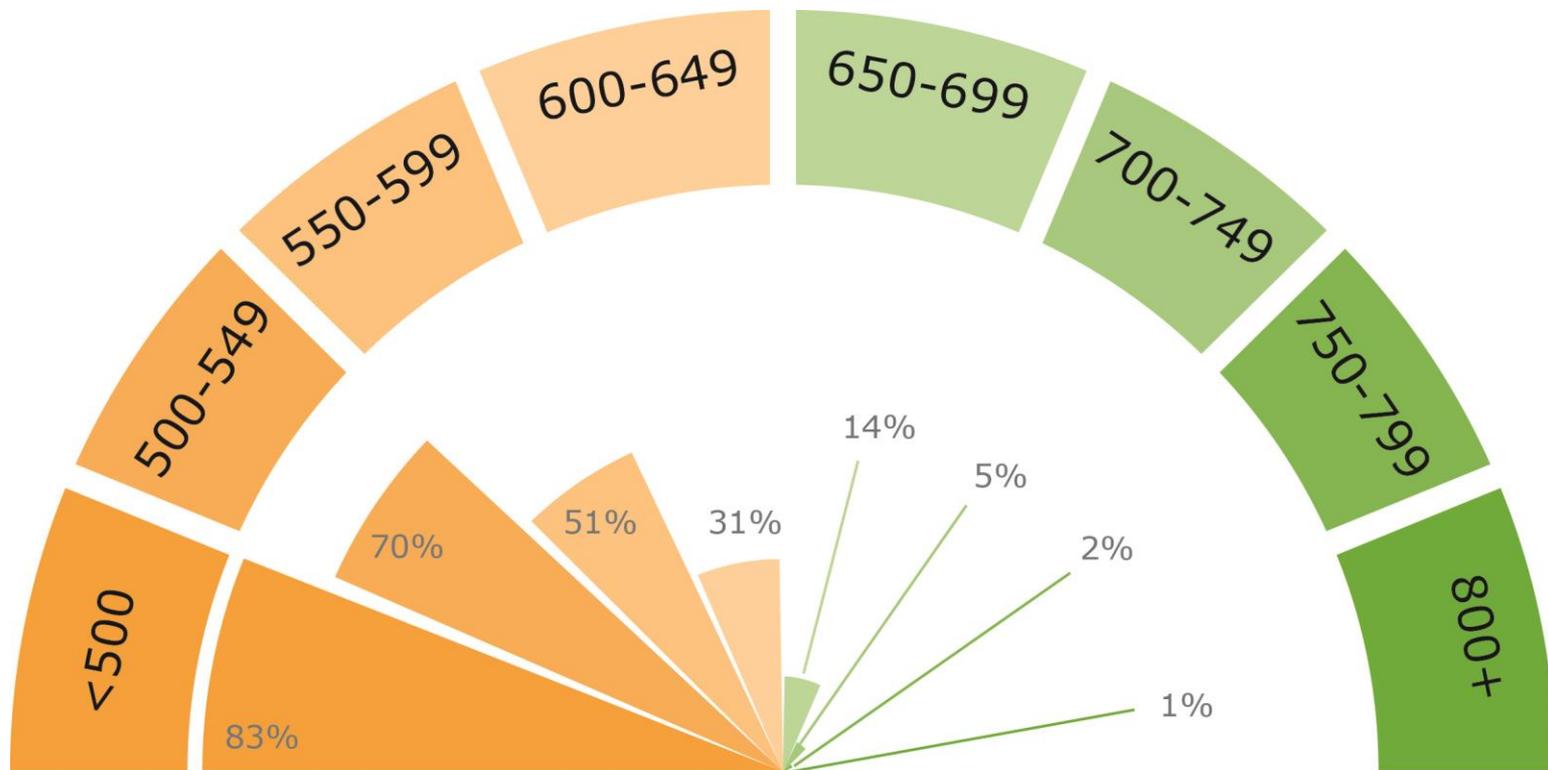
- Revolving credit
- Installment credit
- Mortgage credit



The FICO Score Indicates Risk



Chance of 90 days past due or worse over 2 years.



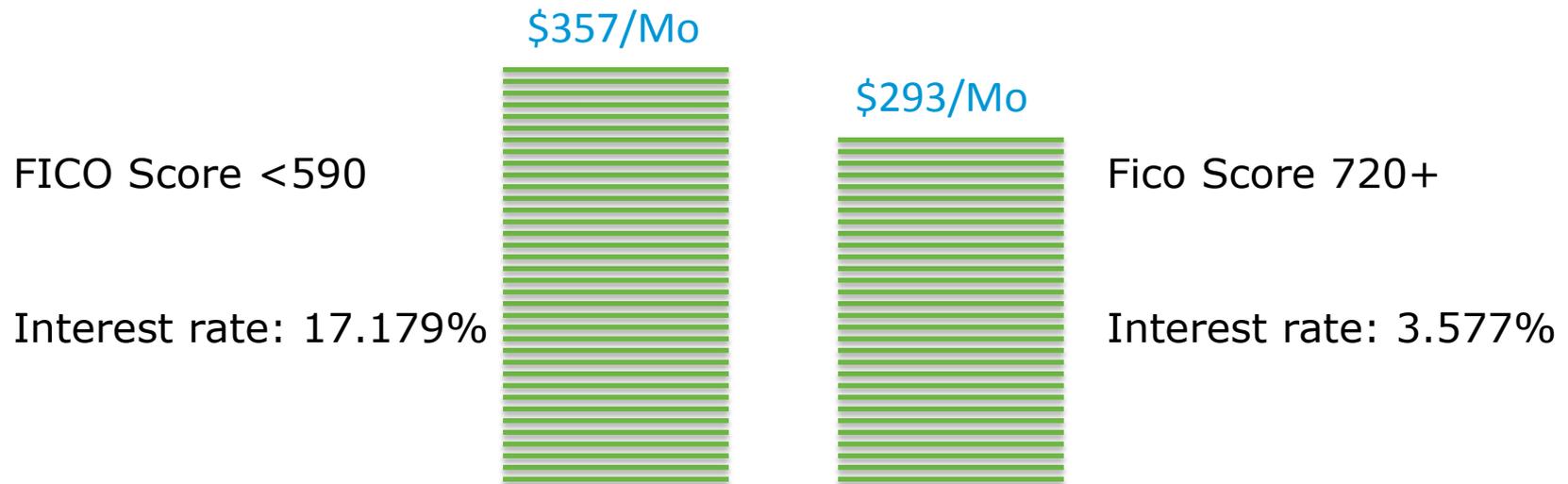
Source: FICO

Your Score Really Matters



Compare these two loans

A \$10,000 used car loan for 36 months can result in an extra \$2,304 in payments over 3 years.



Source: FICO

Credit Score Disclosure Notice



When must lenders give me my credit score?

- Lenders are now required to disclose your credit score if you are denied credit or offered credit with less favorable terms.
- The disclosure will include:
 - Your credit score
 - The numerical range of scores
 - Factors that adversely affected the credit score
 - The name of the Consumer Reporting Agency that provided the report

False Credit Score Myths



None of these are true:

- Credit Counseling destroys a credit score
- Closing accounts always helps your score
- Checking your FICO score can hurt your credit
- All credit reports are the same
- A divorce decree automatically severs joint accounts
- I don't need to check my credit report if I pay my bills on time

Improving Your Credit Score



These steps will improve your credit score:

- Pay bills on time
- Reduce debt
- Keep balances low relative to your credit limits
- Apply for and open new lines only when you need them
- Check your credit report for accuracy and clear errors as soon as possible

Establishing Credit



- Secured Credit Card
- Bank Card
- Retail Card
- Secured Loan
 - CD Loan
- Co-signer

Check with your financial institution. Many have credit building products.

Opting Out



- Credit Card Solicitations
 - Call 1-888-5-OPT-OUT (567-8688)
 - Website: www.optoutprescreen.com
 - Stops credit bureaus from selling your name
 - You can choose to be off lists for 5 years or permanently
- Do Not Call Registry
 - Stops telemarketing solicitations
 - Register at www.donotcall.gov or 1-888-382-1222

More Resources



These organizations can help:

Apprisen

1-800-355-2227
www.apprisen.com

Federal Trade Commission

www.ftc.gov

Consumer website for credit scores

www.myfico.com
www.scoreinfo.org

Free Credit Reports

www.annualcreditreport.com

Equifax

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

TransUnion

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

Experian

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

For more information about managing your personal finances, call Apprisen at:

1-800-355-2227

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