



## Taking Charge of Your Credit Report

### *Your Credit Report. A Reflection of You*

Ready to take charge? Start by requesting a credit report.

**What is a Credit Report?** It's a statement of your borrowing history and, more importantly, how you took personal responsibility in repaying debt. It's a snapshot that lenders—from cell phone companies to banks to car dealers—use to determine credit worthiness.

**Who Writes My Credit Report?** Credit worthiness is often determined by the three nationwide credit bureaus: Experian, Equifax and TransUnion. Each bureau formats their reports differently, but they all include the following:

- **Accounts.** Dates accounts were opened, credit limits, amounts owed, loan amounts, balances and payment history.
- **Inquiries.** Both hard inquiries and soft inquiries. Hard inquiries are typically requested by companies after you've applied for a loan or credit. Soft inquiries are requested by companies offering promotions, or by you monitoring your own credit. Hard inquiries can impact a rating or score; soft inquiries do not.
- **Public Records.** Includes items obtain from courts, such as bankruptcies, judgements or liens.

**What is a Credit Score and How is it Created?** A credit score is a three-digit number generated by an algorithm using information in your credit report. Credit Scores can range between 300 and 850, with a good credit score generally starting at 670 and an exceptional score at 800.

Why does it matter? Your ability to obtain a loan is based on a score, as is other factors such as down payments and the interest rate you'll be charged. Loan interest rates can be up to three times higher for someone rated fair (580–670) compared to someone with an exceptional (800–850) score.

### ***What Factors Determine My Credit Score and How are They Weighted?***

Scoring with vary depending on the rating agencies, but this example offers you a general idea of what is most crucial.

- Types of Credit, 5%
- Length of Credit, 18%



- How Much You Owe, 32%
- Your Payment History, 38%
- Hard Inquiries, 7%

As you can see, payment history and level of debt make up the lion's share of the score.

**How Can I Find My Credit Score?** Credit scores are generally not provided with credit reports. Some credit bureaus offer these for a fee or for free if you open an account. Many credit card companies and financial institutions provide free scores for customers.

**I'm Ready to Take Charge. How Do I Access My Credit Report?** It's easy as the reporting agencies are required by federal law to provide you a free copy annually. Check out your reports at [www.AnnualCreditReport.com](http://www.AnnualCreditReport.com).

**When Should I Request My Reports?** Consider prior to making major purchases. It'll give you time to report and fix any possible mistakes. If you suspect your identity has been stolen, you might consider requesting reports quarterly. There will be a record if thieves try to open accounts in your name, giving you a heads-up so you can place a fraud alert in your credit file.

**How Do I fix an Error on My Credit Report?** Mistakes do happen, and more often than we'd hope. A study by the Federal Trade Commission found that almost 25% of U.S. consumers discovered inaccuracies in one of their reports.

Mistakes can be addressed by completing dispute forms with [Experian](#), [Equifax](#) and [TransUnion](#). Credit bureaus generally have 30 days to investigate, and they must report back to you within five days of completing an investigation.

The dispute process isn't complicated, but it can be time-consuming and frustrating. It's important to correct mistakes as they could continue to pop-up again and again, costing you money and access to credit.

**Take Actions to Improve Your Credit Score:** Could your score use some improvement? The good news is that you're in control. Take steps now to keep your credit rating high or drastically improve a rating if circumstances in your past have burdened you with a low score.

- **Pay bills on time.** Just one late payment can lower a score.
- **Pay at least the minimum due.**
- **Avoid maxing out credit cards.** Try to use no more than 30% of available credit.
- **Pay off credit card balances.** Less debt = higher score.
- **Don't miss payments.** Set reminders on your calendar or, better yet, set up automatic payments.
- **Establish a credit history.** You're considered less of a credit risk if you have a history of playing by the rules.

