



FINANCIAL STABILITY ALLIANCE

FOR SOUTH CENTRAL INDIANA

Accessing Your Report and Score:

Under the Free File Disclosure Rule of the **Fair and Accurate Credit Transactions Act (FACT Act)**, each of the nationwide credit reporting companies—Equifax, Experian, and Trans Union—is required to provide you with a free copy of your credit report once every 12 months.

Get A Copy of Your Report:

To order, go to annualcreditreport.com, call 1-877-322-8228, or complete the Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281. You can print the form from ftc.gov/credit. You may order your free annual reports from each of the credit reporting companies at the same time, or you can order them one at a time.

Obtaining Your Credit Score:

There are many formulas for determining your credit score. To see your credit report translated into a credit score with one such formula, visit creditkarma.com. Most other sites that provide a credit score charge for the service. Be wary of advertisements and offers online.

What You NEED To Know About CREDIT

What is a credit report?

A credit report is an account of an individual's credit history, prepared by a credit bureau. Information contained in a credit report will include:

Identification and Employment Information: Name, birth date, social security number, employer, spouse's name, employment history, home ownership, income, and previous address.

Payment History: How much credit has been extended, whether you've paid on time.

Inquiries: A record of all requests for your credit history.

Public Record Information: Events that are a matter of public record, such as bankruptcies, foreclosures, or tax liens.

What is a credit score?

Your credit score is a number generated using information in your credit report. Your score indicates how likely you are to repay borrowed money. This evaluation determines your interest rate and can also be important to potential landlords, employers, insurers, utility companies, and other places you want to do business.

What figures into a credit score?

Information from your credit report falls into five major categories that make up a credit score. The scoring model weighs some factors more heavily, such as payment history and debt owed. There are a lot of credit-scoring models in existence, but there's one that dominates the market: the FICO credit score. Scores, typically, range from 280 to 850.

Payment History: (35%)

Your account payment information, including any delinquencies and public records.

Amounts Owed: (30%)

How much you owe on your accounts. The amount of credit you're using on revolving accounts is heavily weighted.

Length of Credit History: (15%)

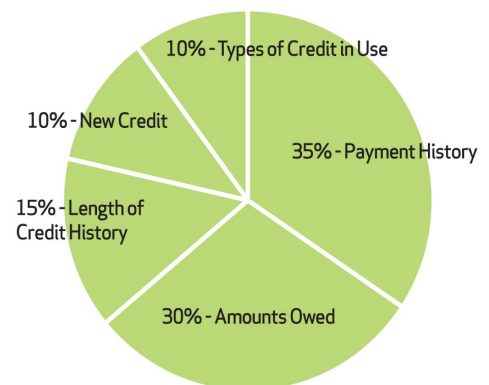
How long ago you opened accounts and time since account activity.

Types of Credit Used: (10%)

The mix of accounts you have, such as revolving (e.g., credit card) and installment (e.g., car payment).

New Credit: (10%)

Your pursuit of new credit, including inquiries (excluding your own) and number of recently opened accounts.



Accessing and Building Credit...

Whether you're starting from scratch or repairing damage done, here are some tips to begin your journey to a great credit report and score.

Pay On Time

Pay all of your bills on time. A payment will be marked as "past due" if it's late at all, even "only" one day. Creditors, most likely, will not consider extenuating circumstances—only whether your bills were paid, and whether they were paid on time. If you run into financial difficulties, work out a payment plan with your creditors *before* you miss a payment.

Report Your Rent

Two of the three major credit bureaus, Experian and TransUnion, now accept rent payments for inclusion on your credit report. The payments must be uploaded by third-party service like Rentalkharma.com. None of these services depend on landlord participation. Note that although the rent payments will show up on your credit history, they do not yet factor into your score.

Put at Least One Household Bill in Your Name

Some major providers report all payments. Even if they don't, most are happy to provide a letter of reference upon request for an account holder in good standing. Although it won't affect your credit, you can show the letter to a potential creditor who might give it favorable consideration.

Look for Reporting Errors

Studies suggest that up to 25% of credit reports can contain serious errors, such as outdated personal information, mistaken or fraudulent accounts, and incorrect account details. Fixing these errors can give your score an immediate bump.

Open a Bank Account

Bank accounts don't factor into your credit score, but the relationship you have with your bank might lead to financing opportunities. A customer with accounts in good standing—no overdrafts, for example—is far more likely to be considered for a loan from that bank.

Obtain a Loan

The bank where you are a customer in good standing is a great place to start looking for a small loan, like an auto or personal loan. If your credit isn't good enough, apply for a secured loan, using your cash assets as collateral. It's a great way to build credit because the loan will show up as an installment account on your credit report, and payments will be factored into your credit score.

Get a Secured Credit Card

Not to be confused with a prepaid card, a secured card is guaranteed by cash that you deposit, so it doesn't present the opportunity for consumer debt that a regular card might. You use a secured credit card like any other credit card—you make purchases and then pay the bill when it arrives. Your credit limit is the amount of collateral (cash) deposited on the account. Before you apply, be sure the card issuer will report your payment behavior to all three credit reporting agencies.

Want to dispute information on your report?

- 1) Review your credit report.
- 2) Gather information supporting your claim.
- 3) Write your dispute letter.
- 4) Make copies of everything.
- 5) Send your letter and enclosures via certified mail.
- 6) Follow up in thirty days.
- 7) Take appropriate steps if the dispute is unsuccessful. (Contact creditors to negotiate payment).
- 8) Monitor your account for future errors.