

Understanding Credit

Developed by the Financial Literacy Committee of



Understanding Your Credit Report

Many consumers have a difficult time understanding their credit reports and piecing the three reports together, so here are examples and explanations of the most common elements that appear in each of the three free credit bureau reports.

- Personal information
- Public records
- Adverse accounts, potentially negative items
- Accounts in good standing, satisfactory accounts
- Credit history requests
- Personal statement

<h3 style="margin: 0;">Personal Information</h3>	
Personal information is identifying information about the credit report requestor. Experian and TransUnion include this information at the beginning of your credit report, while Equifax puts it at the end of its report.	
<p>Name: JOE Q. CONSUMER Other names: CONSUMER, JOSEPH Q. Report number: XXXXXXXX</p> <p style="color: red;">A report number is generated by the three credit reporting agencies as a reference for consumers to use if they should need to contact the issuing bureau.</p> <p>Report date: July 4, 2009</p>	<p>SSN: XXX-XX-6789 Date of birth: 04/1965</p> <p style="color: red;">During the AnnualCreditReport.com signup process, you can choose to have the report display your entire Social Security number or – to protect your identity – just the last four digits.</p> <p>Date of birth: 04/1965 Telephone number(s): 555-1212</p>
<p>CURRENT ADDRESS: Check to make sure your address information is accurate.</p> <p>123 MAIN ST., NEW YORK, NY 12345</p>	<p>PREVIOUS ADDRESSES: 17 BROOKLYN AVE., LONG ISLAND, NY 56789</p>
<p>EMPLOYMENT DATA REPORTED</p> <p style="color: red;">Only some employers will report your employment information to one or all of the credit bureaus. Don't panic if all your employment information is not recorded on this report. You can contact the individual credit bureaus to correct misreported employment data.</p> <p>Employer name: CREDITCARDS.COM Location: New York, NY Date reported: 06/2007</p> <p>Employer name: UNIVERSITY OF TEXAS Location: TX Date reported: 08/2005</p>	<p>Position: PROGRAMMER Hired: 05/2006</p> <p>Position: Hired: 03/1999</p>

Public Records

Public records are court judgments, wage garnishments, liens and bankruptcy files that may be reported to the credit bureaus.

ROCKWELL MUNICIPAL Docket#: 9B004875

5468 MLK AVE., SUITE 300,
ROCKWELL, TX 97845

Type: Civil judgment
Court type: Municipal
Date paid: 07/2004
Assets: \$1,089

Date filed: 12/2003
Responsibility: Participant on account
Plaintiff: BANK OF TEXAS
Plaintiff attorney: RICHARD PERRY
Amount: \$1,089

Estimated date that this item will be removed 06/2011

Adverse Accounts, Potentially Negative Items

Adverse accounts, or potentially negative items, are credit accounts you have opened and have been reported as either unpaid or paid after a due date during one or more months throughout the history of the credit line. Even if you are current on your payments for a credit account, it still may be included in this section of your credit report – if you had ever missed or were late on a payment. All three bureaus allow you to dispute the information in this section if you can prove an error. Adverse accounts should fall off your credit report after 7 years, but you need to be sure that they do by checking your credit reports often and reporting overheld accounts.

COLLECTION RECOVERY SERVICES #321568

123 CHARLES ST.
SUITE 202
CORONA, CA 92877-0137
(909) 898-4424

Balance: \$0
Date verified: 06/2003
Original balance: \$243
Original creditor: SEARS ROEBUCK
Credit limit: \$500
Past due: \$0
Terms: \$72 for 23 months

Pay status: Payment after charge off/collection
Payment status is the current status of your adverse account. In this example, the account was paid in full after being sent to a collection agency.

Account type: Installment account
An installment account is a fixed line of credit that is paid over a certain period of time. Examples of installment accounts include bank loans, car loans and student loans.

Responsibility: Individual account
Date opened: 03/2000
Date closed: 05/2003
Date paid: 05/2003

Remarks: >Paid collection<
Estimated date that this item will be removed: 08/2010

DONOVAN & WILSON		
1045 MAIN ST., SUITE 105 RIVERSIDE, CA 92501 (909) 781-1248	Balance: \$12,745 Date updated: 06/2004 Original balance: \$15,243	Pay status: 120 days past due In this example, the account is currently being reported as 120 days past due. Account type: Revolving account Revolving accounts are variable lines of credit with interest accrued based on the credit balance. Credit cards are revolving accounts. Responsibility: Individual account
Estimated date that this item will be removed: 06/2010		
<p>The following item is suppressed pending credit grantor update:</p> <p>If an item is suppressed on your credit report, it means that the credit reporting agency is withholding the account information from anyone besides you who requests your credit report. In this case, the item is being suppressed until the credit grantor, Discover Financial Services, updates the bureau about information that the bureau requested from them.</p> <p>DISCOVER FINANCIAL SERVICES #6053000570658798</p>		
123 SMITH AVE. UNIT 55G WILMINGTON, DE 19850-5316 Phone number not available	Balance: \$2,145 Date updated: 08/2004 High balance: \$25,463 Collateral: 1998 Dodge Ram Collateral is property that the credit account holder uses to secure a line of credit. In this example, a truck loan was granted, and the credit grantee agreed to surrender his truck if he is unable to pay the loan. Past due: \$136 Terms: \$68 for 260 months	Pay status: 60 days past due Account type: Installment account An installment account is a fixed line of credit that is paid over a certain period of time. Examples of installment accounts include bank loans, car loans, and student loans. Responsibility: Individual account Date opened: 11/1994
Loan type: Student loan Remarks: Repossession Maximum delinquency of 60 days in 07/2004 for \$400 Estimated date that this item will be removed: 06/2010		

Accounts in Good Standing, Satisfactory Accounts

Accounts in good standing, or satisfactory accounts, are accounts that have been reported to the credit bureau(s) as paid on time and in full during a reported period of time, typically up to 53 months.

GMAC FINANCING #640006137129

<p>78901 JENKINS CIR FLOOR 15 MIAMI, FL 33025 Phone number not available</p>	<p>Balance: \$1,145 Date updated: 08/2004 High balance: \$31,546 Collateral: 1998 Dodge Ram</p> <p style="color: red;">Collateral is property that the credit account holder uses to secure a line of credit. In this example, a truck loan was granted, and the credit grantee agreed to surrender her truck if she is unable to pay the loan.</p> <p>Credit limit: \$24,568 Past due: \$0 Terms: \$72 for 23 months</p>	<p>Pay status: Pays as agreed</p> <p style="color: red;">Payment status is the current status of your adverse account. In this example, the account is being paid in full each month as agreed to in the credit terms.</p> <p>Account type: Installment account An installment account is a fixed line of credit that is paid over a certain period of time. Examples of installment accounts include bank loans, car loans and student loans.</p> <p>Responsibility: Individual account Date opened: 11/1994 Date closed: 07/2004 Date paid: 07/2004</p>
<p>Loan type: Automobile Remarks: Paid by insurance Estimated date that this item will be removed: 12/2009</p>		

Credit History Requests

Credit history requests include creditors who have requested your credit report.

CALTECH EMPLOYEE FEDERAL CREDIT UNION

<p>555 W. ADAMS SUITE 202 LA CANADA, CA 91012 (818) 555-1212</p>	<p>Requested on: 11/01/2003 Inquiry type: Individual</p> <p style="color: red;">The type of inquiry is the scope of credit history requested -- whether a person's credit history or an organization or business's credit history. In this case, just an individual credit history report was requested.</p>	<p>Permissible purpose: Credit transaction</p> <p style="color: red;">Credit bureaus require anyone requesting your credit history to provide the purpose for their credit history query. In this example, the creditor was requesting the credit history when considering whether to extend additional credit to the consumer.</p>
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SUNSHINE APARTMENTS via RENTPORT		
678 MARINE STREET SUITE 999 LOS ANGELES, CA 90210 (818) 555-1212	Requested on: 05/01/2004 Inquiry type: Individual Loan type: Real estate Loan amount: \$90,000	Permissible purpose: Tenant screening Credit bureaus require anyone requesting your credit history to provide the purpose for their credit history query. In this example, the creditor was requesting the credit history for a potential renter.
CHASE CARD MEMBER SERVICES		
666 W. SMITH PHOENIX, AZ 87853 Phone number not available	Requested on: 11/01/2003 Inquiry type: Individual	

Personal Statement

A personal statement is a statement the consumer chose to have added to his or her credit report. Personal statements range from fraud alerts to consumer statements about being unemployed. A personal statement is a way for the consumer to add additional explanations about his or her credit history that might not otherwise be discerned from standard credit report information.

ID SECURITY ALERT: FRAUDULENT APPLICATIONS MAY BE SUBMITTED IN MY NAME OR MY IDENTITY MAY HAVE BEEN USED WITHOUT MY CONSENT TO FRAUDULENTLY OBTAIN GOODS OR SERVICES. DO NOT EXTEND CREDIT WITHOUT FIRST VERIFYING THE IDENTITY OF THE APPLICANT. I CAN BE REACHED AT 917-555-1212. THIS SECURITY ALERT WILL BE MAINTAINED FOR 90 DAYS BEGINNING 07-29-09.

Resources

There are many other resources available to help you manage your financial resources. Here are a few you may find helpful:

www.360financialliteracy.org - This Web site was developed by the American Institute of Certified Public Accountants (AICPA). It includes articles, calculators, and other tools to help plan your finances throughout every stage of your life.

www.feedthepig.org - This is another Web site from the AICPA for young adults, age 24 to 35, but the information applies to everyone. On this Web site you can sign up to receive weekly online money saving tips.

www.educationcents.org - Created by College Invest to help understand finances and provide resource for further education.

www.coloradosaves.org - ColoradoSaves is committed to improving the well-being of Coloradans by offering health and financial education and empowerment to take control of their finances.

www.mymoney.gov - This is the U.S. government's Web site dedicated to teaching Americans the basics about financial education. It also includes a section for children.

www.cdhs.state.co.us - This is the Web site for the Colorado Department of Human Services.

www.colorado.gov - This is the Web site for the State of Colorado. If there's anything you need to know about driver's license, vehicle registration, Colorado income taxes, or anything that involves state government, go to this Web site.

www.irs.gov - This Web site for the Internal Revenue Service has information, publications, and forms to use when it's tax time.

Volunteer Income Tax Assistance (VITA) - The VITA Program offers free tax help to low-to moderate-income (generally, \$42,000 and below) people who cannot prepare their own tax returns. Certified volunteers sponsored by various organizations receive training to help prepare basic tax returns in communities across the country. VITA sites generally are located at community and neighborhood centers, libraries, schools, shopping malls, and other convenient locations. Most locations also offer free electronic filing. To locate the nearest VITA site, call (800) 829-1040.