

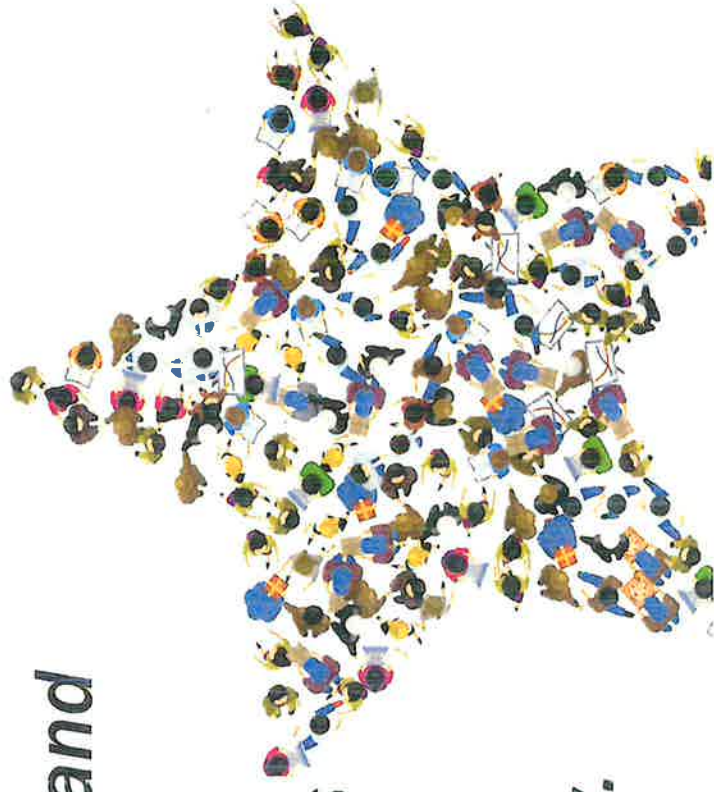


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## Section 1: Key Takeaway

***Your credit history can affect your access to credit, loans, jobs, housing, insurance, and other important services.***

***Understanding your rights helps you know how to protect your credit history.***



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## What is Listed in a Credit Report?

- Your identifying information
- Your debts and some bills
- Public record information
- Your applications for new credit and other “inquiries”

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## Nationwide Credit Reporting Agencies

- Equifax



- Experian



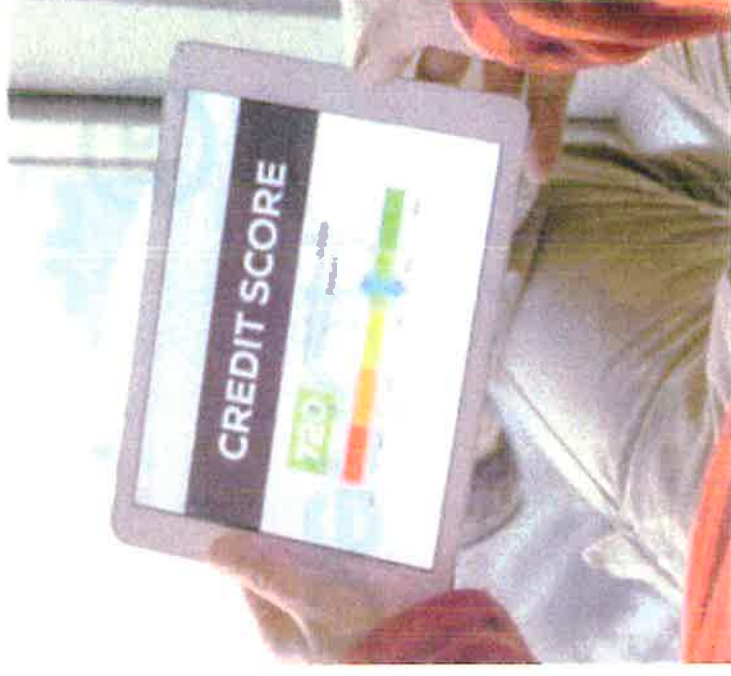
- TransUnion





## What Is a Credit Score?

- A number based on information in credit reports
- Predicts payment of bills and debts as agreed
- People with higher credit scores likely to present lower risk to creditors



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## Who Uses Credit Reports and Scores?

- **Financial institutions**
- **Some landlords**
- **Utility companies**
- **Some cell phone companies**
- **Insurance companies (in some states)**
- **Employers (in some states)**
- **Some state agencies or affiliated organizations**

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## Risk-Based Pricing

- **Credit reports and scores may be used as one factor in risk-based pricing**
- **Lenders set interest rates and other terms based on estimated risks**
  - Must tell you if they used your credit reports or credit scores to offer you less favorable terms or deny your application
    - Adverse action notices
    - Risk-based pricing notices

## Having No Credit Reports or Scores

- “Credit invisible”
- May result in having a harder time:
  - Getting credit or a loan
  - Renting an apartment
  - Getting a favorable cell phone plan
  - Obtaining some jobs
  - Turning on utilities without paying a large deposit



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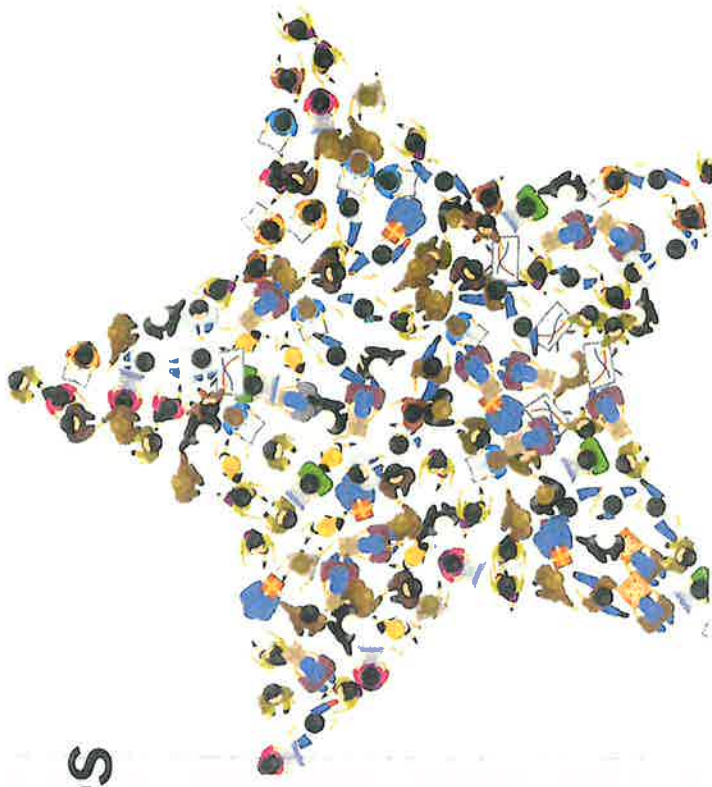
## Opting Out

- You can opt out of receiving prescreened offers of credit or insurance
  - For five years or permanently
- You may still get offers based on lists from other sources
- If you opt out, you can opt back in
- But you can't opt out of having a credit report

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## Section 2: Key Takeaway

***You can take steps to improve and manage your credit scores. This includes paying your bills on time and as agreed.***



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## The Basics of Credit Scoring

- Number calculated from information in credit reports
- Generally, higher number = better credit history
- Predicts likelihood of payment of credit obligations on time and as agreed
- Two significant factors affect your credit scores:
  - Whether you repay debts on time and as agreed
  - Your credit utilization rate

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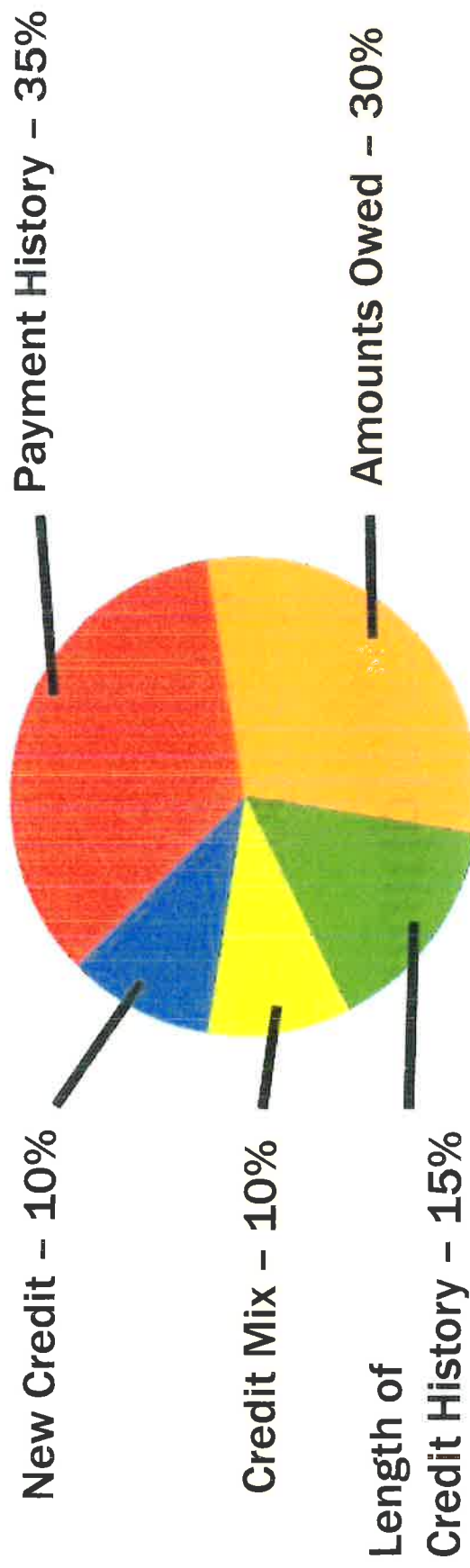
## More Basics of Credit Scoring

- **Multiple producers of credit scores**
- **You likely have multiple credit scores**
  - FICO® (Fair Isaac Corporation)
  - Vantage Score®
  - Others too
- **Different models for different types of credit**



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## Five Factors in General FICO® Model



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## Order Your Credit Scores

- **May not be the ones that are used**
- **If turned down for credit, you have the right to see the exact score used**
- **Make sure your credit scores accurately reflect information in your credit reports**
  - **Get and review your credit reports and dispute errors**

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## What is a Good Credit Score?

Exceptional	800 - 850
Very Good	740 - 799
Good	670 - 739
Fair	580 - 669
Poor	300 - 579

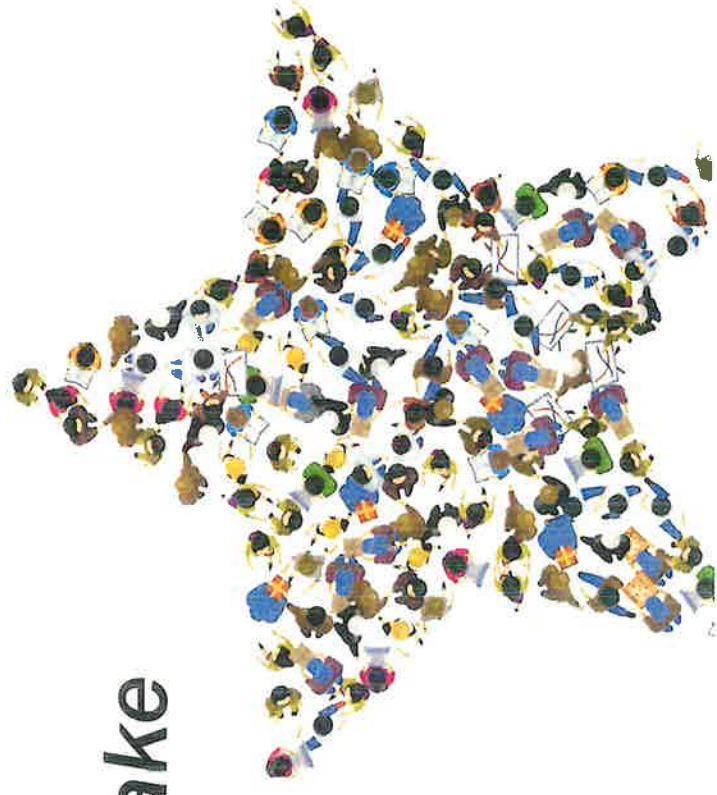
**Note: this is an example, based on FICO®**



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## Section 3: Key Takeaway

***Get and review your credit reports at least once every 12 months to make sure the information is accurate.***





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## Right to Free Credit Reports

- **One free credit report every 12 months from each nationwide credit reporting agency**
  - Equifax, Experian, and TransUnion
- **Go to [Annualcreditreport.com](http://Annualcreditreport.com)**
  - Official website to fill orders for these free credit reports

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## Watch Out for Imposters

- Others that advertise free credit reports, credit scores, or credit monitoring are not part of the legally mandated free annual credit report program
- Often, “free” services convert to ones you have to pay for after the trial period
- Go directly to [Annualcreditreport.com](https://Annualcreditreport.com)

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## Right to Additional Free Credit Reports

- Receive public assistance
- Unemployed and looking for a
- Victim of identity theft or finan
- State law provides for a free credit report
- Denied credit, service, an apartment, or employment



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## What Sections are in Credit Reports?

- Personal or identifying information
- Public records
- Accounts assigned or sold
- Credit accounts
- Inquiries





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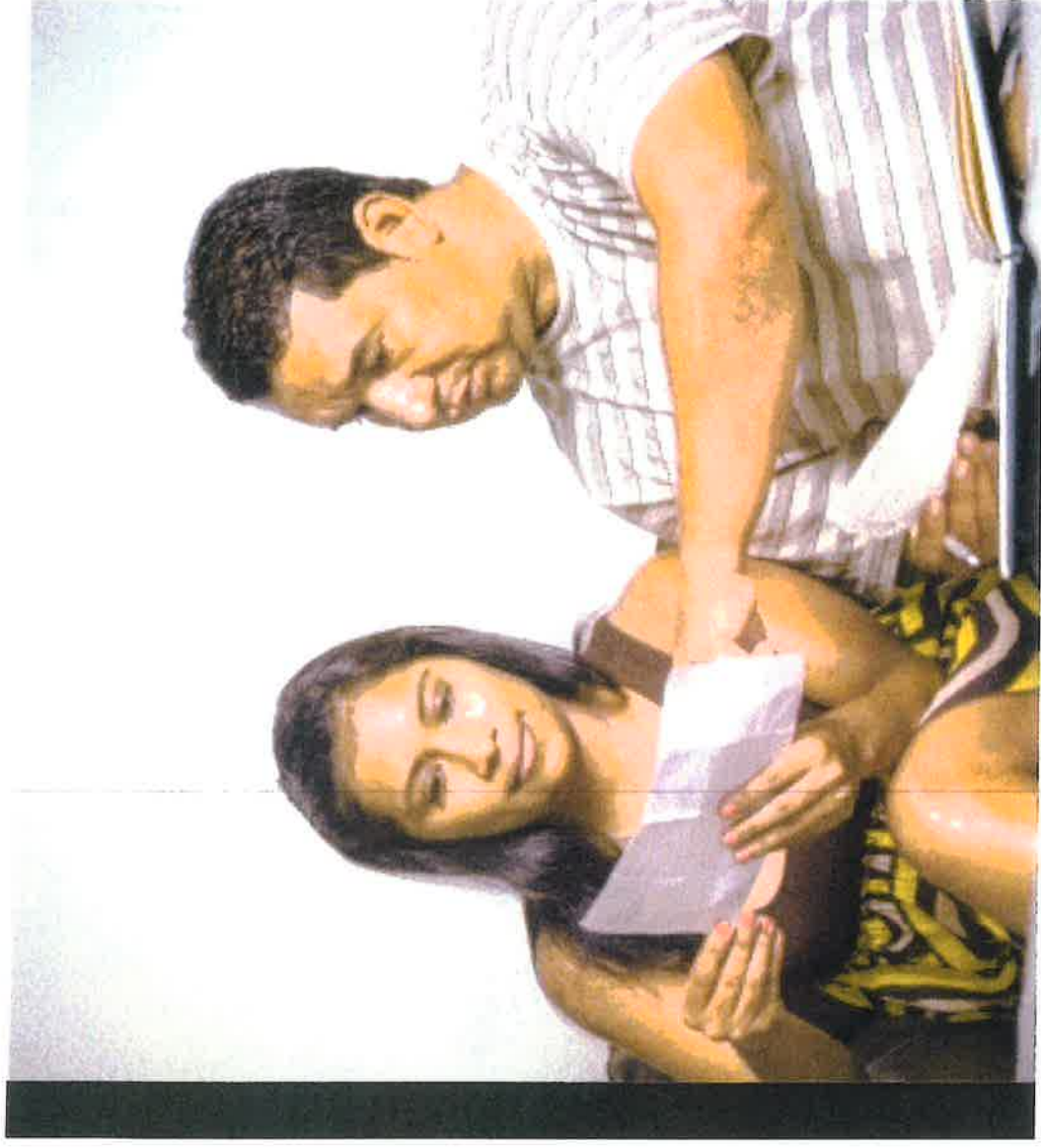
## Getting Your Credit Scores

- Some nonprofit organizations
- Credit card statements or websites
- When you have a right to a score
- FICO® at [www.myfico.com](http://www.myfico.com)
- VantageScore® at [www.vantagescore.com](http://www.vantagescore.com)
- Three nationwide credit reporting agencies

## Section 4

# Disputing Errors in Your Credit Reports

See page 32 in your  
Participant Guide



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## Section 4: Key Takeaway

***If you find errors on your credit reports, file a dispute right away. Be sure to keep records and follow up.***

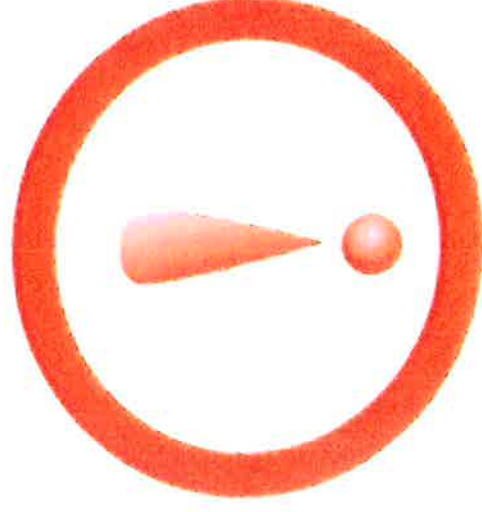




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## Errors on Your Credit Reports

- Identity errors
- Incorrect reporting of account status
- Data management errors
- Balance errors
- Outdated information

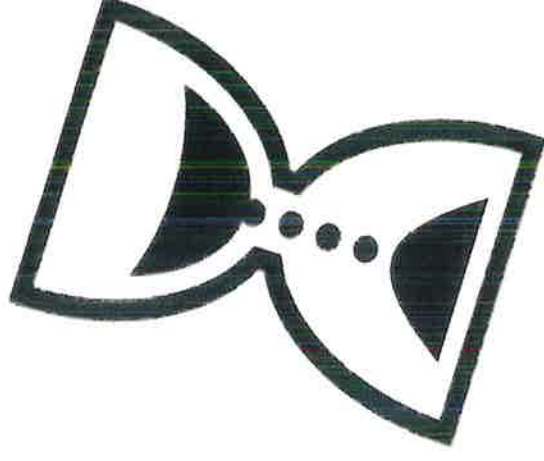




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## Time Limits on Negative Information

- Generally can only be reported on credit reports for seven years
- Some bankruptcies are an exception



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## No Time Limits

**No time limits for negative information when someone applies for:**

- A job with yearly salary of \$75,000 or more
- More than \$150,000 worth of credit
- Life insurance with a face value of \$150,000 or more



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## The Seven-Year Reporting Period

- Can be confusing
- Generally starts 180 days after you stopped paying on the debt

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## Seven-Year Reporting Example

- **August 2018:** 30 days late
  - **November 2018:** 120 days late and creditor closes account
  - **Delinquency started in August**
  - **July 2018 is the month before that**
- 
- **July 2018 + 180 days = January 2019**
  - **January 2019 + 7 years = January 2026**
  - **January 2026:** account no longer reported



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## Medical Debt and Credit Reports

- **Medical debt generally not on credit reports until unpaid for at least 180 days**
- **Provides time to:**
  - Resolve billing disputes
  - Make payments
  - Make payment arrangements

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# How to Dispute Errors on Your Credit Reports

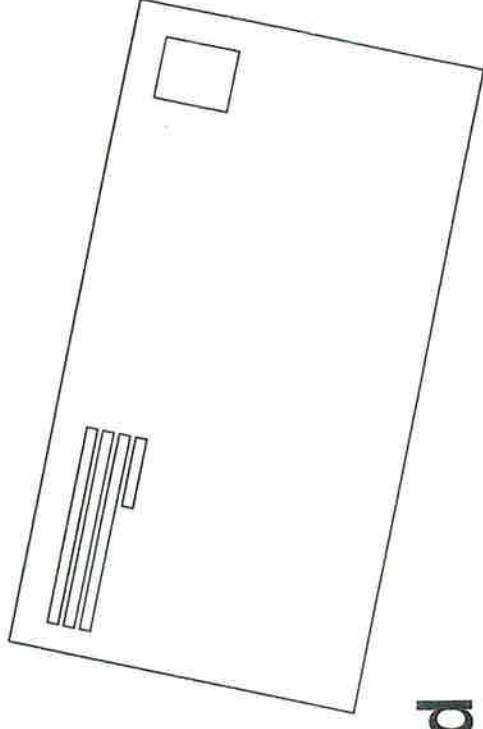
- Option 1: Online
- Option 2: By mail



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## What to Include in Dispute Letters

- **Your complete name and address**
- **Clear description of each item you are disputing and reason for each dispute**
- **A request for correction or removal**



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## Also Include Supporting Information

- **Send copies – not originals**
- **Receipts**
- **Credit card or account statement**
- **Image of a check**
- **Screenshot of online transaction or automatic bill payment**



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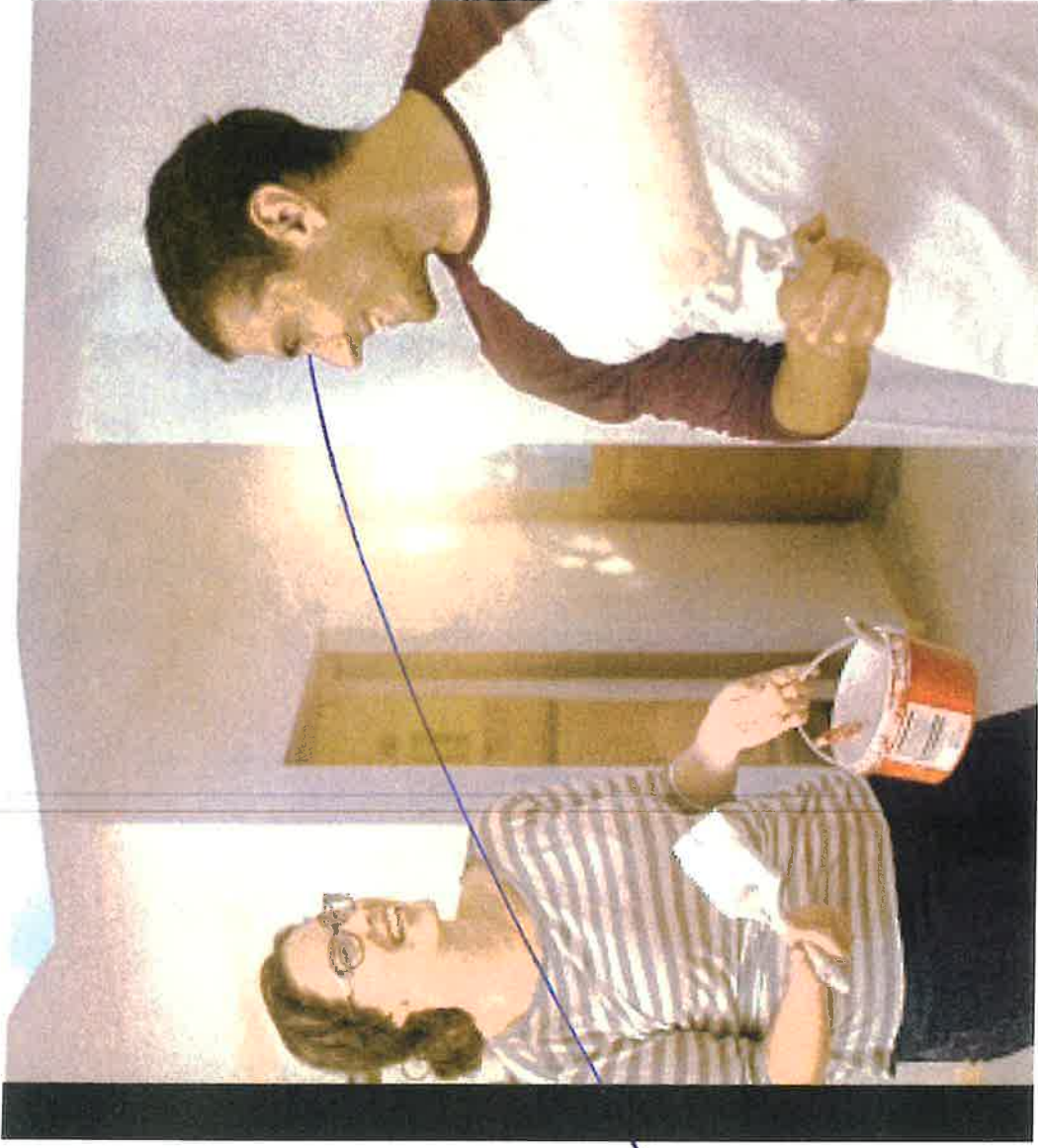
## After You File a Dispute

- Credit reporting agency will send you a letter
- Incorrect information cannot be put back
  - Check to make sure
- You can request notices of corrections to be sent to individuals or businesses that received your report

## Section 5

# Build, Repair, and Maintain a Productive Credit History

See page 38 in your  
Participant Guide



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## Section 5: Key Takeaway

***Your credit history does not  
have to be your credit future.***





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## Repair and Improve Credit

- **Get and review your credit reports**
- **Dispute and correct any errors**
- **Pay all of your bills on time and as agreed**
- **Use as little of your credit limit as possible**
- **Use a credit building strategy**
- **Keep old accounts open if you can**
- **Apply for credit only if you need it**
- **Negotiate different terms**
- **Ask for a “good will” deletion**



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## Build Alternative Credit History

Document other payments you regularly make, such as:

- Rent
  - Television service bill
  - Internet service bill
  - Insurance payments
  - Loan from friend or family member
  - Savings
- Childcare
- Cell phone bill
- Electric bill
- Gas bill
- Water, sewage, and garbage bills

## Build Credit

- **Get a secured credit card**
- **Get a credit-building loan**
- **Become an authorized user on an account**
- **Get a cosigner**
- **Apply for a credit card at a store or gas station**
- **Make a large down payment and negotiate a loan for the balance**

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## Maintain Credit

- **Pay your bills on time and as agreed**
- **Continue to pay down your debt balances**
- **Keep the proportion of the credit you use low compared with credit limits**
- **Don't apply for too much credit**
- **Avoid actions or inactions that may create new entries**
- **Pay your taxes and child support in full and on time**
- **Check your credit reports and regularly dispute errors**
- **Keep good financial records**

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## Get Help



- **Financial institution**
- **Nonprofit consumer credit counseling service**
- **Housing Counseling Agency approved by Department of Housing and Urban Development (HUD)**
- **Financial education nonprofit organization**
- **Certified Financial Planners (CFPs)**
- **Other**



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## Credit Repair and Debt Consolidation

- **Credit Repair Companies**
  - Promise to fix your credit for a fee
- **Debt Consolidation Businesses**
  - Offer different services
  - Often specialize in debt consolidation loans and debt settlement services

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## Use Caution

### ■ Debt consolidation

- Taking out new loan to pay off other debts
- Does not address underlying causes of debt

### ■ Debt settlement

- Working with creditors to accept lower payment and settle debt
- Might have to pay income tax on portion that was settled



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## Credit Repair Scams

**Beware of credit repair companies that:**

- **Promise to erase bad credit or remove other negative, but accurate, information**
- **Promise fast and easy credit repair**
- **Offer to create a new identity for you**
- **Want you to pay upfront**
- **Will not tell you about your rights**



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## Protecting Your Credit History

- Initial fraud alert
- Active duty military alert
- Extended fraud alert
- Credit freeze
- Credit lock