

# Understanding Credit Reports

## Key terms

### What is **credit**?

Borrowing money for goods or services.

### What is **credit history**?

A record of your use of credit and repayment.

### What is a **credit score**?

A numerical summary of your credit history that indicates your credit worthiness (likelihood of repaying a loan as agreed).

## What is a “good” credit score?

Credit scores range from 300-850. This number changes over time. New and paid off loans, late payments, amount and type of credit used are just a few factors that can change your score.

Many variables are used to calculate scores. Higher scores are more favorable.

**TIP:** Focus on positive financial habits for achieving a favorable credit rating. For example, pay your bills on time.

## Why check your credit report?

- Find and report errors
- Find clues to detect identity theft
- Maintain awareness of credit usage
- Be an informed consumer
- Know your credit rating

## What affects your credit score?

- Payment History – are bills paid on time?
- Credit usage – how much you owe
- Length of credit history
- Types of credit accounts
- Inquiries for new credit

## What determines your credit score?

### Credit Reporting Agency

The credit bureaus create reports based on the information received from lenders that do business with you.

### Your Behavior

Lenders use your credit score to predict your credit worthiness. Pay your bills on time, limit your use of available credit, and apply only for the credit you need.

The following will provide you with a free copy of your credit report weekly.

**AnnualCreditReport.com**

**Equifax.com** (888-202-4025)

**Transunion.com** (888-397-3742)

**Experian.com** (888-397-3742)

## What information is on a credit report?

### Public Records

(Financial Obligations)

Bankruptcies, Foreclosures, Judgments

### Consumer

(Personal Information)

Name, Address, Phone, Social Security #, Employment History, Date of Birth

### Inquiries

(Requests for New Credit and Report Reviews)

Lenders, Utilities, Landlords, Insurance Companies

### Accounts

(Past and Present Loans)

Lender Name, High and Low Amounts, Minimum Payment Required, Repayment History