

Understanding your **Credit Report**



**The single most important
document for protection
against identity theft.**

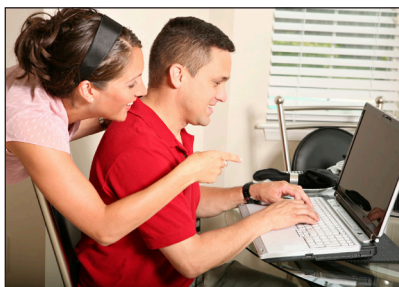
What to do if you spot errors

A recent study shows that 79 percent of credit reports contained mistakes of some kind. Creditors report billions of pieces of information to credit bureaus each year. It's not unusual to find your name is misspelled; but there is cause for alarm if you discover an entirely different name, address or driver's license number on your report. Under the Fair Credit Reporting Act, credit bureaus and any business that supplies them with data must investigate consumer disputes at no charge, generally within 30 days. Within five business days of completing its investigation, the bureau must send you the results, a revised copy of the credit report and information about your rights. Corrections must be sent to all major credit bureaus, so you don't have to contact them yourself. If you spot suspicious information, here's what you should do:

- ◆ Write a letter to each credit reporting bureau, giving your full name and mailing address, date of birth and Social Security number. Explain what information you think is inaccurate.
- ◆ Request a deletion or correction.
- ◆ In your letter, clearly identify each item in your report that you dispute.
- ◆ Sign the letter and enclose a copy of your report with the items in question circled.
- ◆ Include copies (not originals) of documents that support your position.
- ◆ Send your letter by certified mail, return receipt requested, so you can prove that the credit bureau received the information.
- ◆ You can also dispute the error online on the Web sites of the three credit reporting agencies. Be sure to print the claim for your records.
- ◆ Keep a log of your efforts and everyone you talk to.

When was the last time you checked your credit report for accuracy? How do you obtain your credit score? What does your credit report mean to those who lend you money and credit? Not only does your credit report affect your financial life, it can also affect your career, education and the interest rates that lenders offer you. Your credit report should make you look as financially attractive as possible.

Your credit report is the single most important document for protecting yourself from identity theft. By periodically reviewing your credit report, you can see your payment history, understand how your credit is rated, and prevent errors from going undetected.



Credit reports from the major reporting agencies

Your credit report—also referred to as a credit file, credit history or credit rating—is a compilation of your payment history on all credit accounts to judge your credit worthiness. The three major credit reporting agencies are Equifax, Experian and TransUnion. They don't share information, so one report may not be identical to another. Information about your existing and past credit accounts—mortgages, credit cards, student loans—is reported to the bureaus, while judgments, liens and bankruptcies are found by the bureaus from public records.

Credit bureau affiliates

Besides the three major reporting agencies, there are hundreds of credit bureaus called affiliates that collect financial information for their customers. Mortgage reporters use credit report information to create detailed credit reports for real estate lenders. Resellers purchase, collect, package and sell information about your financial life to lenders, employers, insurance agencies and other customers. Their customers use the information to make decisions about whether to offer you loans or credit.

Requests to view your report

Whenever you or an authorized creditor requests to see it, your credit report is produced with a listing of your personal information, payment history, outstanding balances and maximum lines of credit available. Your report also reveals any late payments, charge-offs (accounts written off as uncollectible), bankruptcies and recent inquiries from creditors.

Types of credit reports

A credit report contains a complete outline of your financial history. The report is broken down into four sections: your personal information, borrowing history, any public records available, and the types of companies that have requested information about your file.

Personal information. Your name, spouse's name, address, previous addresses for the past five to 10 years, date of birth, Social Security number (as well as that of your spouse), addresses of previous and current employers and your telephone number.

Borrowing history. A list of your credit accounts, the opening date, whether you make timely payments, the balance, joint account information and any negative information regarding the account.

Public record. Monetary judgments, state and federal tax liens and bankruptcies. If you have been convicted of a criminal activity, such as drunken driving, this may show up on your credit report.

Inquiries. Everyone who has viewed your credit report recently. One kind of inquiry is generated when you apply for credit, insurance or a job. Promotional inquiry is created when lenders ask the credit bureaus for lists of people who fit a certain category so that they can mail them pre-approved credit offers. Another inquiry is created when lenders and retail stores want to review their customers' credit reports to increase credit lines before the holidays. Customers who fit certain qualifications will be granted more credit.

How to get your credit report at no cost

Order your free report at annualcreditreport.com or call 877-322-8228. Review your credit report from the three credit bureaus, getting one every few months. This allows you to find any inconsistencies within your financial information as you compare the reports. Be on the lookout for unrecognizable names, a change of address, accounts you don't recall opening or past-due notices on accounts that you no longer use.

For information, contact any of the three major credit reporting bureaus:

Equifax

P.O. Box 740241
Atlanta, GA 30374
800-685-1111
equifax.com

Experian

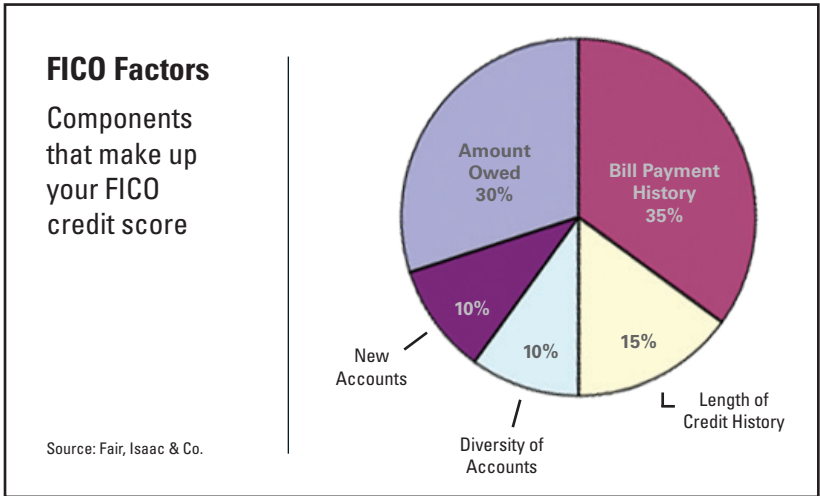
P.O. Box 2002
Allen, TX 75013
888-397-3742
experian.com

TransUnion

P.O. Box 1000
Chester, PA 19022
800-888-4213
transunion.com

Your credit score

Your credit score, also known as your FICO (Fair, Isaac & Co.) score, helps a lender gauge the likelihood of a loan being repaid. Your FICO score is available for a small fee from any of the three credit reporting agencies or annualcreditreport.com. While your credit report is a reflection of your financial activities, your credit score is an analysis of your credit worthiness based on your credit history and current credit accounts.



Credit scores range from about 350 to 850 points. The higher the score, the more likely you are to get credit. A score of 700 and up is considered excellent. Borrowers with scores below 620 may not get the best interest rates available and may experience complications when requesting credit. Here are three important factors that determine your credit score:

Past payment history. Get a higher score if you consistently pay your bills on time.

Outstanding balances. The higher your credit card balances are in relation to the percentage of your credit limits used, the lower your score.

Financial stability. The length of time you've had the same accounts open, the various types of existing credit and the number of recent credit applications you have submitted.

Also, the length of time at your current job and whether you have a checking or savings account are considered when calculating your score.

Putting a freeze on your credit report

Most states, including Maryland and Virginia, allow consumers to “freeze” their credit report. A freeze means the credit bureau cannot release your credit report to anyone without your approval. Lenders typically will not extend credit without seeing a copy of the applicant’s credit report, so a freeze can stop an identity thief from obtaining credit in your name. If you do opt to freeze your report, be aware that there is usually a fee to place, temporarily lift or permanently remove the freeze. And you will incur this fee each time you apply for new credit. Still, putting a freeze on your account—especially if you don’t have plans to apply for credit in the near future—can be an effective way of preventing identity theft.

Make your credit report a valuable asset



Pay your bills on time, review your credit report at least once a year, and understand how the credit rating system works. Avoid possible complications associated with having an inaccurate credit report and report any errors to the credit bureaus immediately. A solid credit record and an accurate credit report are valuable assets. For additional resources to help manage and protect your credit, visit towerfcu.org and click on Tips & Calculators.



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