

Credit Report Info Packet



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The Neighborhood Economic Development Advocacy Project (NEDAP) is a resource center that promotes financial justice and community-based economic development in low income communities and communities of color in New York City. For more information on NEDAP, its programs, coalitions, and publications, please visit our website, www.nedap.org

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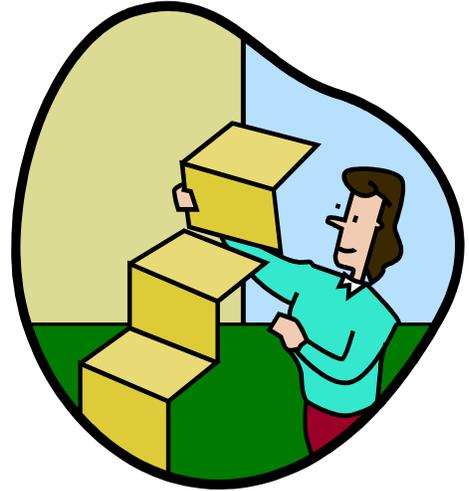
Legal Disclaimer

This packet provides general information and other sources of information for consumers. This packet does not provide legal advice, which you can only get from an attorney.

What Is A Credit Report?

What is a Credit Report?

A credit report is a record of how you have borrowed and repaid credit. Whenever you get credit, that lender reports information about your account to credit reporting agencies. This information is used to create your report.



What information is in your Credit Report?

- Personal identification information (such as your name, birthdate, Social Security Number, recent home addresses and recent employers)
- Payment history on your credit accounts
- A list of creditors who have recently requested copies of your report
- Public records — such as bankruptcy, foreclosure, and court judgments

What information is not in your Credit Report?

- Personal comments from creditors or debt collection agencies
- Payment history on non-credit accounts, such as rent or utilities - unless a bill has gone to collections
- Your income
- Medical conditions
- Criminal records are usually not included

How long can information stay on your Credit Report?

Most negative information can stay on your report for 7 years, except:

- Bankruptcy can stay on your report for 10 years
- Court judgments that have been satisfied can stay on your report for 7 years from the date the judgment was entered; judgments that have not been satisfied can stay for up to 20 years.
- Some student loan information can stay on your report for more than seven years.

What Is a Credit Score?



What is a Credit Score?

A credit score is a number that is supposed to measure how likely you are to repay a loan. Your score is developed by comparing information about you with others who have a similar profile. Credit scores are usually between 300 and 850—the higher your score, the more attractive you are to a lender.

There are many different credit scoring formulas, but the most common score is called the “FICO score” - developed by Fair Isaac and Company (FICO). FICO scores claim to be based only on information in your credit report.

What information affects your FICO Score?

- Your payment history on credit accounts (35% of score)
- Amounts owed (30% of score)
- Length of your credit history (15% of score)
- Types of credit used (10% of score)
- Recent inquiries and accounts (10% of score)

What does not affect your FICO Score?

- Your race, religion, sex or marital status (prohibited by federal law)
- Your age
- Employment information
- Any items reported as child family support payments
- Inquiries on your credit report from you; employers; lenders making “promotional” offers; or lenders reviewing your current accounts

Can other information affect your Credit Score?

YES. Many lenders use their own credit scoring formulas, which may consider your age, education level, income, whether you are a homeowner or renter, and other information.

Sources: www.myfico.com; Federal Trade Commission

Who Can See Your Credit Report?

There are laws about who can see your credit report. Credit reports are often viewed by:

- Employers (must ask your permission)
- Landlords
- Lenders
- Insurance Companies
- Government agencies – including those trying to collect child support and those considering your eligibility for public assistance. Agencies considering your public assistance eligibility do not look at your record of bill payments or debts, but only to see if you have hidden assets.



KNOW YOUR RIGHTS!

It is against the law for creditors to base their credit decisions on your sex, age, race, color, religion, national origin, marital status, receipt of public income or assistance, or the exercising of your rights under the credit laws.

If you are denied credit, the Equal Credit Opportunity Act requires that the creditor give you a notice that tells you the specific reasons your application was rejected, or the fact that you have the right to learn the reasons if you ask within 60 days.

Sometimes you can be denied credit because of information from a credit report. If so, the Fair Credit Reporting Act requires the creditor to give you the name, address and phone number of the credit reporting agency that supplied the information. You should contact that agency to find out what your report said. This information is free if you request it within 60 days of being turned down for credit.

Ordering Your Credit Report *For Free!*



How can you get your credit report and score?

There are three major credit reporting agencies and many other small ones. Most lenders pull your credit report from one or more of the “Big Three” agencies:

- **Experian**
- **Equifax**
- **Trans Union**

You can order your credit report and score by phone, mail, or internet.

Can you get your credit report for free? How often?

Yes! The Fair and Accurate Credit Transactions Act requires certain consumer reporting agencies—including Experian, Equifax and TransUnion—to provide you with a free copy of your report, at your request, once every 12 months.

You can order your credit report(s) online: **www.annualcreditreport.com**; by phone: **877-322-8228**; or by completing the “Annual Credit Report Request Form” and mailing it to: **Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281**. The form can be printed from www.ftc.gov/credit. Do not contact the three nationwide consumer reporting companies individually. Your free credit report does not include a free credit score. You may purchase your credit score for a few dollars more when you order your free credit report.

What information do you have to provide to get your free report?

You will need to provide your name, address, Social Security number, and date of birth. To verify your identity, you may be asked for information that only you would know, such as the name of your credit card company.

How long does it take to get your free report?

If you request your report online, you should be able to get it immediately. If you request your report by phone or mail, it should be mailed to you within 15 days.

Source: Federal Trade Commission

Other Ways to Get Your Credit Report for Free

What if you need your credit report twice in the same year?

The three major credit reporting agencies charge about \$9.00 for your credit report, and a few dollars more for your credit score. However, you can get a free credit report if you have been denied credit in the past 60 days.

You can also get one free report each year, if:

- you are unemployed and will be applying for a job within the next 60 days
- you receive public assistance, or
- you have reason to believe that your report contains inaccurate information due to fraud

You can order your report by phone, mail, or Internet:

Experian: 1-888-EXPERIAN (397-3742) / www.experian.com

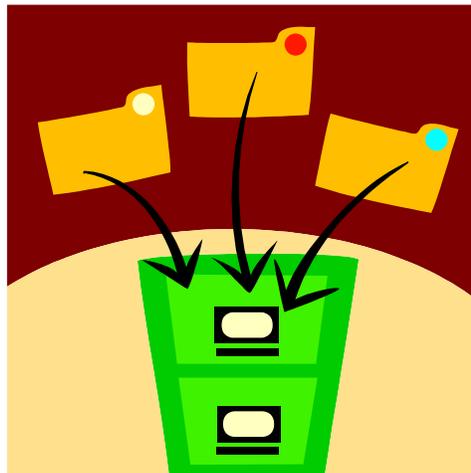
Experian National Consumer Assistance Center / PO Box 2002 / Allen TX 75013-2104

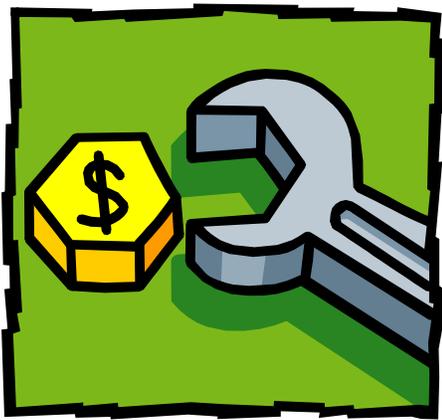
Equifax: 1-800-685-1111 / www.equifax.com

Equifax Customer Information Service Center / PO Box 740241 / Atlanta, GA 30374-0241

TransUnion: 1-800-916-8800 / www.transunion.com

TransUnion Corporation / PO Box 390 / Springfield, PA 19064-0390





Correcting Your Credit Report

What should you look for in your credit report?

The most important things to look for in your credit report are incorrect and old information.

- **Incorrect information:** More than 3 out of 4 people have some mistakes in their credit reports. Look for late payments or charge-offs that you think are incorrect. Also check for names, addresses, birth dates, or Social Security numbers that don't belong to you.
- **Old information:** Look for negative information that is older than 7 years, or 10 years in the case of bankruptcy. This is considered old information and should no longer be on your report.

What should you do if your report contains errors or old information?

Step 1—Contact the creditor. Contact the creditor that reported the incorrect information and ask it to report its mistake to the credit reporting agency. The agency should immediately remove the entry from your report. You may use the sample credit card dispute letter on page 15 as a model.

Step 2—Send a dispute letter. If you find old information, or if contacting your creditor to correct an error doesn't work, send a dispute letter to the credit reporting agency. You can use the sample credit report dispute letter on page 12 as a model. Attach copies of any supporting documents, such as receipts or account statements. Do not send original documents. The credit reporting agency is required by law to investigate your dispute within 30 days and notify you with the results. If it cannot verify the disputed item within this time, it must delete the information from your report.

Step 3—Make sure the information comes off - and stays off! Don't forget that there are three credit reporting agencies. Make sure to check all three reports, and follow these steps with all of them. Sometimes incorrect information can sneak back into your reports—check all your credit reports 6 months later to make sure that the information has been permanently deleted.

What To Do About Negative Information



What can you do about negative credit information that is true?

You cannot dispute negative information on your report if it is correct—unless the information is more than 7 years old (or 10 years old if it is a bankruptcy). However, you can take steps that may still help:

- 1. Add a personal statement to your credit report**, explaining why you have negative information on your credit report. Keep your statements brief, under 100 words, and send it to the credit reporting agency. If they accept your statement, it will be included every time someone requests your credit report. You can also ask the credit agency to send your statement to anyone who received a copy of your credit report in the last 6 months. Credit agencies are **required** to accept these statements if they explain why information on your credit report is incorrect. They are not required to accept statements that explain why you had credit problems in the past, but many will do so.
- 2. Contact the lender that reported the negative information**, and ask them to remove it from your credit report. Sometimes a lender will do this if you have since made arrangements to pay off the loan, or if the problem occurred several years ago.
- 3. Explain why you had credit problems directly to the lender to whom you are applying.** Federal law requires that creditors at least consider your explanation. It is recommended that you explain why you had temporary credit problems, what steps you have taken to resolve the problem, and why your finances are now more stable.

Source: National Consumer Law Center, NEDAP.

The Truth About Credit Repair Agencies

Can credit repair agencies “fix” bad credit?

Most experts recommend that you avoid companies that promise to fix your credit report. They often charge hundreds or thousands of dollars for simple services that you can do for free, by yourself or with help from a trusted community organization. Even worse, they sometimes do things that are illegal, which can get you into serious trouble. Many people wind up in worse financial shape after using a credit repair agency than they were beforehand.

Beware of these common claims made by credit repair agencies:

CLAIM: "Only we can remove old or inaccurate information."

TRUTH: If there are mistakes in your report — or if there is old information that should no longer be there — you can correct them yourself.

CLAIM: "The information on your report is accurate, but we'll erase it anyway."

TRUTH: It is illegal to lie to credit reporting agencies in order to remove negative information that is true, and can result in prosecution.

CLAIM: "We guarantee to get you a credit card or loan."

TRUTH: These companies do not always honor their guarantees, or they may get you into a credit card with high fees and interest rates.

KNOW YOUR RIGHTS!

Under the Credit Repair Organizations Act:

- Credit repair organizations must give you a copy of the “Consumer Credit File Rights Under State and Federal Law” before you sign any contract.
- You have three days to cancel a contract without paying any fees.
- Credit repair agencies cannot:
 - make false claims about their services
 - collect fees from you until they have completed the promised services
 - perform any services until you have signed a written contract

Source: National Consumer Law Center, "The Truth About Credit Reports and Credit Repair Companies;" Federal Trade Commission, "Credit Repair: Self-Help May Be Best; Consumer Action, "Credit Repair Scams: They Make Your Money Disappear."

Improving Your Credit Report

Here is a summary of the things you can do to get—and keep—your credit record on the right track:

- ✓ **Check your credit reports** at least once each year to make sure they are accurate.
- ✓ **Resolve errors in your credit report**, or send the reporting agencies a personal statement to include when it distributes your report.
- ✓ **Develop better credit habits now**, which will boost your credit score. Remember—your credit report and score are constantly changing, and recent information counts more than older information.
- ✓ **Build credit with a secured loan.** Some credit unions and banks offer small loans or credit cards that are secured by money in your savings account. This is an option to help you build credit for the first time, or to rebuild your credit if you've had problems in the past.
- ✓ **Deal only with responsible lenders.** Turn away credit card offers and lenders promising "fast cash."
- ✓ **Shop around for credit.** Compare offers from at least two or three different creditors, to help make sure you are getting the best offer possible.
- ✓ **Consider canceling credit cards with unfavorable terms.** Think about keeping only a few credit cards, with the best interest rates and terms possible.



Source: National Consumer Law Center, "Surviving Debt: A Guide for Consumers."

SAMPLE CREDIT REPORT DISPUTE LETTER

Use this letter to dispute incorrect or old information on your credit report.

Most negative information, if true, can stay on your credit report for seven years.

Your Name
Your Street Address
City, State ZIP Code
SSN: Your Social Security Number
DOB: Your Date of Birth

Date _____

1 CERTIFICATE OF MAILING

Dispute Department
Credit Reporting Agency
Street Address or P.O. Box
City, State ZIP Code

2 Re: Report Number _____

Dear Credit Reporting Agency:

I am writing to dispute the following incorrect information on my credit report. The items I dispute are also circled on the attached copy of my credit report.

3 Incorrect Credit Accounts

1. First Account Name, Account Number
Reason for Dispute:
Action Requested:

4 Incorrect Public Records

1. Source of Public Record, Record Number
Reason for Dispute:
Action Requested:

5 Incorrect Personal Information

1.

Please investigate these items immediately and send me a corrected copy of my credit report.

Sincerely,

Your Name

6 Enclosure: Credit Report
Cc: [Add incorrect accounts here]

INSTRUCTIONS FOR SAMPLE CREDIT REPORT DISPUTE LETTER

- 1 Make sure to mail your letter with a certificate of mailing and keep the proof of mailing for your records.
- 2 Fill in the report or file number of the report you want to dispute. You can usually find this information in the top right corner of your credit report.
- 3 For each credit account you wish to dispute, write the creditor's name and the account number. Next, state the reason for the dispute. You can dispute an entire account if it is not yours or it is too old. You can also dispute part of an account, such as a late or missed payment, or the amount due. Finally, state the action you would like the credit reporting agency to take (either "delete account" or "correct account").
- 4 Court judgments, bankruptcies, and tax liens go in the "public records" section of your report. For each public record you wish to dispute, give the source of the record and the file number. Next, state the reason for your dispute. (You can dispute a judgment or lien if it has been vacated or satisfied. For more information, please call the NYC Financial Justice Hotline at 212-925-4929). Finally, state the action you would like the credit reporting agency to take (either "delete public record" or "correct public record").
- 5 Use this section to dispute incorrect personal information, such as an incorrect address, telephone number, or misspellings of your name.
- 6 Attach a copy of your credit report with all the disputed information circled or highlighted. You should also attach copies (not originals) of any evidence supporting your dispute, such as proof of payment, a release letter, or a police report. List this evidence on the "Enclosure" line. Send a copy of your dispute to each creditor listed in the "Incorrect Credit Accounts" section of the letter, and list their names on the "cc" line. Finally, always keep a copy of your dispute letter for yourself.

SAMPLE FOLLOW-UP LETTER

Use this letter if the credit reporting agency does not respond to your dispute letter within thirty days.

Your Name
Your Street Address
City, State ZIP Code
SSN: Your Social Security Number
DOB: Your Date of Birth

Date _____

1 CERTIFICATE OF MAILING

Dispute Department
Credit Reporting Agency
Street Address or P.O. Box
City, State ZIP Code

2 Re: Report Number _____

Dear Credit Reporting Agency:

More than 30 days ago, I sent the attached letter disputing several items in my credit report. Because you did not advise me of the results of your investigation within 30 days, the Fair Credit Reporting Act requires that you delete these items from my credit report.

Please delete the disputed items right away, and send me a corrected copy of my credit report. In addition, please take steps to ensure that these deleted items do not reappear on my credit report in the future.

Sincerely,

Your Name

3 Enclosures: Dispute letter

Sources: *Evan Hendricks*, *Credit Scores & Credit Reports: How the System Really Works, What You Can Do*; *NE-*

- 1 Make sure to mail your letter with a certificate of mailing and keep the proof of mailing for your records.
- 2 Fill in the report or file number of the report you want to dispute. You can usually find this information in the top right corner of your credit report.
- 3 Attach a complete copy of your original dispute letter. And, remember to keep a copy of your follow-up letter for your records!

SAMPLE CREDIT CARD DISPUTE LETTER

Use this letter to dispute an incorrect charge on your credit card bill.

For best results, send this letter within 60 days after receiving the first statement containing the incorrect charge.

Your Name
Your Street Address
City, State ZIP Code

Date _____

1 CERTIFICATE OF MAILING

Dispute Department
Credit Card Company

2 Street Address or P.O. Box
City, State, Zip Code

3 Re: Your Account Number

Dear Credit Card Company:

I am writing to dispute an incorrect charge on my statement of [fill in DATE of statement]. The charge I dispute is also circled on the attached copy of my statement.

4 I dispute this charge because

5 I have attached the following evidence in support of my dispute:

Please investigate this dispute and provide me with a written statement of the outcome. Thank you.

Sincerely,

Your Name

Source: National Consumer Law Center, Guide to Surviving Debt

1 Make sure to mail your letter with a certificate of mailing and keep the proof of mailing for your records.

2 To find the address, call your credit card company or look in the "billing rights summary" on your statement.

3 Fill in your account number here.

4 State the reason for your dispute. Common reasons to dispute a charge are that you did not make the charge, that you did not receive the goods or services you paid for, or that you received them but they were poor quality. You can dispute a late fee on the grounds that you paid on time.

5 Here, list the evidence you will attach in support of your dispute, such as a police report, proof of payment, or other evidence. Include copies (not originals) of this evidence with your letter.

