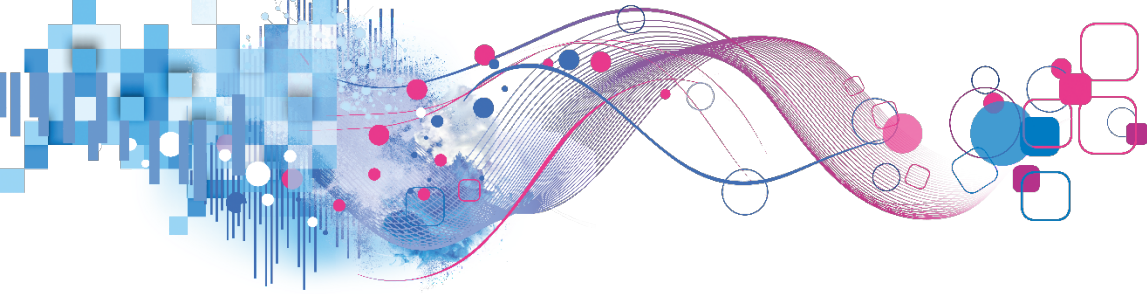


Give me a little credit

Credit reports and credit scores

Presented to name/names
Presented by Name of Presenter
Day/Month/Year





Learning objectives

- Understand what credit is
- Understand what a credit report is and the contents of credit reports
- Understand how information is collected and how long it remains on your credit report
- Learn who has access to reports and where to access your own
- Understand the role of credit reporting in our lives and the benefits of maintaining a positive history
- Learn how to use and manage credit to build a positive history
- Know where to go to get helpful and accurate information about credit reports and the questions you may have about them



If I had a million dollars...



Credit

It is a privilege you earn

The choice is yours

What is credit?

Obtaining goods or services and paying for them at a later date under agreed upon terms

- Credit cards, mortgages and car loans
- Service contracts: cable television, telephone, utility service
- Your financial references



What is credit?





EQUIFAX[®]

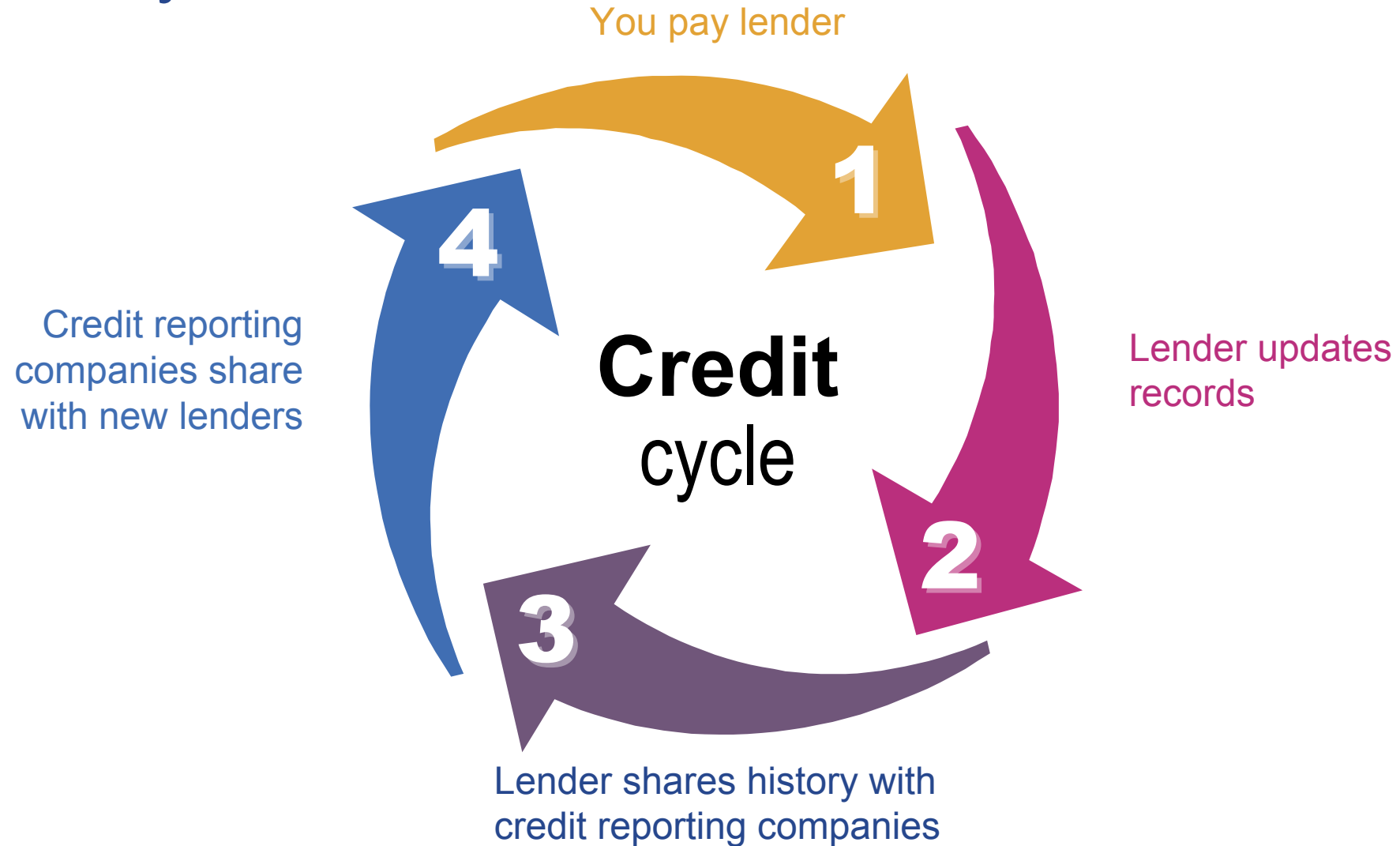
TransUnion[®] 

The three national credit reporting companies

Credit reporting companies serve consumers and businesses by making possible:

- Instant credit
- Lower-cost credit
- Nationwide credit
- Widespread availability
- Account management

The credit cycle



Credit reporting companies
are like libraries

Credit reporting company clients
check out information...

...if they have a permissible
purpose under the law



Defining credit reports and their importance

What is a credit report?

- Your personal credit report includes a record of your financial accounts and obligations and the identification information associated with them
- This report is sometimes called a credit file or a credit history
- Credit reporting companies collect and organize data about your credit history from your creditor's and public records





Defining credit reports and their importance

Why is it important?

- Lenders use credit reports and credit scores to gauge the likelihood that you will pay back a loan
 - A strong credit history enables you to obtain a credit card, home and auto loans and many other valuable credit services, and can affect the amount that you pay for those services
- Reports are also used in other non-lending situations – employment checks, apartment rental applications, utilities, cellular phones, etc.
- Your credit report serves as your financial references to companies with whom you want to do business

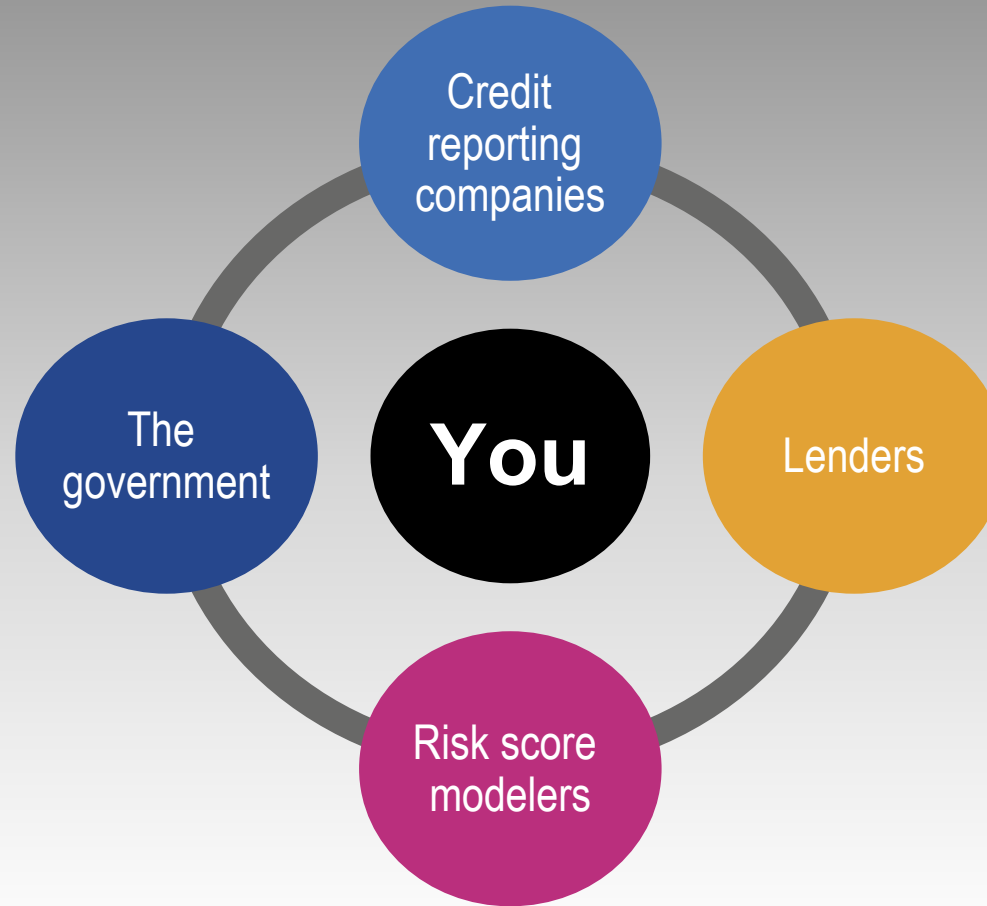
The Fair Credit Reporting Act

Permissible purposes

- Open or manage credit accounts
- Offers of credit
- Employment purposes
- Underwrite insurance
- A business transaction initiated by the consumer
- Court order or federal jury subpoena
- Valuation of risk of an investor
- Eligibility for government license
- Disclosure to consumer



The players in the credit cycle





What's in a credit report

- Identifying information
- Account information
- Public record information
- Inquiries
- Dispute instructions

Information comes from you

Information you provide in an application for credit, housing, or insurance is reported to credit reporting companies



How long is information kept on a report?

Type of account	Time frame
Open accounts in good standing	Indefinitely
Closed accounts in good standing	10 years
Late or missed payments	7 years
Collection accounts	7 years
Civil judgments	7 years
Chapter 7 bankruptcy	10 years
Chapter 13 bankruptcy	7 years
Unpaid tax liens	10 years
Paid tax liens	7 years
Credit inquiries	2 years



What's NOT in a credit report?

Credit reporting companies do **not** store:

- Criminal background
- Medical information
- Buying habits / transaction data
- Bank account information
- Credit scores



Common myths about credit reporting

When paid, the bad debt will go away

The credit reporting company denied me credit

I'm not responsible for those charges on our account

A divorce decree separates joint accounts

Consumers must give their permission for a report to be issued

(employment is the exception)

Requesting your own report and preapproved offers harm your credit history

There is only one credit score and it is on every report

What is a credit score?

- Used instead of a manual “score sheet”
- Valuable risk management tool
- Many different models, with many different scales available from many different sources
- Credit reporting companies often “apply” the model selected by the creditor when delivering the credit report; however, the credit scoring model, or formula, is proprietary to the developer





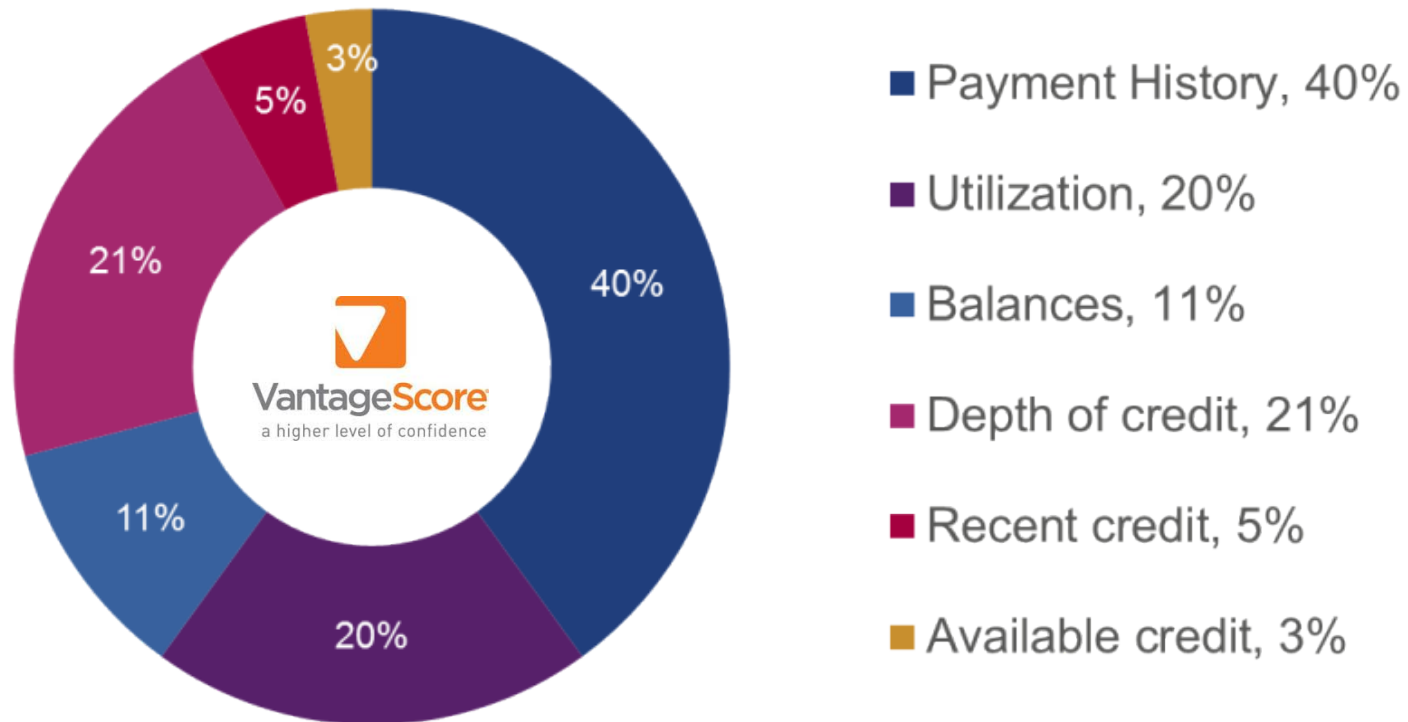
Risk factors are the key

- Generated when a risk score is calculated
- Tell the consumer what to address in their credit history to become more creditworthy
- Are largely consistent from model-to-model
- Are usually included in or described in an adverse action notice
- Experian provides risk factors to consumers with the scores it provides through its direct-to-consumer services

VantageScore® 3.0

Characteristics contributions

VantageScore 3.0 contributions



Ten rules for managing credit

1. Establish a credit report
2. Always pay as agreed
3. Get a credit card
4. Use caution in closing accounts
5. Apply for credit judiciously
6. Time is key
7. Demonstrate stability
8. Have a plan
9. Put credit to work for you
10. Share your knowledge





Centralized source for free reports

www.annualcreditreport.com

- One free report from each of the three bureaus is available every twelve months
- Single contact point
 - **Telephone – 877.322.8228**
 - **Mail**
 - **Internet**
- Fee for credit score disclosure

Experian education resources

On the Web

Free annual FACT Act credit report

www.annualcreditreport.com

Access to free report from each of the three credit reporting companies

Experian

www.experian.com/crediteducation

Ask Experian advice column, sample consumer report, frequently asked questions

www.livecreditsmart.com

Credit trends and information to inspire consumers to use credit wisely

www.experian.com/consumereducation

Electronic versions of our published materials, sample credit report, videos, PowerPoint presentations with talk notes and more





Test your knowledge

What history does your credit score contain?

- A. Student loans
- B. Car loans
- C. Credit cards
- D. All of the above

Test your knowledge

What is likely to happen to your credit score when you pay your bills on time and / or reduce your credit card balance?

- A. Gets better
- B. Gets worse
- C. Stays the same





Test your knowledge

You are entitled to a free copy of your credit report

- A. Once a day
- B. Once a month
- C. Once a year
- D. Once a lifetime

Test your knowledge

Which organizations maintain consumer credit records?

- A. Equifax
- B. Experian
- C. TransUnion
- D. All of the above





Test your knowledge

Missed payments will remain on your credit history:

- A. Up to seven years
- B. Up to ten years
- C. Until they are paid
- D. Forever



Test your knowledge

Additional questions for review or activity development

- Why is it important for consumers to have a credit report?
- Can a credit report save a consumer money?
- Who has access to credit reports?
- What is included in a credit report?
- How long does negative information remain in a report?
- How can consumers view their credit reports?
- How do consumers dispute information in their report?
- How long does it take for disputes to be completed?

Test your knowledge

Additional questions for review or activity development

- Do they need to dispute with all three credit reporting companies?
- How can you build a credit history when you have no credit?
- What can consumers do to ensure that they have a strong credit history?
- How does getting married affect your credit history?
- How does getting divorced affect your credit history?
- What resources are available to help consumers better understand credit reporting?



