

Your Credit Report

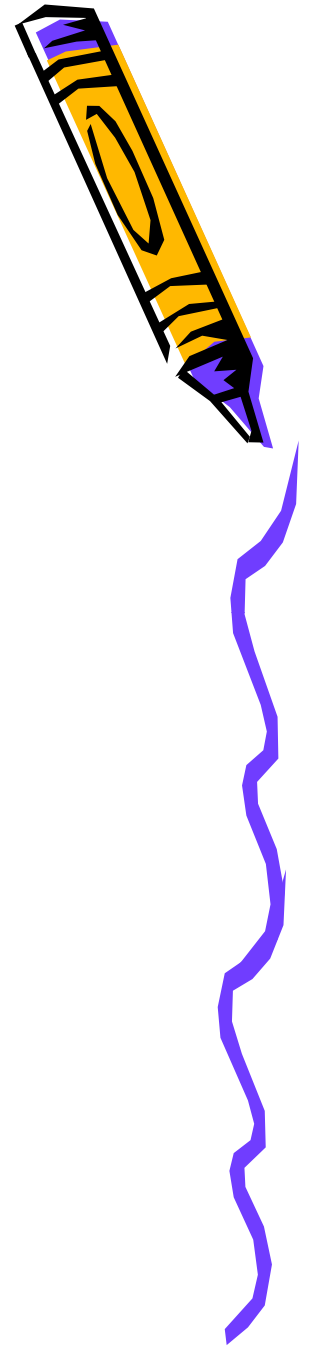
A Financial Curriculum for English
Language Learners



What will I learn?

- What is a credit report?
- How is it used?
- How do I order it?
- How do I read it?
- How do I rehabilitate my credit?

Rehabilitate – make better; restore



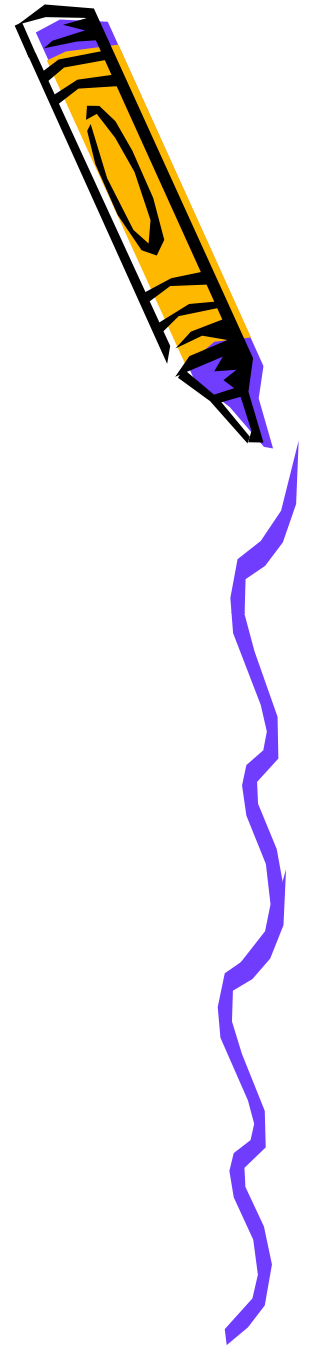
What is in my Credit File?

- ID
- Public information about you
- Information from collection agencies
- Credit account information
- Companies that asked to see your file



What does the **Report** say about me?

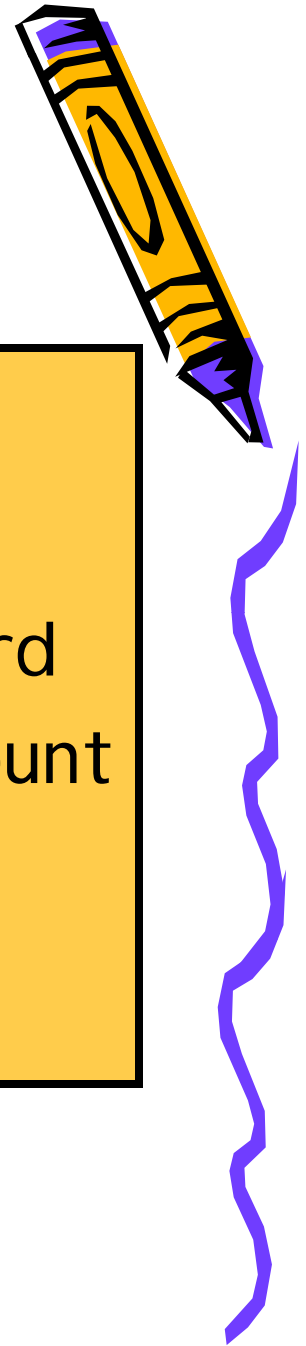
- Do you pay bills on time?
- How many credit cards?
- How much credit?
- How much do you owe?



When does my Credit Report matter?

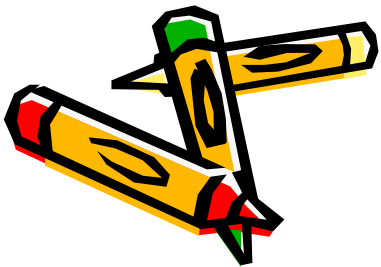
When you:

- Buy or rent a home
- Get a job
- Get a phone
- Buy a car
- Get insurance
- Get a loan
- Get a credit card
- Get a bank account



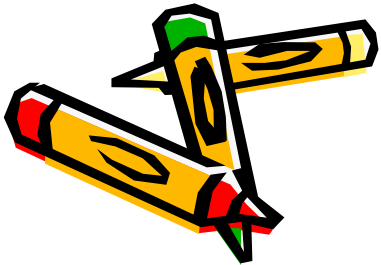
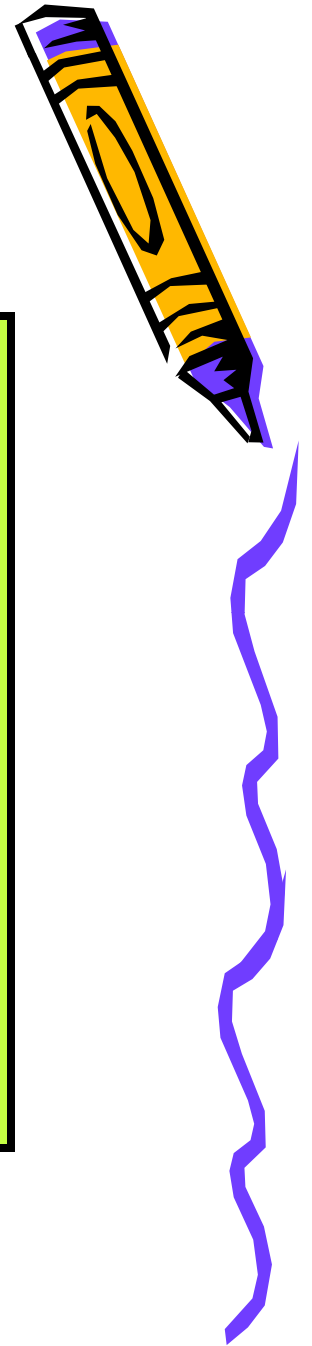
The Good News

- You can see your credit report!
- If you see mistakes, you can ask the credit reporting agencies to fix them



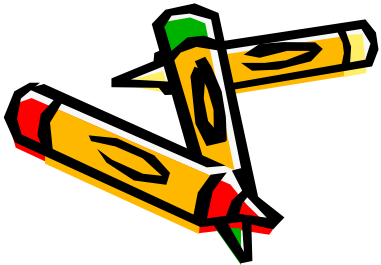
Get a **FREE** Credit Report!

- You live in Illinois
- You get public assistance
- You don't have a job
- You think someone is pretending to be you, OR
- You have been denied credit, insurance or a job



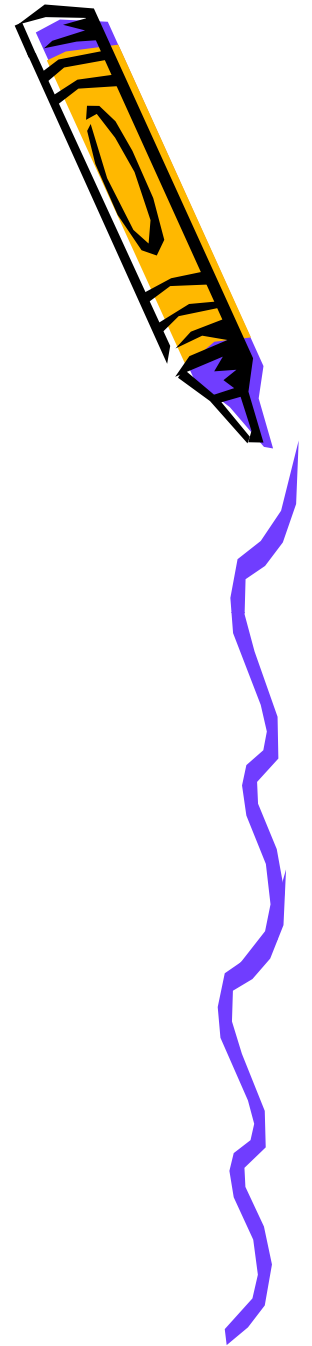
How do I get my credit report?

- Go to www.annualcreditreport.com
- Call (877) 322-8228
- Write to: Annual Credit Report Request
P.O. Box 10528
Atlanta, GA 30348-5281
- Ask for reports from 1, 2 or 3 agencies



3 Big Reporting Agencies

- **EQUIFAX: 800-685-1111**
– www.equifax.com
- **EXPERIAN: 888-397-3742**
– www.experian.com
- **TRANS UNION: 800-888-4213**
– www.transunion.com



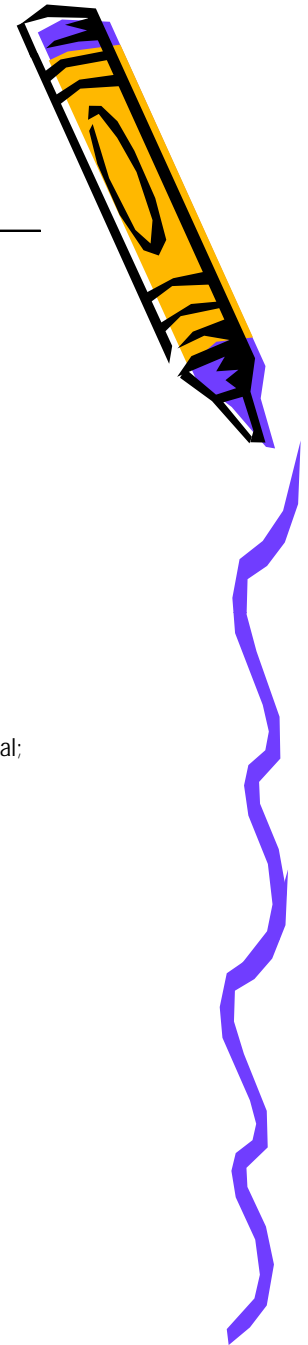
What does a Credit Report Look Like?



Credit Reporting Agency

Please address all future correspondence to:

Credit Reporting Agency
P. O. Box 0000
City, State Zip Code
(800) 000-0000



SAMPLE CREDIT FILE

Personal Identification Information

Your Name Social Security #: 000-00-0000
123 Current Address Date of Birth: January 21, 1967
City, State 00000

Previous Address(es):

234 Any Rd., Martin, Alaska 00000
P. O. Box 0000, Hilo, PA 00000

Last Reported Employment: Hospital Administration

Public Record Information

Lien filed 02/95; Big CTY; Case or other ID number-00000; amount-\$27045; Class-state; Released 07/95; Verified 02/95.

Bankruptcy filed 10/94; Any District Ct; Case or other ID number-000AB00; Liabilities-\$13072; Personal; Individual; Discharged; Assets-\$790

Collection Agency Account Information

Any Collection Agency (800) 000-0000
Collection Reported 07/99; Assigned 09/99 to Any Collection Agency (800) 000-0000 Client - ABC
Hospital; Amount-\$878; Paid collection account.

Credit Account Information

Credit Union	1234	I	04/98	24	4/01	\$750	\$0	I1	3/01
Store	5678	J	12/00	36	12/01	\$1000	\$0	R1	1/01
Auto	9101	I	5/97	48	12/00	\$2400	\$50 \$300 \$200	I5	4/01

Previous Payment History: 3 Times 30 days late; 4 Times 60 days late

Companies that Requested your Credit File

08/06/00	Bureau Disclosure	12/27/01	Department Store
03/01/01	Credit card	01/23/01	Credit card

What does it mean?

- **Tax lien** - when you don't pay taxes, the IRS can claim your property
- **Judgment** - when a court says a creditor can claim your property
- **Collection account** - money you owe that someone is paid to collect
- **Bankruptcy** - legal way to get out of debt you can't pay



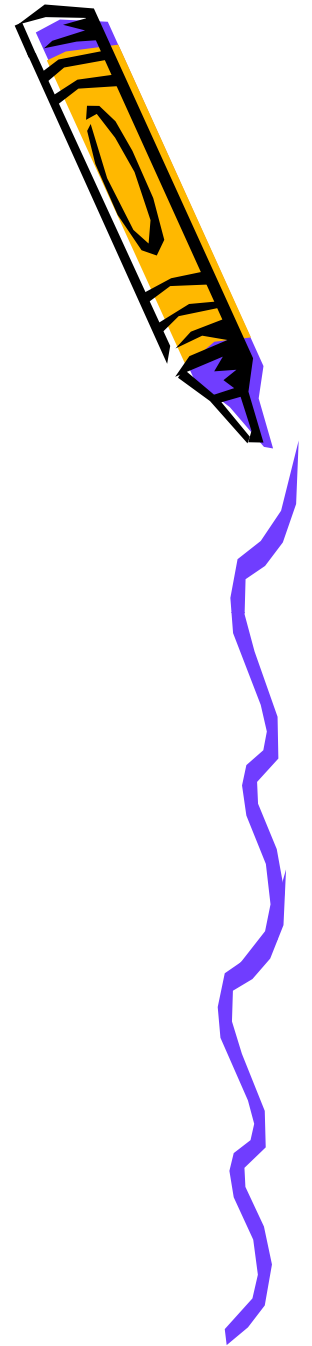
The Bad News

- You can't get true facts off your report
- It takes a long time to fix your credit
- No one can make a new identity for you



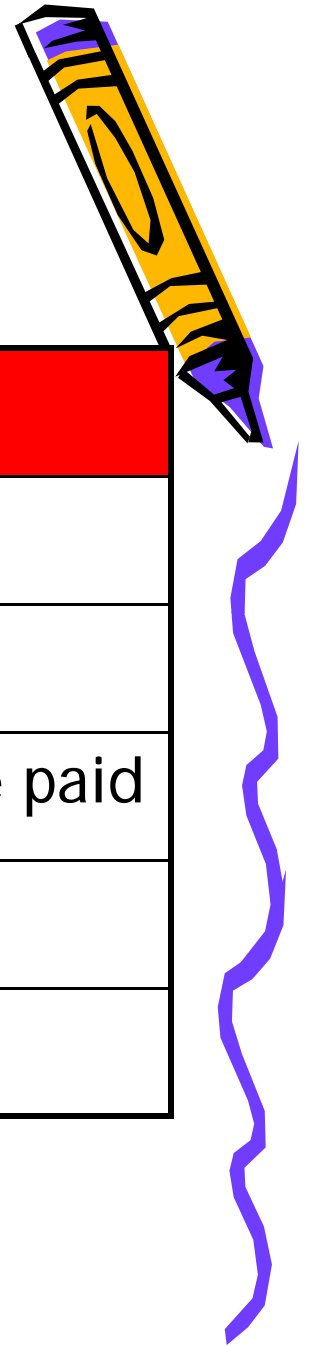
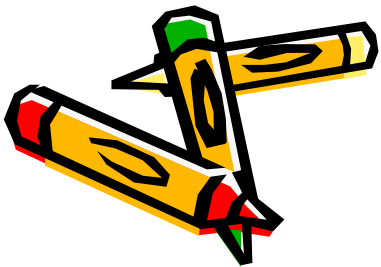
How long does the bad stuff stay on my file?

- Mostly, 7 years
- Bankruptcy stays for 10 years



Bad Credit on Your Report

Type of Bad Credit	How long?
Late payments	2 years
Judgments	7 years
Tax liens	7 years from date paid
Chapter 13 bankruptcies	7 years
Other bankruptcies	10 years



Credit Myths

- They can't see my report if I don't let them
- The credit bureau denied me credit
- Bad debt will go away when I pay it
- I didn't do it, so debts on joint accounts aren't my problem



Kinds of Credit

Open-End

Short-term

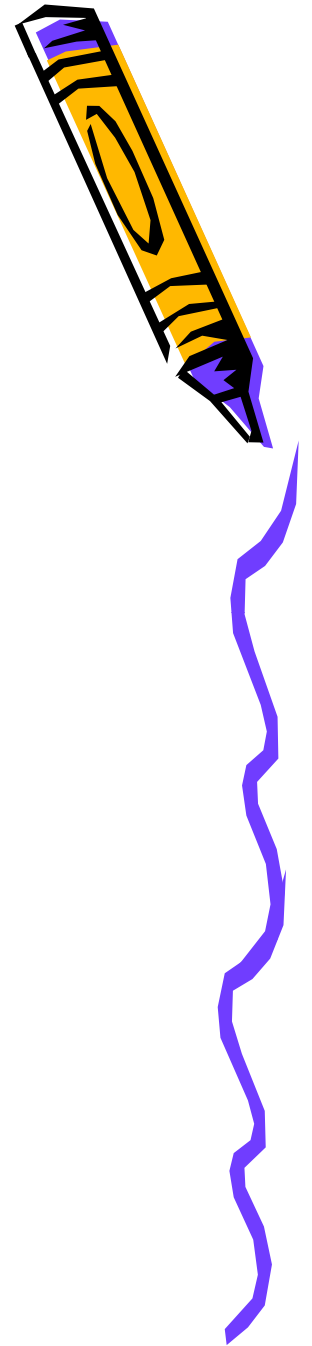
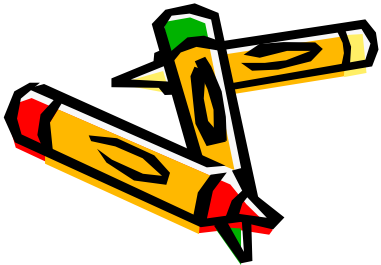
Phone bills

Revolving

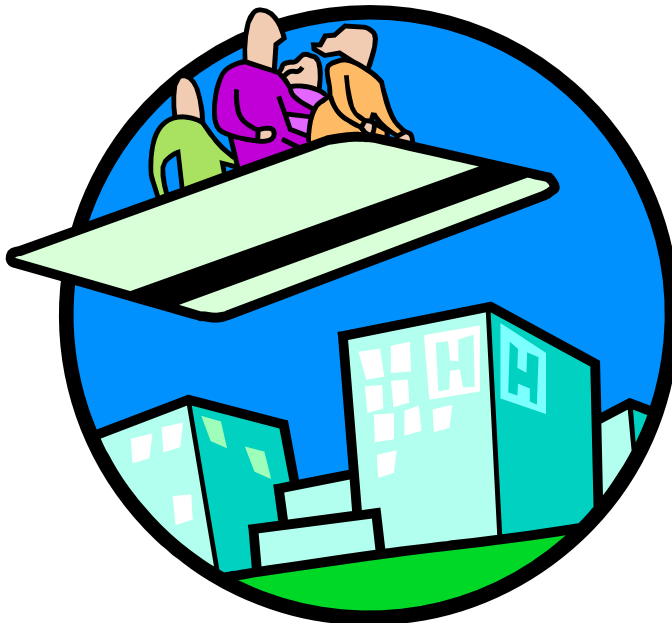
Credit cards

Closed-End

Loans



Why use Credit?

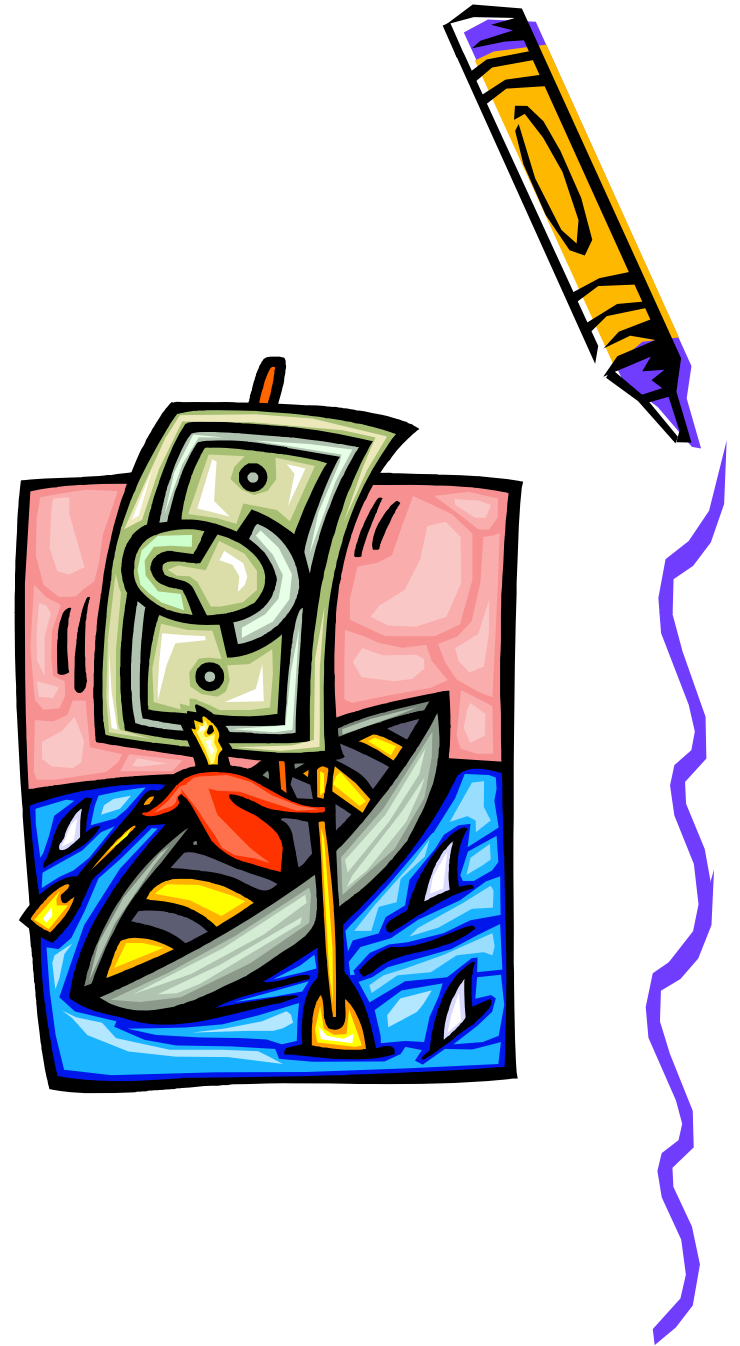


- Emergencies
- Get good credit
- Protection
- Buy now, pay later



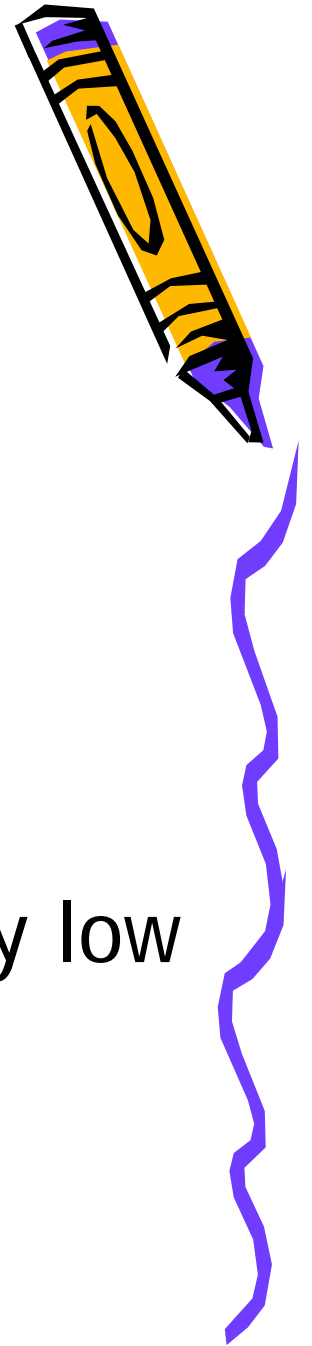
Why not?

- Credit is expensive!
 - APR is important
- Lots of fees
- Easy to spend too much
- Risk of fraud



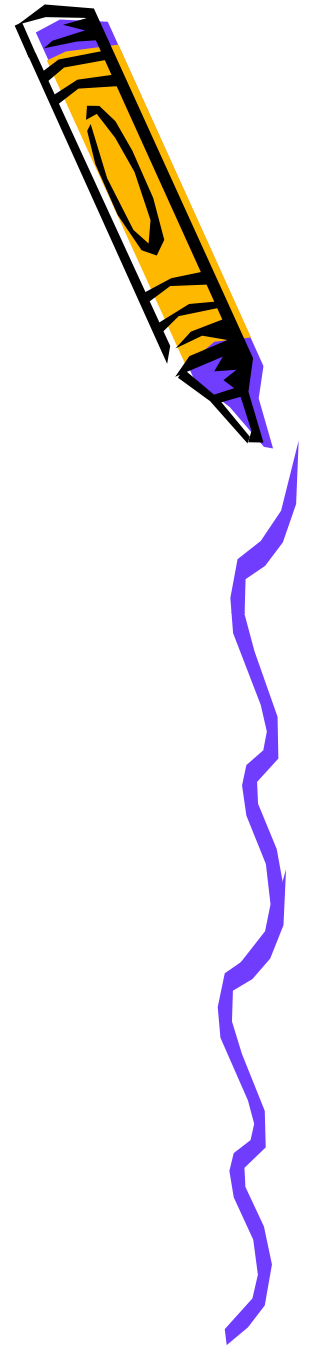
10 Credit Mistakes

1. Spend too much
2. Too many credit cards
3. Make minimum payments only
4. Carry a balance
5. Think that low interest rates stay low



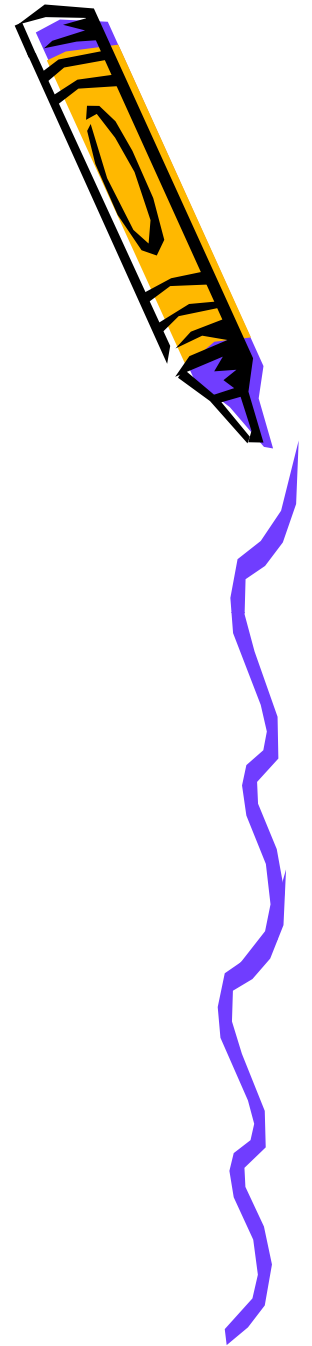
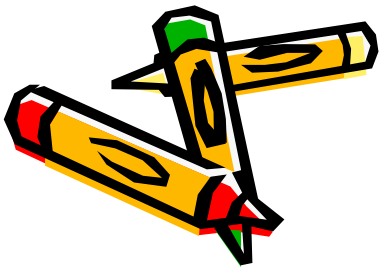
10 Credit Mistakes: Part 2

6. Pay too much interest
7. Pay extra for "incentive" cards
8. Don't read disclosure
9. Pay off wrong cards first
10. Ignore fees

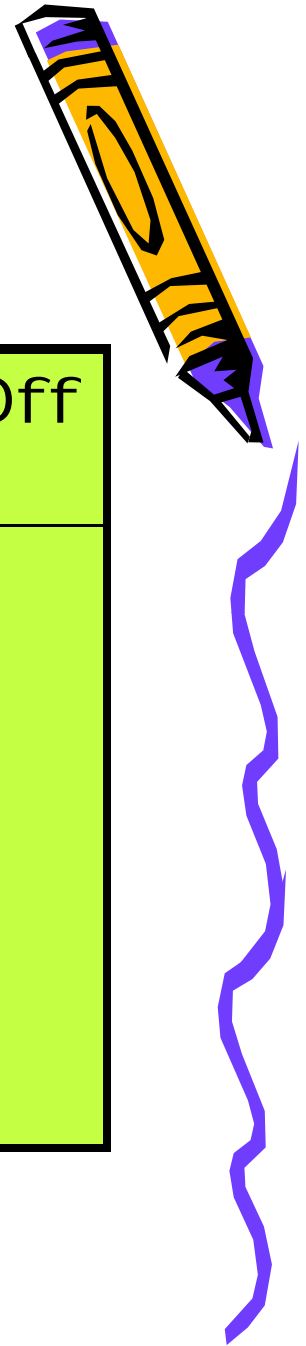


Are you in trouble?

- Do you know how much you owe?
- Do you ask your family for money?
- Do you get cash advances a lot?
- Do you max out your credit cards?
- Do you use one card to pay off another?



Pay As Much as You Can... On a \$1000 Loan



% of Balance Paid Each Month	Interest	Time to Pay Off
2.0%	\$7,740	32 years, 3 months
2.5%	\$3,775	12 years, 7 months
3.0%	\$3,090	8 years, 7 months



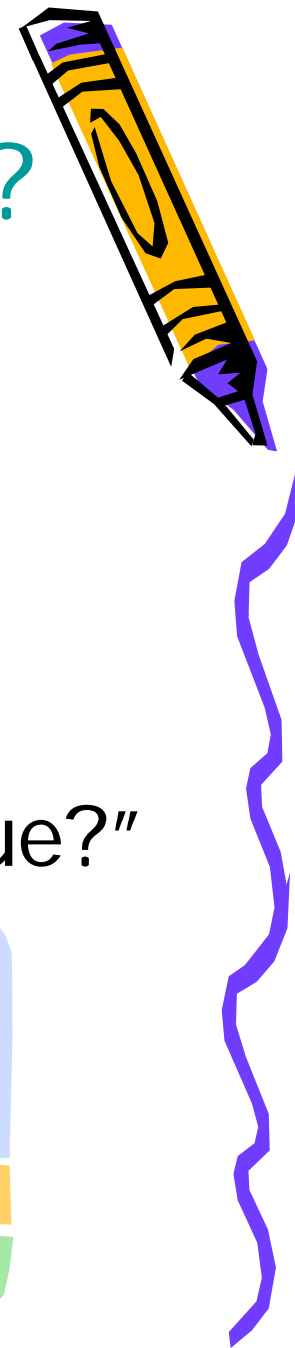
It Makes a Difference!

- Pay on time
- Pay off the card with highest interest first
- Think before you buy
- Tell your creditors if you can't pay on time



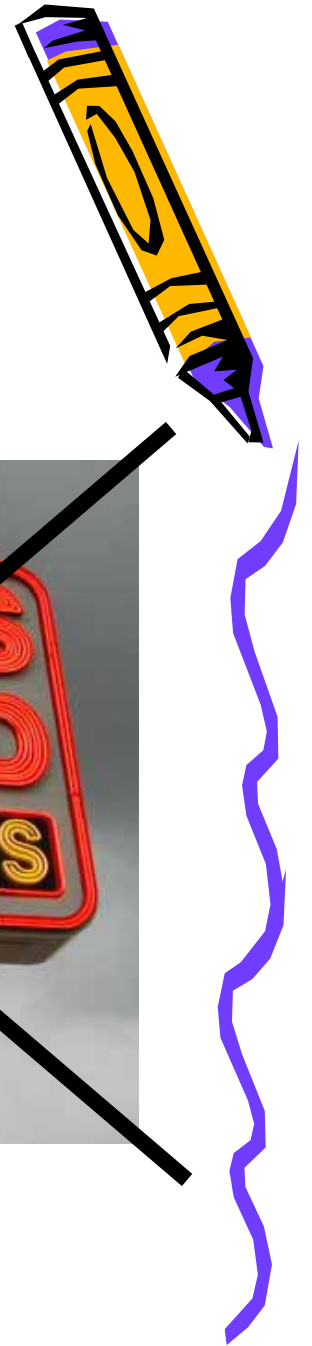
What do I say to my creditors?

- “Can you lower my interest rate?”
- “Can you lower my credit limit?”
- “Can you change when my bill is due?”
- “Let’s make a plan.”



Just Say NO!

- Payday Loans
- Tax Refund Loans
- Rent-to-Own
- Car Title Loans
- Bounced Check Protection

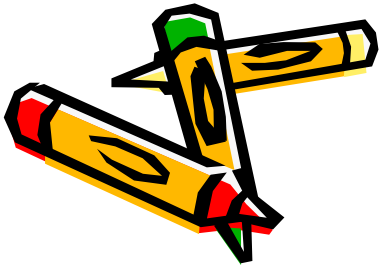


Keep track of what you spend

- Write down all your expenses

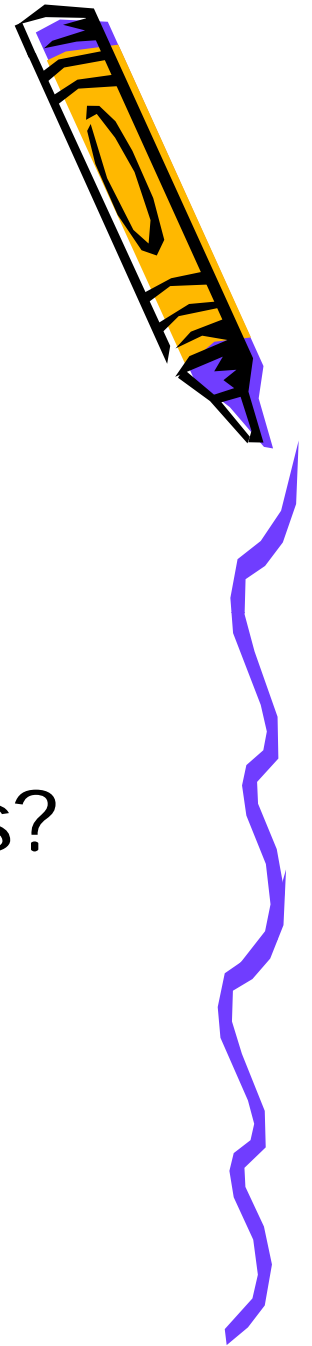
- Save receipts

- You can buy a computer program to help



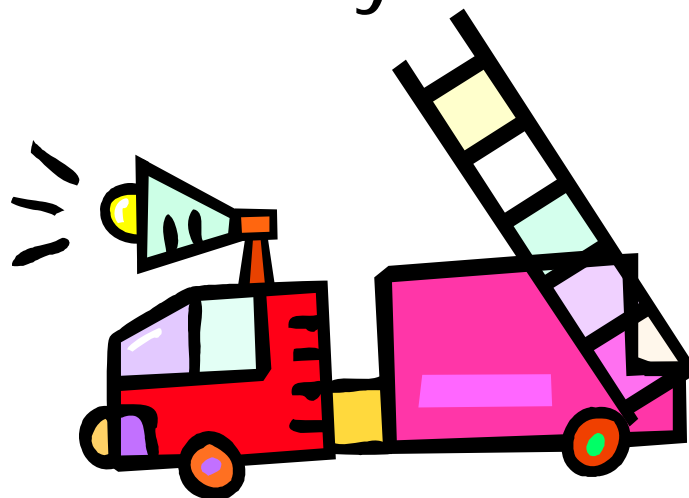
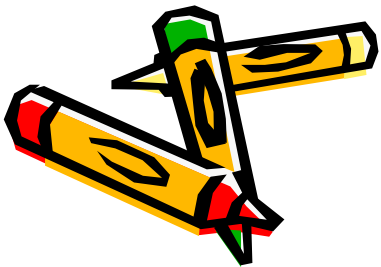
Is your spending plan good?

- Does it let you pay for what you need?
- Are you getting close to your goals?
- If not, change your plan!



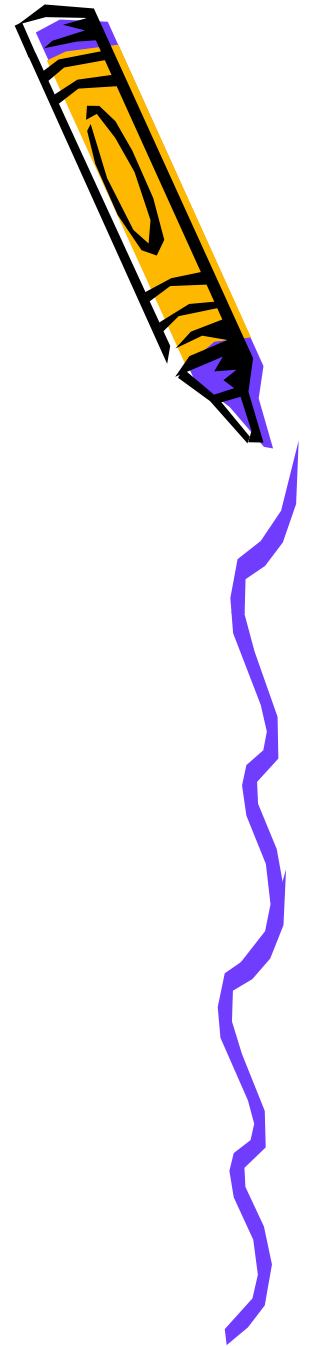
Emergency Fund

- When you get paid, put some money in an emergency fund
- Put in 10% - 15% of your income
- Stop when the fund can pay for 3 to 6 months
- DON'T use the money if it isn't an emergency!



Don't spend more than
you can pay.

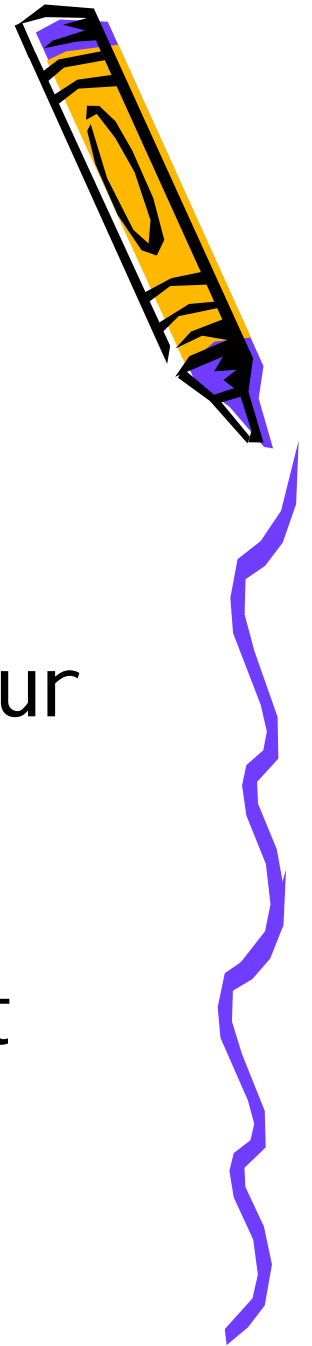
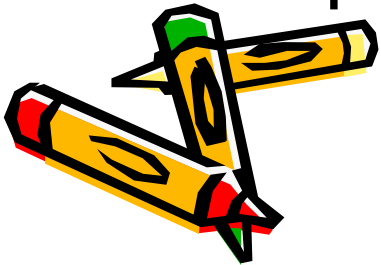
Use credit cards well.
You will build credit and
won't have problems.



How do I fix my credit?

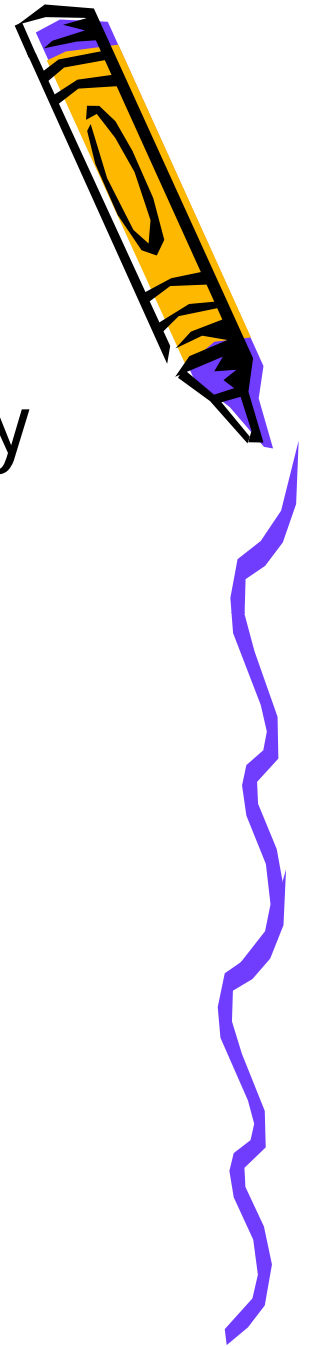


- Pay off your debts
- Wait until the bad credit is off your report before you apply again
- Write a paragraph about why your credit is bad. Put it on your credit report.



Bankruptcy: The Good Side

- Your debts get smaller or go away
- No more:
 - Phone calls
 - Letters
 - Loss of utilities
 - Wage garnishment
 - Foreclosure
 - Repossession



Bankruptcy: The Bad Side

- Stays on your report for 10 years
- Hard to get credit
- Maybe hard to get a job
- Feel bad
- Does not get rid of student loans

