

UNDERSTANDING CREDIT REPORTS NOTE TAKING GUIDE

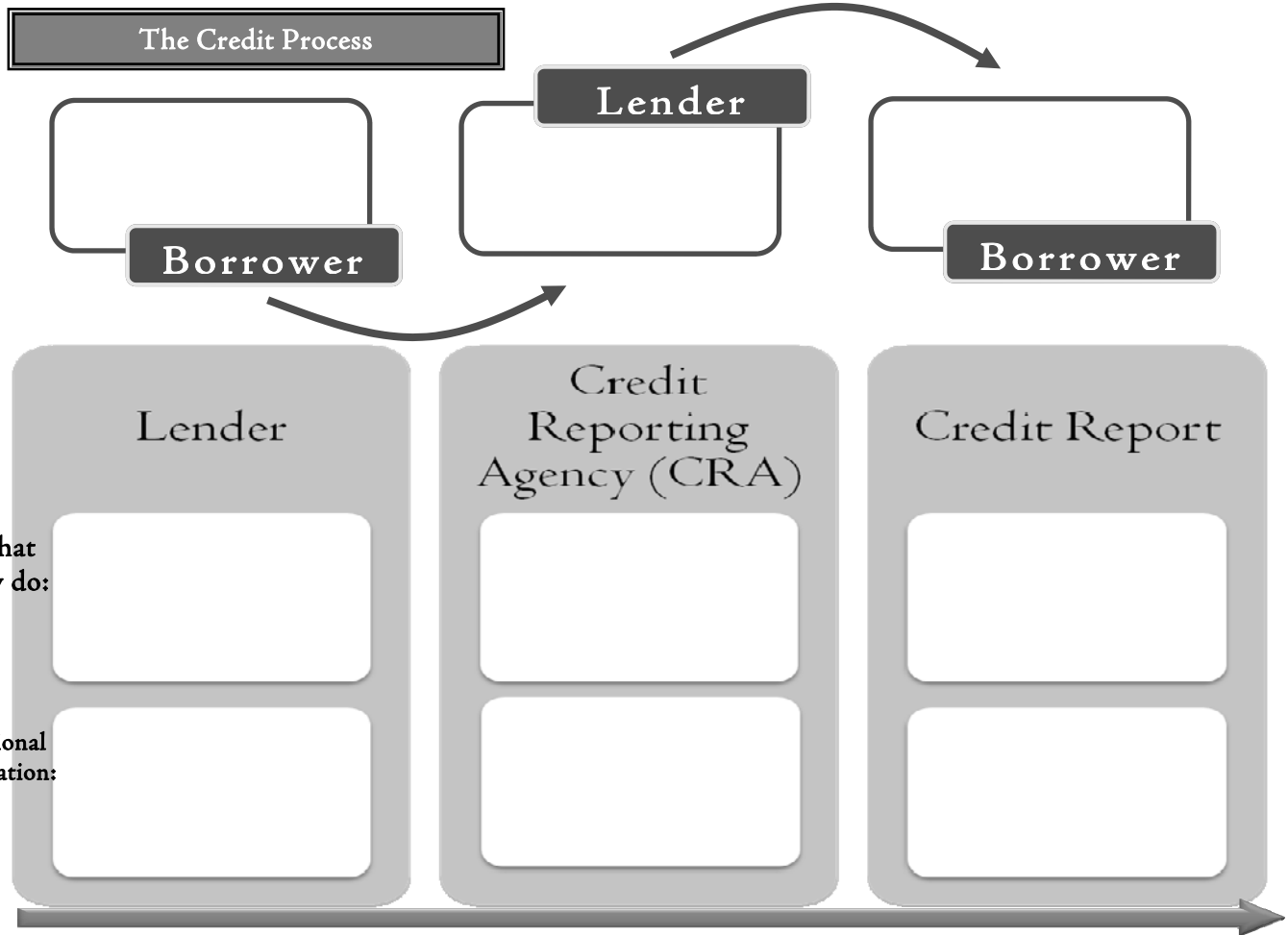
	Total Points Earned
59	Total Points Possible
	Percentage

Name _____

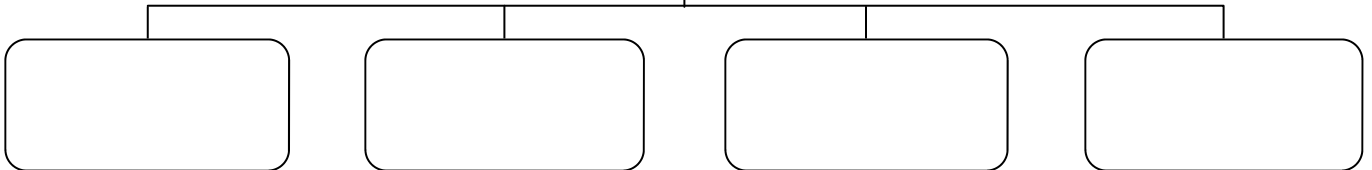
Date _____

Class _____

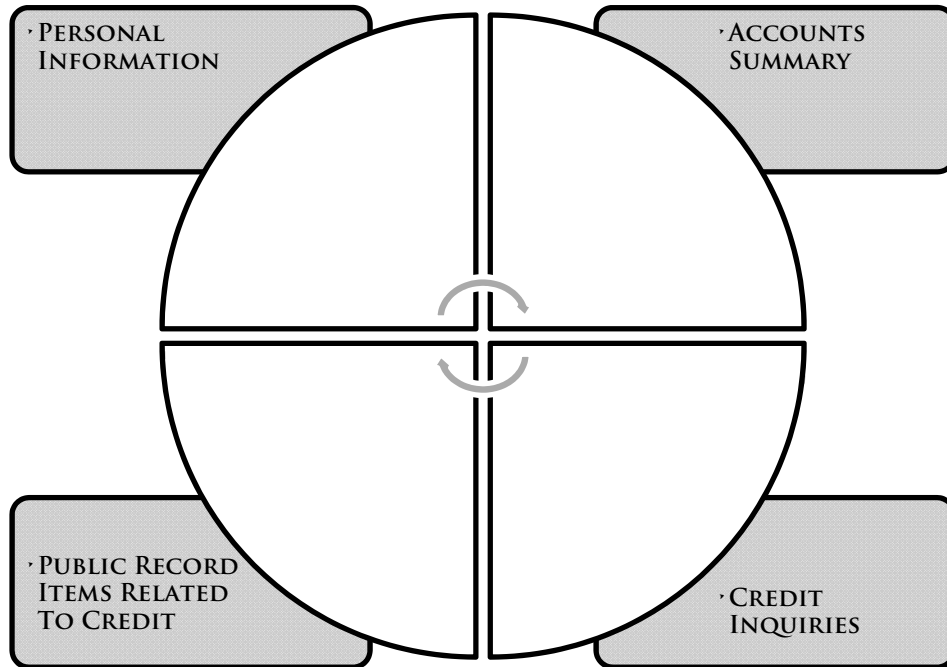
Credit is...



INFORMATION ON A CREDIT REPORT CAN BE DIVIDED INTO FOUR CATEGORIES:



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CREDIT INQUIRIES	IMPACT	SOFT CHECK	HARD CHECK
	EXAMPLES		

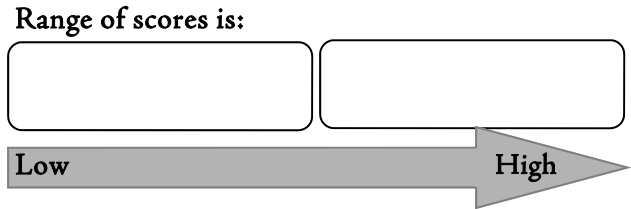
<p>Medical Information NOT Allowed on a Credit Report:</p> 	<p>Medical Information Allowed on a Credit Report:</p>
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EQUAL CREDIT OPPORTUNITY ACT PREVENTS DISCRIMINATION THE BASIS OF:

	+		+	
	+		+	

A credit score is:

Most common credit score scoring system:

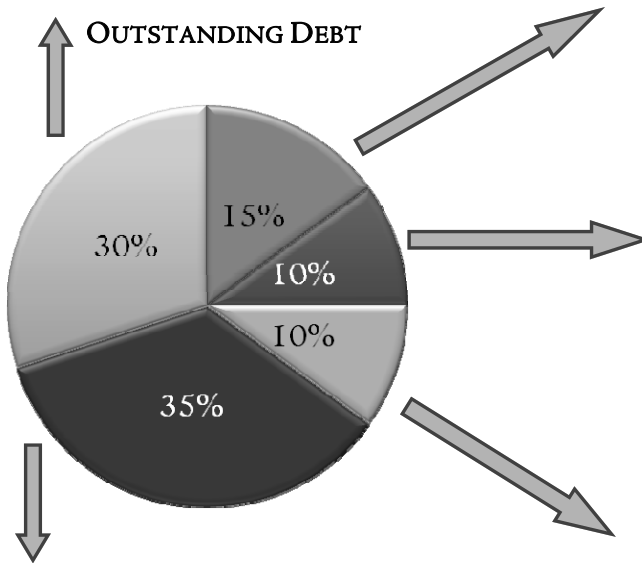


A FICO SCORE IS ONLY BASED UPON CREDIT USE!

DESCRIPTION	
ADDITIONAL INFORMATION	

LENGTH OF CREDIT HISTORY

DESCRIPTION	
ADDITIONAL INFORMATION	



PURSUIT OF NEW CREDIT

DESCRIPTION	
ADDITIONAL INFORMATION	

PAYMENT HISTORY

DESCRIPTION	
ADDITIONAL INFORMATION	

TYPES OF CREDIT IN USE

DESCRIPTION	
ADDITIONAL INFORMATION	

POSITIVE AND NEGATIVE CREDIT HISTORY

Impact of Positive Credit History:	Impact of Negative Credit History:
Lender:	Lender:
Borrower:	Borrower:
Examples of Positive Credit Use:	Examples of Negative Credit Use:

ESTABLISHING CREDIT

When is credit not established?

- 1.
- 2.

Building a credit history is important because?

**WAYS TO
BUILD
CREDIT
HISTORY
INCLUDE:**

How did the 2009 CARD Act affect how young adults receive credit?

What responsibilities do co-signers have on a credit account ?

REQUESTING A CREDIT REPORT

How many per year are free?

From?



Credit scores available for:

What are the three ways to obtain a credit report:

- 1.
- 2.
- 3.

MISTAKES IN A REPORT

What are the two most common mistakes on credit reports?



Mistakes can be caught by doing this?



What does The Fair Credit Reporting Act do:



What do you do if a mistake is found on your credit report:



How long do credit bureaus have to investigate mistakes?



How long does negative information stay on a credit report?

ISABELLA LANGLEY'S STORY

Isabella Langley is about to graduate from college and is excited to begin her professional career! However, as Isabella approaches graduation, her financial situation is *not* what she dreamed it would be. She is in debt, without savings, has a poor credit score, and is applying for jobs.

To pay for college, Isabella and her parents completed the FAFSA form to receive \$5,000 annually in subsidized Stafford Loans from the government totaling \$20,000 over a four year timeframe. In addition, Isabella received \$8,000 in private school loans from a depository institution throughout college. To earn money for basic expenses (e.g., rent, transportation, and food) Isabella plans to work part-time during the school year and full-time during the summer at Lucky's Restaurant.

Unfortunately, throughout college Isabella did not have a spending plan and the money she earned was not enough to support her lifestyle. She did not save and spent most of her money on expenses such as going to the movies, new clothes and daily lattes. Isabella was supporting her lifestyle with a credit card she signed up for as a freshman. Currently, the credit card had debt close to \$8,000 (at an 18% APR). To keep the card open, Isabella was paying the 4% minimum required each month. In addition, Isabella has several other cards she applied for to save an additional 15% on her purchases.

In preparation for "the real world" Isabella has been applying for jobs with several companies. She is a finalist in her dream job working in sales with the potential to earn a great salary. As a final step in the interview process, the employers asked her to complete a form granting permission to review her credit report. Isabella provided them with the information but was a little nervous. She had never looked at her credit report and had no idea what it said. Isabella decided to check it out herself and went to www.annualcreditreport.com to request her report free of charge online. She also learned that, for a fee, she was able to request a copy of her credit score.

Isabella was surprised at what she saw. Her credit score was 560 and considered to be low. Her credit report showed not only her college loans and credit card debt, but also some clothing, electronics, and an old traffic violation credit account that hadn't been paid.

One evening, she was having dinner with her close friends, Angie and George. Isabella was concerned about her situation so she brought up the topic of credit reports. Angie mentioned that she thought she had heard something about credit ratings improving as people got older and as their income increased. She went on to say Isabella's credit score would probably get better once she was promoted, moved to a better side of town, or negotiated lower interest rates on her existing loans. Though he wasn't completely sure, George said that shopping around for credit was not the best idea because he thought that it led directly to more "inquiries" showing up on a person's credit report. He guessed that opening new credit card accounts, even if you don't plan to use them, was a healthy thing to do, since it provides evidence of credit worthiness. Finally, both George and Angie had heard that it was best to close most of her old accounts; including the loans she hadn't paid on time, in order to "wipe the slate clean."

Isabella always imagined that this stage of her life would look much brighter. She thought to herself, "I am in huge debt, I don't have any savings, and I don't know if I will receive my dream job." She was unsure if Angie and George's advice was 100% accurate and knew she needed to learn more. She wondered where she went wrong and what she could begin doing now to fix her credit report.

ISABELLA LANGLEY'S CREDIT REPORT

ISABELLA'S CREDIT REPORT HISTORY

Free Credit Reporting Agency Credit Report	Free
<u>Credit Score</u>	<u>\$5.95</u>
Total	\$5.95

Credit reporting agency credit

report prepared for:

ISABELLA LANGLEY

Your report number is:

0657361482

Report date: May 10, 2009

Credit reporting agencies collect and organize information about you and your credit history from public records, your creditors and other reliable sources. By law, we cannot disclose certain medical information (relating to physical, mental, or behavioral health or condition). Although we do not generally collect such information, it could appear in the name of a data furnisher (i.e., "Cancer Center") that reports your payment history to us. If so, those names display in your report, but in reports to others they display only as "Medical Information Provider." Consumer statements included on your report at your request that contain medical information are disclosed to others.

Report summary:

There are 2 potentially negative items in your report.

You have 5 accounts in overall good standing in your report.

Check the recent requests for your credit history.

Check your personal information.

ACCOUNT INFORMATION

These items may stay on your credit report for as long as they are open. Once an account is closed or paid off it may continue to appear on your report for up to ten years.

This information is generally removed seven years from the initial missed payment that led to the delinquency. Missed payments and most public record items may remain on the credit report for up to seven years, except Chapters 7, and 13 bankruptcies, which may remain for up to 10 years. Transferred accounts that have not been past due remain up to 10 years after the date the account was transferred.

Company Name	Account Number	Status	Date Opened	Last Reported	Type	Monthly Payment	Responsibility	Credit Limit	Recent Balance	Account History
Sam's Electronic World	3624	Open, past due	02/06	04/09	Revolving	\$22	Individual with parents	\$500	\$550	90 days past due 03/09
City of Anywhere	68274	Open, collection	02/08	04/09	Traffic ticket	N/A	Individual	\$296	\$358	Past due
US Dept . of Education	26871	Open	08/05	04/09	Installment	\$230	Individual	\$20,000	\$20,000	Begin payments 10/09
Depository Institution School Loan	658713	Open	08/06	04/09	Installment	\$95	Individual and Parents	\$8,000	\$8,000	Begin payments 06/09

Shop 'Til You Drop Store Credit Card	35842	Open/ Occasional Late payments	09/08	04/09	Revolving	\$20	Individual	\$750	\$732	04/09-\$642 03/09-\$740 02/09-\$720
Love to Read Store Credit	2364	Paid, never late, closed by granters request.	01/06	11/06	Revolving	\$0	Individual	\$1,000	\$0	Account scheduled to continue on record until 11/2013
The Free Money Credit Card	5698	Open/over credit limit	09/05	04/09	Revolving	\$320	Individual	\$8,000	\$7,685	04/09-\$7,698 03/09-\$8,125 02/09-\$8.102

RECORD OF REQUESTS OF YOUR CREDIT HISTORY

Inquiries Shared with Others

We make your credit history available to your current and prospective creditors and employers as allowed by law. Experian may list these inquiries for up to two years so that you will have a record of the companies that accessed your credit information. The section below lists all of the companies that have reviewed your credit history as a result of action you took, such as applying for credit or financing or as a result of collection. The inquiries in this section are shared with companies that view your credit history.

Company	Date of Request
Shop 'Til You Drop	08/10/08

Inquiries Shared Only With You

You may not have initiated the following inquiries, so you may not recognize each source. We report these requests to you only as a record of activities, and we do not include any of these requests on reports to others.

Company	Date of Request
A Very Big Bank	08/10/08
Need More Credit? Credit Card Company	04/15/09
Keeping You Insured	05/06/09
The Dream Sales Job	04/15/09

PERSONAL INFORMATION

Name: Isabella G. Langley
Isabella Langley

Employers: Lucky's Restaurant

Addresses: 101 Hopeful Ave.

Date of birth: 05/04/86

Jane's Daycare

Type of Residence: Apartment

Telephone Numbers: 555.354.2368
555.198.2358

Addresses: 695 Parent Street

Type of Residence: Multi-family