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HOW TO UNDERSTAND YOUR

## CREDIT REPORT

Contrary to myth, a credit bureau neither tracks all aspects of your personal life nor evaluates credit applications. Credit bureaus are simply organizations that collect and transmit four principal types of information.

### WHAT A CREDIT REPORT COVERS

**IDENTIFICATION AND EMPLOYMENT DATA:** Your name, birthdate, address, Social Security number, employer and spouse's name are routinely noted. The bureau also may provide other information, such as your employment history, home ownership, income and previous address, if a creditor requests it.

**PAYMENT HISTORY:** Your account record with different creditors is listed, showing how much credit has been extended and how you have repaid it. Related events, such as referral of an overdue account to a collection agency, may be noted as well.

**INQUIRIES:** Credit bureaus are required to maintain a record of all creditors who have requested your credit history within the past six months. They normally include such creditor inquiries in your credit file for at least this long.

**PUBLIC RECORD INFORMATION:** Events that are a matter of public record and are related to you credit worthiness, such as bankruptcies, foreclosures, or tax liens, may also appear in your report.

### WHAT A CREDIT REPORT LOOKS LIKE

To help you understand your own credit report, a full page of a sample composite credit report is shown on the back. It is the basic format used by credit bureau members of Associated Credit Bureaus, Inc., a national trade association of credit bureaus and collection services. Other credit bureaus use somewhat different formats, but provide the same basic information.

When you examine this sample credit report, you will find that most of the important information is self-explanatory. For example, the top half of the page is background information such as name, the date of the credit report, and the credit report number.

However, under the heading "Credit information about you," there are a few items that may be puzzling. For example, in the first column, the numbers 1, 2, 3 indicate who may use and who pays for the credit account. The "1" indicates an individual account-the person named on the file has sole use and responsibility for payment of the account. The "2" indicates a joint account-two people use the account and each is liable for payment. The "3" indicates a user account-one person is authorized to use the account, while the other person, who also may use it, is liable for payment.

In the second column, the sources/lenders and partial account numbers are listed, so that you and the credit bureau can identify the creditor. The third and fourth columns, respectively, indicate the dates the accounts were opened and the date of the last report to the credit bureau.

In the fifth column, the words "Installment," "Revolving," and "Open 30-day" refer to types of payment arrangements. In an actual report, the initials "I," "R" or "O" would be used.

- In an installment credit agreement, a consumer signs a contract to repay a fixed amount of credit in equal payments over a specified period of time. Automobiles, furniture, and major appliances are often purchased on an installment basis. Personal loans are usually repaid in installments as well.
- In a revolving credit agreement, a consumer has the option of paying in full each month or of making a minimum payment based on the amount of the balance outstanding. Department stores, gas and oil companies, and banks typically issue credit cards based on a revolving credit plan.
- In an open 30-day agreement, a consumer promises to repay the full balance owed each month. Travel-and-entertainment charge cards and charge accounts with local businesses often require repayment on this basis.

The sixth and seventh columns, respectively, indicate your credit limit, high balance and most recent balance. The last column on the chart, "Comments," indicates an account that is past due, open or closed, and whether a payment has ever been late.

At the bottom of the sample credit report, you will notice a public record reference showing a dispute between the consumer and creditor that was settled in small-claims court. This is followed by a summary of the consumers' side of the disputes, based on an explanation that the consumer provided to the credit bureau.

SAMPLE CREDIT REPORT

| experian  | <b>Prepared for</b><br>JANE M. DOE           |                  | <b>Report date</b><br>MONTH 00, 2003 |   | <b>Page 3 of 14</b>    |   |  |
|---|--|------------------|--------------------------------------|---|------------------------|---|--|
|   | <b>Report Number</b><br>056779927-0206527935 |                  | <b>Questions?</b><br>1-800-690-8086  |   |                        |   |  |
| <b>Credit information about you continued</b>                                   |  |                  |                                      |   |                        |   |  |
| Source /<br>Account number<br>(except last few digits)                          | Date<br>opened                               | Last<br>reported | Type/<br>Terms<br>Scheduled pmt      | Credit limit or<br>original amount/<br>High balance | Most recent<br>balance | Comments  |  |
| 2 <b>MARTEL MANAGEMENT</b><br>1655...<br>Original creditor<br>Famous Footwear B | 12/1999                                      | 12/1999          | Installment/<br>N/A/<br>\$           | \$149/<br>\$0                                       | \$149 as of<br>12/1999 | \$149 past due as of<br>12/1999. On record<br>until 07/2004 |  |
| 2 <b>AMEX</b><br>3298...  | 09/1987                                      | 02/2002          | Open 30 day/<br>1 month<br>\$0       | \$0/<br>\$418                                       | \$118 as of<br>02/2002 | Status:<br>open/<br>never late                              |  |
| 1 <b>BANK OF AMERICA</b><br>400700117...  | 11/1998                                      | 02/2002          | Revolving/<br>N/A/<br>\$0            | \$500/<br>\$0                                       | \$0 as of<br>12/1999   | Status:<br>closed/<br>never late                            |  |
| 1 <b>DUQUESNE UNIVERSITY</b><br>2148798...                                      | 02/1986                                      | 12/1996          | Installment/<br>120 months/<br>\$0   | \$1,000/<br>\$0                                     | \$0 as of<br>12/1996   | Status:<br>paid/<br>never late                              |  |
| 2 <b>NBGL-CARSONS</b><br>80047566...  | 11/1989                                      | 12/1999          | Revolving/<br>N/A/<br>\$0            | \$2,000/<br>\$0                                     | \$0 as of<br>12/1999   | Status:<br>paid/<br>never late                              |  |
| 3 <b>NIEMAN MARCUS</b><br>7363785896...   | 06/1989                                      | 05/1999          | Revolving/<br>N/A/<br>\$0            | \$0/<br>\$87  | \$0 as of<br>12/1999   | Status:<br>closed/<br>never late                            |  |
| 3 <b>WACHOVIA</b><br>894573625141...  | 02/1997                                      | 01/2002          | Revolving/<br>N/A/<br>\$34           | \$5000/<br>\$2,475                                  | \$500 as of<br>01/2002 | Status:<br>open/<br>never late                              |  |

This information is furnished in response to an inquiry for the purpose of evaluating credit risks. It has been obtained from sources deemed reliable, the accuracy of which this organization does not guarantee. The inquirer has agreed to indemnify the reporting bureau for any damage arising from misuse of this information, and this report is furnished in reliance upon that indemnity. It must be held in strict confidence, and must not be revealed to the subject reported on, except as required by law.