

# Knowing and Fixing Your Credit

## Maintaining a Strong Credit Rating

*After twelve years of working as a nurse, Liz, a single mother of two, decided she wanted to buy a house. Obtaining a mortgage was not half as difficult as she thought it would be because she had compiled, maintained and reviewed her credit regularly. Her mortgage lender found her credit rating satisfactory, and her loan was approved without delay.*

### Have a Credit Report on File

You have a credit report on file if you make payments on products and services. This document contains personal and financial information that is used to determine your overall credit rating. In the eyes of most businesses, a credit rating shows your ability to settle debts. As it plays an important role in major financial decisions, including buying or renting a home, applying for credit cards and purchasing insurance, it is important for you to know, understand and review the details of your credit rating.

### Credit Reporting Resources

Credit bureaus or clearinghouses across the country compile, maintain and make available individual credit reports. A credit report usually contains: personal identification information, employment history, your existing lines of credit, terms, balances and ratings for all debts, your income and assets, and any public information from the past seven

years. Based on a credit report, an agency will calculate a credit rating. Each credit bureau has a different standard or procedure for generating a credit rating.



### Get a Copy of Your Credit Report

To order a copy of your credit report, simply contact one of the three credit bureaus listed below. Soon you will be able to get a free copy of your credit report every 12 months from each of the three credit bureaus. **Free credit reports** are currently available for consumers in the Western, Southern and Midwestern States. Consumers living in the Eastern states including Connecticut, Delaware, Maine, Massachusetts, New Hampshire, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, Vermont, Virginia, the District of Columbia, Puerto Rico, and U.S. territories can order free credit reports beginning September 1, 2005.

#### Experian

P.O. Box 2104, Allen, TX 75013-2104

(888) 397-3742

[www.experian.com/experian\\_us.html](http://www.experian.com/experian_us.html)

#### Equifax

P.O. Box 74024, Atlanta, GA 30374-0241

(800) 685-1111

[www.equifax.com](http://www.equifax.com)

#### Trans Union Credit Information, Corp.

P.O. Box 2000, Chester, PA 19022

(800) 916-8800

[www.transunion.com](http://www.transunion.com)

## Making Sure your Credit Rating is Free of Errors

Credit bureaus can make mistakes! Carefully review a copy of your credit report to make sure the credit bureau is not mistakenly passing on incorrect or out-of-date information to creditors. A poor credit rating — right or wrong — can harm your financial standing and security. Make sure all the information on your credit report is correct. If you notice a mistake detailing the error, write the agency that is responsible.

### Understanding Your Credit Report

If you find it difficult to understand your credit report, you can:

- 1) Call the credit bureau's customer service line and ask them to explain or clarify your report, or
- 2) Contact a credit counseling service to help you read your report, and, if necessary, re-establish a solid credit rating. The National Foundation for Consumer Credit (see contact information below) can provide you with the names of credit counselors in your area. This nonprofit organization offers free or low-cost financial counseling and has offices around the country.

Although you may not have a perfect track record, you can guard against unnecessary credit problems by inspecting your credit report on a regular basis. That way, you won't run into any unwanted surprises when you try to get a loan or mortgage.

**National Foundation for Consumer Credit**  
8611 Second Ave, Suite 100  
Silver Spring, MD 20910  
1 (800) 388-2227 (English)  
1 (800) 682-9832 (Spanish)  
[www.nfcc.org](http://www.nfcc.org)

## Hints for Maintaining a Good Credit Rating

Take control of your credit rating by making a list of action steps for yourself. Just take it step-by-step and before you know it, you'll be on your way to fixing and maintaining your credit.

- Outline a budget - and stick to it!
- Cancel credit cards that you do not use or need. Ask the company to specify "closed at customer's request" on your account.
- Know the credit limits on your credit cards.
- Arrange with creditors to restructure payment plans when needed.
- Obtain a copy of your credit report annually.
- Check your credit report carefully for any errors.
- File corrections with a credit bureau.
- Follow up to make sure that mistakes in your credit report are corrected.

If you cannot pay your bills on time, call your creditors. You may be able to work out a payment schedule. Remember that ignoring the problem will not make it go away.

For more information about accessing your free credit report visit the Federal Trade Commission website:

<http://www.ftc.gov/bcp/online/pubs/credit/freereports.htm>.

*This tip sheet is strictly for informational purposes and does not constitute legal advice or representation. For legal advice, consult an attorney who has thorough knowledge of current laws and your issues of concern.*