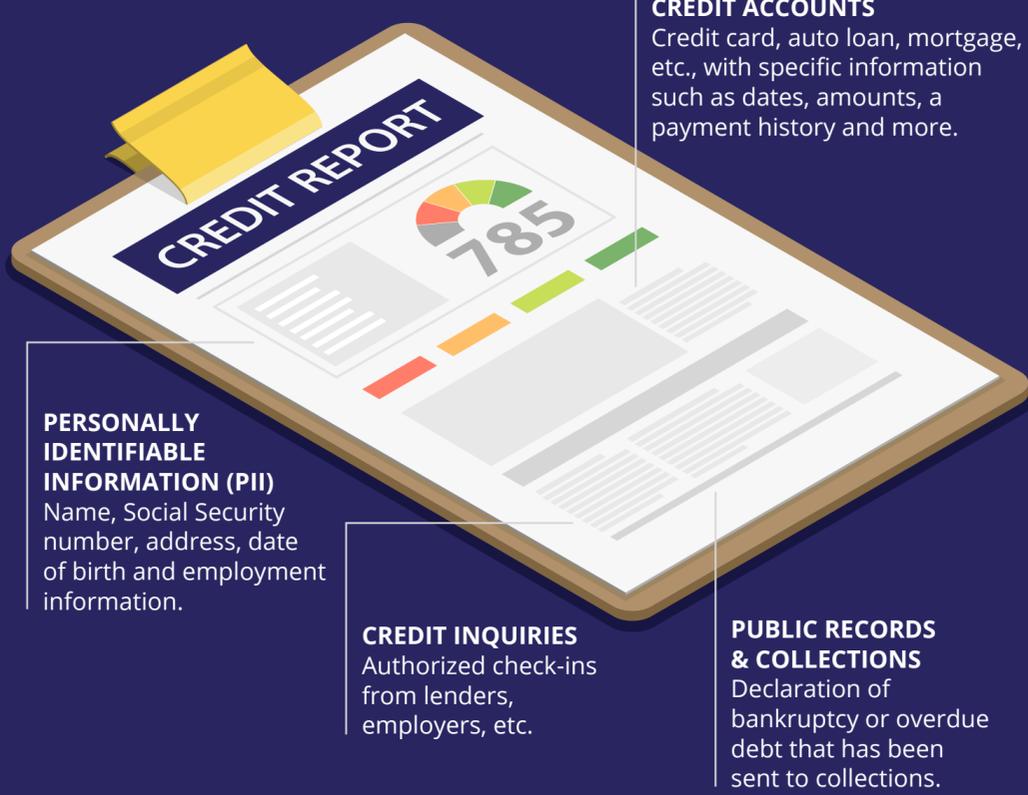




Understanding Your Credit Report

What Is Contained in a Credit Report?



Why Monitoring Your Credit Report Is Important

- ◇ Your credit report is a summary of your credit history with reports from lenders and personal information.
- ◇ A credit history describes how many credit cards you have open, any loans and if bills are paid on time, which lenders can access to check creditworthiness.
- ◇ Your score and report are important factors when applying for a loan, opening a credit card, buying a car, renting an apartment, etc.
- ◇ People with poorer scores may pay more on loans. A student with a “very good” score might pay \$3,933 in interest on a student loan, whereas a student with a “fair” score might pay \$8,640 interest for the same loan.
- ◇ When trying to detect identity theft and fraud, first check your credit report.
- ◇ Checking for errors in personal info and financial reporting is crucial. A recent study shows that 34% of consumers found a mistake on their report.
- ◇ Roughly one-third of Americans checked their reports this past year, which dropped from 39% a year ago.
- ◇ Data breach exposure is common with 47% of cardholders being notified of a breach just over the past year.
- ◇ The largest form of debt comes from credit cards with more than 90% of U.S. adults listing at least one in their reports.
- ◇ There are three major types of credit: revolving, installment and service. Each plays a role in your score.

Detailed credit reports are compiled by three nationwide credit bureaus

EQUIFAX

850

TRANSUNION

760

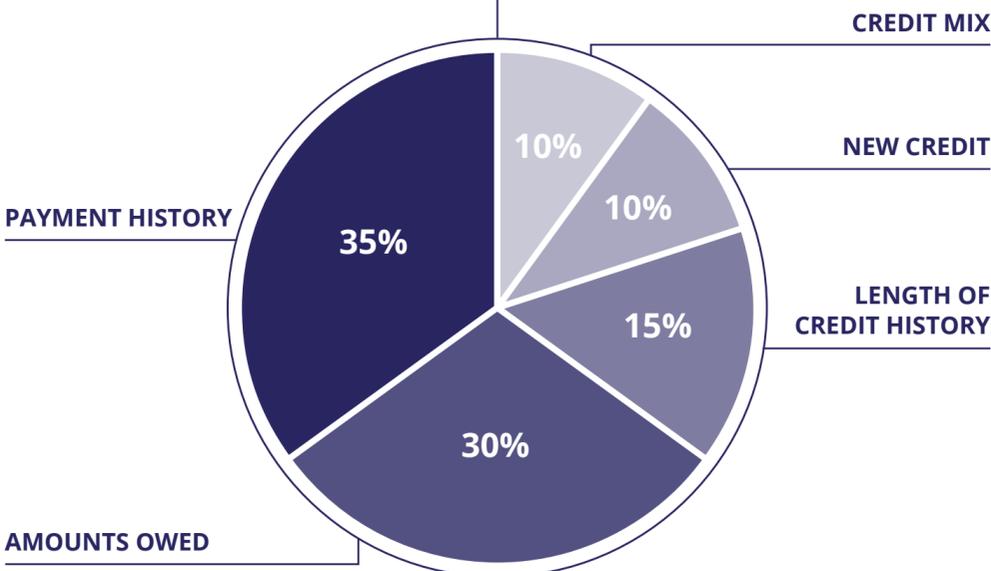
EXPERIAN

800

The Fair Isaac Corporation (FICO) score is what is used by over 90% of the top lenders and typically ranges from 300 to 850.

FICO scores take the information from bureaus and calculate a score by breaking these five categories of credit data into percentages:

Each one may collect different information and use a distinct method of calculating a score. This explains why you may see different scores.



Consumer reporting process:



Bureaus distribute to lenders, businesses, consumers

Commonly Asked Questions

WHAT ARE INQUIRIES?

An entry that shows when a legally authorized person or organization accesses your report:

- ◇ **Hard inquiry:** A lender checks your credit in response to an application for a new line of credit. This may lower your score and remain on the report for two years.
- ◇ **Soft inquiry:** Someone runs a credit check that is unrelated to lending money or extending a line. This has no negative effects.

WHAT SHOULD I DO WHEN I FIND CREDIT REPORT ERRORS?

- ◇ Send a letter to the bureau that generated the report explaining the error.
- ◇ Contact your local consumer protection law firm for help.

HOW CAN I ACCESS MY REPORT & HOW OFTEN?

- ◇ You can request a free report from Experian at any time.
- ◇ Visit annualcreditreport.com to request one free report from each of the three major reporting agencies every 12 months.
- ◇ During the COVID-19 pandemic, Equifax, Experian and TransUnion are offering free reports weekly.



STEIN | SAKS, PLLC