

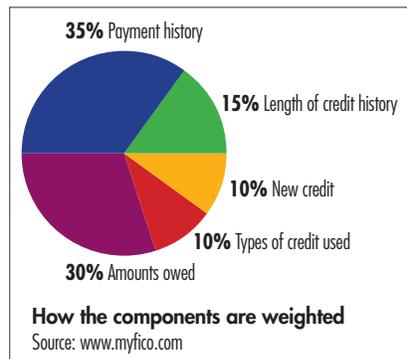
Credit Reports & Credit Scores

Credit:

- It is important to remember as a student that credit is an amount of money, or something of value, that is loaned on trust and with the expectation that it will be repaid at a later date.
- The benefits of having good credit include cheaper loans, easier time renting an apartment, better job opportunities, and rare deals that require good credit.

Credit report:

- A summary of all of credit accounts, loans, and payment history.
 - The types of accounts that may be included on a credit report include: educational loans, auto loans, home loans, and credit cards.
 - The credit report is used by potential lenders to review a person's debt history in order to determine if he/she is eligible for their services.



Sources to View Credit Report:

- Equifax
- Experian
- TransUnion

Review credit report annually:

- By law, annual access of the credit report is free.
- This review process is important to ensure that the information on report is correct.
- View a free annual credit report at: www.annualcreditreport.com

Credit Score:

- A rating used by credit reporting companies to help lenders decide whether and/or how much credit can be extended to a borrower.

Components of Credit Score:

- Personal Information:
 - Contains identification information such as: name, address, and places of employment.
- Credit Summary:
 - Summarizes all of the different credit accounts a person currently has, such as: mortgages, credit cards, auto or education loans and collection accounts.
 - The balance of each account is reported and whether it is current or delinquent
- Account History:
 - A record of how a person has repaid credit obligations with information such as monthly payment records and time of payments.
- Public Records:
 - Contains information such as financial mistakes, like bankruptcy.
 - This severely damages the credit score, and items on this list remain on the report for 7–10 years.
- Credit Inquiries:
 - Summarizes all parties who've accessed a person's credit report in the previous 2 years. There are two types of inquiries that can be present in this section:
 - "Hard inquiries" are made by lenders to review a given account to approve a line of credit that has been applied for. Hard inquiries can negatively affect the credit score.
 - "Soft Inquiries" are made by lenders when sending promotional materials. These do not affect the credit score, and typically end up cluttering a person's mailbox.

Steps to Maintain Good Credit:

1. Pay all bills on time
2. Have both a checking and savings account at a local bank
3. Avoid late fees
4. Know your budget limits
5. Monitor your credit card balances
6. Prioritize your needs and wants
7. Request a copy of your credit report each year and check for mistakes.