

How can I obtain a copy of my credit report?

You are entitled to a free copy of your credit report from each of the three major credit bureaus (Experian, Equifax, and TransUnion) once per year.

To request a free copy of your credit report, visit www.annualcreditreport.com. If you have never received your credit report, you may want to request a copy from each of the three major credit bureaus at the same time.

After you are familiar with your report, you should request one report from a different bureau every four months. This allows you to keep track of any changes or new information that may appear. If you find errors, you can then dispute them in a timely manner.

Once you have your credit report, you may speak with a Family Credit counselor about how to read your report and improve your score.

Please note: While your credit report is free, there is a small charge for your credit score.



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Serving consumers throughout the country since 1996.

The goal of this publication is to provide financial education to consumers. The contents may address legal issues, but it should not be treated as legal advice. Such advice can only be properly given by qualified professionals who are fully aware of the reader's individual circumstances. All information is deemed accurate and reliable at time of printing. We are not responsible for inaccurate information. We are not a loan company. We are a licensed debt management service provider. 12/03/07.

Additional Resources
Fair Isaac and Co. (FICO)
www.myfico.com

Federal Trade Commission
(877) 382-4357 www.ftc.gov

TransUnion
www.transunion.com

Equifax
www.equifax.com

Experian
www.experian.com

Obtain a copy of your credit report at
www.annualcreditreport.com.

Understanding Your Credit Score



You can do it.

If you need help, there are lots of resources at
www.familycredit.org.

Demystifying a Key Component of Your Financial History

Take Control of Your Credit Score



What is a credit score?

The credit scoring system was created in the 1980's as a way for lenders to quickly assess financial risk in a fair and impartial manner. Credit scoring is a numerical scale used by many lenders, insurance companies, cell phone companies, landlords, employers, and utility companies to evaluate the financial responsibility of each consumer.

Lenders will utilize specific information found on your application along with your credit score to help determine whether you meet their criteria and at what price. How much or how little credit you are granted is partially determined by your credit score.

What is a good credit score?

The FICO scoring model, which is the most popular, has a score range of 300 to 850. FICO's median consumer credit score is 723. The higher your score, the more appealing you are to credit grantors. A good credit score often leads to more favorable terms from these groups.

Questions?

**Call our certified
credit counselors at
1-800-994-3328
or email at**

counselor@familycredit.org.

How is my score determined?

The FICO score takes into account at least twenty-two pieces of data from the three major credit bureaus.

While companies that develop credit scoring systems do not disclose the exact formula for rating a score, they do show what factors have a major impact on the score.

Payment History (35% of your score):

Payment history typically is a significant factor. Your score can be affected negatively if your credit report indicates you have paid bills late or have been referred to collections.

Outstanding Debt (30% of your score):

Many credit scoring models evaluate the amount of debt you have compared to your credit limits. Balances above 50% of your credit limits can harm your credit. It is best to keep balances below half of your credit limit.

Length of Credit History (15% of your score):

A consistent credit history indicates less risk. Do not close older, well-established accounts if you are considering taking out new loans. Generally, the longer you have had accounts open, the better they appear on your credit score. Long spans of account inactivity can also negatively impact your credit score.

Types of Credit (10% of your score):

A healthy credit profile has a balanced mix of credit accounts and loans. Lenders want to see that you can handle an installment loan successfully.

New Credit (10% of your score):

The credit score also takes into account how many accounts have been opened recently, and how many times recent inquiries have been made.

What's Not in My Score?

Although your FICO score consists of a great deal of information, it's also important to be aware of the things that are not a part of your score.

Race, sex, marital status, national origin, and religion cannot be used to determine your score.

Your job, salary, and title are not reflected in your FICO score either. However, lenders will be interested in this information to decide whether or not money should be loaned to you.

For more information on what is not in your credit score, visit www.myfico.com.

How can I improve my credit score?

It is never too late to improve your credit. You can start today with these simple steps:

Pay bills on time and as agreed.

Review your credit report at least annually and correct inaccurate information in your credit report.

Keep balances on credit accounts low, no more than half of the available credit.

Do not open or apply for several new accounts at once.

Don't fall for department store gimmicks. The high interest can hurt your score.

Carefully close old accounts.