



What Do All of These Have in Common?

- o Landlords
- o Utility companies
- o Employers (jobs requiring finances or security)
- o Credit card companies
- o Lenders
- o Insurance companies

Bottom Line

- o If you've used credit in any form, it's likely you have a credit report. If you have a credit report, you have a credit score.
- o Three private companies prepare credit reports based on information supplied to them. Each of these as well as others use the information to calculate a credit score.
- o Large lenders only see credit scores, not reports.
- o The higher the credit score, the better.
- o A low credit score can cost you *thousands* in higher interest, insurance premium, rates - and you could lose a job offer.
- o You can (and should) check your credit report - it's free. Your credit score isn't in your credit report.

How Lenders Decide if You're Creditworthy

o The 5 C's of credit

- o Character
- o Capacity
- o Capital
- o Collateral
- o Conditions


The 5 Cs of Credit

o Character: The borrower's reputation

- o Today, based largely on the repayment history in one's credit report/score and stability (how long at one address and in your current job)

o Capacity: A borrower's ability to repay a loan

- o What is your income relative to your consumer debt?



The 5 Cs of Credit

o Capital: Financial assets or the financial value of assets, such as cash

- o Do you have a down payment?

o Collateral: Properties or assets offered to secure a loan or other credit

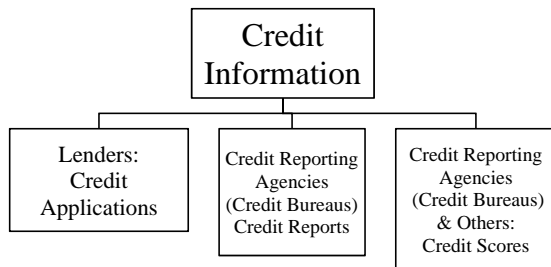
- o The home on a mortgage

The 5 Cs of Credit

oConditions:

oFor example, the interest rate and amount of principal

How Do Lenders Evaluate You?



Consumer Reporting Agencies

- oCredit bureaus
- oMedical Information Bureau
- oResidential tenant reporting agencies
- oUtilities and telecommunications records
- oCheck account management history
- oEmployment background history
- oInsurance claims history

Credit Bureaus

oPrivate, for-profit companies that collect information about your credit transactions and compile them into a report

oWhether lenders report information and what they report to credit bureaus is up to the lender.

oEquifax, Trans Union, Experian

What's in Your Credit Report?

oPersonal identification information

oPublic record information from federal, state, or county courts - bankruptcy, judgments, liens

oCollection agency account information

oCredit account information (including closed accounts)

oCompanies that requested your credit file (inquiries)

What's In Your Credit Report?

oCredit account information (including closed accounts)

oRevolving - Charge accounts that have a credit limit and require a minimum payment - most credit cards

oInstallment - Credit accounts in which the amount of the payment and number of payments are fixed - car loan, student loan

oMortgage - Loan to buy property

What's NOT in Your Credit Report?

- o Having a savings account/mutual fund
- o Putting the utilities in your name
- o Paying utilities or rent on time
- o Bounced checks
- o Debit card use
- o Secured or prepaid credit cards
- o Student loans *are* in your credit report but as long as they're deferred they don't matter much.

Your Right to Free Credit Reports

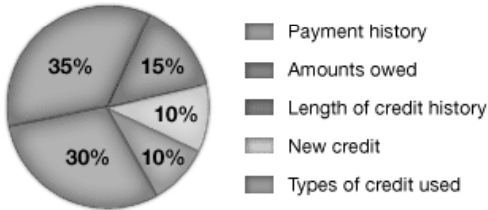
- o By federal law, one per year from each credit bureau
 - o Annualcreditreport.com
 - o NOT freecreditreport.com
- o By Georgia law, two per year from each credit bureau
 - o By contacting each credit bureau

Credit Scores

- o Credit bureaus and other companies use the information in your credit report (and sometimes add other information) to produce a single number - your credit score.
- o Your credit score is NOT in your credit report.

Credit Scores

o One score is your FICO score (Fair Isaac Company) -- 90+DPD:24



Payment History

Late payments

- How much – Low, Moderate, Severe
- How often – Pattern, Isolated
- Age of negative information – New, Old

Amounts Owed – Debt Utilization Ratio

o For revolving: amounts owed relative to credit line

o Examples:

Date	Charges	Credit Limit	Debt Utilization Ratio
2/16	\$100	\$1000	10%
2/24	\$900	\$1000	100%
3/5	\$0	\$1000	0%

Pd
Bill

Other Factors

- o Length of credit history (on your credit report): Average age of accounts
- o New credit (inquiries in the last 12 month initiated by your actions) – more is negative
- o Types of credit used: Mixture of account types and types used

What's a Good Score?

- o Different scores are on different scales.
- o A FICO score ranges from 300 to 850
- o Over 700 = GREAT
- o 660 - 680 = Average
- o The higher the better!

The Cost of a Low Credit Score

o Cost of a 36-month car loan of \$16,000

	Borrower 1	Borrower 2
FICO score	695	600
Interest rate	8.138%	15.277%
Monthly payment	\$785	\$870
Total paid	\$28,260	\$31,320
Cost of low score	\$3,060	

Your Right to a Free Credit Score

- o Limited and new in 2011
 - o If a borrower is turned down for a loan or charged a rate higher than the best rate – also applies to other decisions based on credit scores (*Dodd-Frank*)
- o Lender must provide free credit report OR free credit score if a borrower is turned down for a loan or charged a rate higher than the best rate (*FACT Act*)

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Credit Freeze

- o Puts a lock on access to your account; no one (including you) can open new credit in your name
 - o \$3 in Georgia for each credit bureau (unless you are 65+ or a victim of identity theft)
 - o Credit "thaw" within 15 minutes: \$3
- o Some companies aren't affected by the freeze
 - o Insurance companies
 - o Existing creditors
 - o Law enforcement agencies

For More Information
oUGA's Aspire Clinic
oHACE 3110

Equifax Credit Report™ for Kimberly Guzman

As of: 03/20/2008

Available until: 04/20/2008

Confirmation #: 123456789

Section Title	Section Description
1. Credit Summary	Summary of account activity
2. Account Information	Detailed account information
3. Inquiries	Companies that have requested or viewed your credit information
4. Negative Information	Bankruptcies, liens, garnishments and other judgments
5. Personal Information	Personal data, addresses, employment history
6. Dispute File Information	How to dispute information found on this credit report

Credit Summary: Accounts

Open Accounts	Total Number	Balance	Available	Credit Limit	Debt to Credit Ratio	Monthly Payment Amount	Accounts with a Balance
<u>Mortgage</u>	2	\$253,433	\$27,817	\$281,250	90%	\$1,825	2
<u>Installment</u>	1	\$17,087	\$2,756	\$19,843	86%	\$377	1
<u>Revolving</u>	2	\$0	\$13,400	\$13,400	0%	\$0	0
<u>Other</u>	0	\$0	N/A	N/A	N/A	\$0	0
Total	6	\$270,520	\$43,973	\$314,493	86%	\$2,202	3

Length of Credit History - 9 Years , 6 Months

Average Account Age - 5 Years, 1 Months / **Oldest Account** - ABC LOANS (Opened 09/1997)

Most Recent Account - XYZ INSTALLMENT LOANS (Opened 04/2006)

Inquiries - Requests for your Credit History

Inquiries in the Last 2 Years – 3 / **Most Recent Inquiry** - XYZ INSTALLMENT LOANS (03/05/07)

Potentially Negative Information: Public Records, 2 Negative Accounts, 2 Collections, 1

Mortgage Accounts

Mortgage accounts include first mortgages, home equity loans, and any other loans secured by real estate you own.

Open Mortgage Accounts

Account Name	Account Number	Date Opened	Balance	Date Reported	Past Due	Account Status	Credit Limit
123 Mortgage Company	642889XXXX	12/2003	\$210,075	02/2007		PAYS AS AGREED	\$0

123 Mortgage Company

123 Sumter Rd Albany, NY-12201 (518) 555-8843

Account Number: 642889XXXX Current Status: PAYS AS AGREED

Account Owner:	Joint Account	High Credit:	\$225,000
Type of Account :	Mortgage	Credit Limit:	\$0
Term Duration:	360 Months	Terms Frequency:	Monthly (due every month)
Date Opened:	12/2003	Balance:	\$210,075
Date Reported:	02/2007	Amount Past Due:	
Date of Last Payment:	02/2007	Actual Payment Amount:	\$0
Scheduled Payment Amount:	\$1,475	Date of Last Activity:	01/2004
Date Major Delinquency First Reported:		Months Reviewed:	50
Creditor Classification:		Activity Description:	N/A
Charge Off Amount:		Deferred Payment Start Date:	
Balloon Payment Amount:		Balloon Payment Date:	
Date Closed:		Type of Loan:	Conventional
Date of First Delinquency:	N/A		
Comments:	Freddie Mac Account		

Payment History

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2007	*											
2006	*	*	*	*	*	*	*	*	*	*	*	*
ABC HOME EQUITY		745XXXX		12/2003	\$43,358		01/2007			PAYS AS AGREED		\$56,250

ABC HOME EQUITY

123 Homewood Blvd Catskill, NY-12414 (518) 555-3367

Account Number:	745XXXX	Current Status:	PAYS AS AGREED
Account Owner:	Joint Account	High Credit:	\$56,250
Type of Account :	Line of Credit	Credit Limit:	\$56,250
Term Duration:		Terms Frequency:	Monthly (due every month)
Date Opened:	12/2003	Balance:	\$43,358
Date Reported:	01/2007	Amount Past Due:	
Date of Last Payment:	01/2007	Actual Payment Amount:	\$750
Scheduled Payment Amount:	\$350	Date of Last Activity:	01/2004
Date Major Delinquency First Reported:		Months Reviewed:	50
Creditor Classification:		Activity Description:	N/A
Charge Off Amount:		Deferred Payment Start Date:	
Balloon Payment Amount:		Balloon Payment Date:	
Date Closed:		Type of Loan:	Home Equity Line of Credit
Date of First Delinquency:	N/A		
Comments:			

Payment History

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2006	*	*	*	*	*	*	*	*	*	*	*	*
2005	*	*	*	*	*	*	*	*	*	*	*	*

Installment Accounts Installment accounts are credit accounts in which the amount of the payment and the number of payments are predetermined or fixed, such as a car loan.

Open Accounts

Account Name	Account Number	Date Opened	Balance	Date Reported	Past Due	Account Status	Credit Limit
XYZ INSTALLMENT LOANS	33699568XXXX	04/2006	\$17,087	01/2007		PAYS AS AGREED	\$0

XYZ INSTALLMENT LOANS

123 Kendall Rd Birmingham, AL-35204 (205) 555-3345

Account Number:	33699568XXXX	Current Status:	PAYS AS AGREED
Account Owner:	Individual Account	High Credit:	\$19,843
Type of Account :	Installment	Credit Limit:	\$0
Term Duration:	999 Months	Terms Frequency:	Biweekly (due every 2 weeks)
Date Opened:	04/2006	Balance:	\$17,087
Date Reported:	01/2007	Amount Past Due:	
Date of Last Payment:	01/2007	Actual Payment Amount:	\$174
Scheduled Payment Amount:	\$377	Date of Last Activity:	01/2007
Date Major Delinquency First Reported:		Months Reviewed:	9
Creditor Classification:		Activity Description:	N/A
Charge Off Amount:		Deferred Payment Start Date:	
Balloon Payment Amount:		Balloon Payment Date:	
Date Closed:		Type of Loan:	Auto
Date of First Delinquency:	N/A		
Comments:			

Payment History

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2006				*	*	*	*	*	*	*	*	*

Closed Accounts

Account Name	Account Number	Date Opened	Balance	Date Reported	Past Due	Account Status	Credit Limit
123 LENDING CO	8433XXXX	10/1997	\$0	02/2003		PAYS AS AGREED	\$0

123 LENDING CO

123 Tilly Mill Rd Atlanta, GA-30339 (770) 555-5578

Account Number:	8433XXXX	Current Status:	PAYS AS AGREED
Account Owner:	Individual Account	High Credit:	\$1,000
Type of Account :	Installment	Credit Limit:	\$0
Term Duration:		Terms Frequency:	
Date Opened:	10/1997	Balance:	\$0
Date Reported:	02/2003	Amount Past Due:	
Date of Last Payment:		Actual Payment Amount:	
Scheduled Payment Amount:	\$50	Date of Last Activity:	02/2003
Date Major Delinquency First Reported:		Months Reviewed:	1
Creditor Classification:		Activity Description:	N/A
Charge Off Amount:		Deferred Payment Start Date:	
Balloon Payment Amount:		Balloon Payment Date:	
Date Closed:		Type of Loan:	
Date of First Delinquency:	N/A		
Comments:	Closed or paid account zero balance, Student loan		

Payment History

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2003	*											
2002	*	*	*	*	*	*	*	*	*	*	*	*

Revolving Accounts Revolving accounts are charge accounts that have a credit limit and require a minimum payment each month, such as most credit cards.

Open Accounts

Account Name	Account Number	Date Opened	Balance	Date Reported	Past Due	Account Status	Credit Limit
ABC BANKCARD	433298986100XX XX	12/1998	\$0	01/2007		PAYS AS AGREED	\$8,800

ABC BANKCARD

PO Box 123 Oklahoma City, OK-73101 (405) 555-8100

Account Number:	433298986100XXXX	Current Status:	PAYS AS AGREED
Account Owner:	Individual Account	High Credit:	\$5,021
Type of Account:	Revolving	Credit Limit:	\$8,800
Term Duration:		Terms Frequency:	Monthly (due every month)
Date Opened:	12/1998	Balance:	\$0
Date Reported:	01/2007	Amount Past Due:	
Date of Last Payment:	08/2005	Actual Payment Amount:	

Scheduled Payment Amount:		Date of Last Activity:	08/2005
Date Major Delinquency First Reported:		Months Reviewed:	85
Creditor Classification:		Activity Description:	N/A
Charge Off Amount:		Deferred Payment Start Date:	
Balloon Payment Amount:		Balloon Payment Date:	
Date Closed:		Type of Loan:	Credit card
Date of First Delinquency:	N/A		
Comments:			

Payment History

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2006	*	*	*	*	*	*	*	*	*	*	*	*
2005	*	*	*	*	*	*	*	*	*	*	*	*

ABC CREDIT CARDS	422366351233XX	03/2003	\$0	01/2007	\$0	PAYS AS AGREED	\$4,600
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ABC CREDIT CARDS

123 W 43rd St Baltimore, MD-21075 (410) 555-0075

Account Number:	422366351233XXXX	Current Status:	PAYS AS AGREED
Account Owner:	Joint Account	High Credit:	\$439
Type of Account:	Revolving	Credit Limit:	\$4,600
Term Duration:		Terms Frequency:	
Date Opened:	03/2003	Balance:	\$0
Date Reported:	01/2007	Amount Past Due:	\$0
Date of Last Payment:	01/2007	Actual Payment Amount:	
Scheduled Payment Amount:	\$0	Date of Last Activity:	01/2007
Date Major Delinquency First Reported:		Months Reviewed:	1
Creditor Classification:		Activity Description:	N/A
Charge Off Amount:		Deferred Payment Start Date:	
Balloon Payment Amount:		Balloon Payment Date:	
Date Closed:		Type of Loan:	Credit card
Date of First Delinquency:	N/A		
Comments:			

Payment History

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2006	*	*	*	*	*	*	*	*	*	*	*	*
2005	*	*	*	*	*	*	*	*	*	*	*	*

Closed Accounts

Account Name	Account Number	Date Opened	Balance	Date Reported	Past Due	Account Status	Credit Limit
ABC LOANS	31667XXXX	09/1997	\$0	09/2003		CHARGE-OFF	\$0

ABC LOANS

123 Martin Ave Olympia, WA-98503 (206) 555-1237

Account Number:	31667XXXX	Current Status:	CHARGE-OFF
Account Owner:	Individual Account	High Credit:	\$2,625
Type of Account :	Open	Credit Limit:	\$0
Term Duration:		Terms Frequency:	
Date Opened:	09/1997	Balance:	\$0
Date Reported:	09/2003	Amount Past Due:	
Date of Last Payment:	03/2003	Actual Payment Amount:	\$0
Scheduled Payment Amount:	\$0	Date of Last Activity:	03/2003
Date Major Delinquency First Reported:		Months Reviewed:	70
Creditor Classification:		Activity Description:	N/A
Charge Off Amount:		Deferred Payment Start Date:	
Balloon Payment Amount:		Balloon Payment Date:	
Date Closed:	04/2003	Type of Loan:	
Date of First Delinquency:	N/A		
Comments:	Paid Charge-Off		

Payment History

No Payment Data available for display.

Payment History Key

Meaning	Symbol	Meaning	Symbol
Pays or Paid as Agreed:	*	180+ Days Past Due:	180
30-59 Days Past Due:	30	Collection Account:	CA
60-89 Days Past Due:	60	Foreclosure:	F
90-119 Days Past Due:	90	Voluntary Surrender:	VS
120-149 Days Past Due:	120	Repossession:	R
150-179 Days Past Due:	150	Charge Off:	CO

Inquiries A request for your credit history is called an inquiry. Inquiries remain on your credit report for two years.

Inquiries that may impact your credit rating

These inquiries are made by companies with whom you have applied for a loan or credit.

Name of Company	Date of Inquiry
123 UTILITY	03/05/07
Creditor Contact Information	
123 UTILITY 123 Perry St Boston, MA 02101	
ABC LENDING CO	02/06/07
Creditor Contact Information	
ABC LENDING CO 123 Millbrook Ave Birmingham, AL 35201 (205) 555-5252	

Inquiries that do not impact your credit rating

These inquiries include requests from employers, companies making promotional offers and your own requests to check your credit. These inquiries are only viewable by you.

Company Information	Date of Inquiry
ND-Promotional Inquiry	07/11/06
EFX-Equifax Consumer Services	01/17/07
PRM-ECAS	12/03/06, 12/15/06

Prefix	Prefix Description
PRM	Inquiries with this prefix indicate that only your name and address were given to a credit grantor so they can provide you a firm offer of credit or insurance. (PRM inquiries remain for twelve months.)
AM or AR	Inquiries with these prefixes indicate a periodic review of your credit history by one of your creditors. (AM and AR inquiries remain for twelve months.)
EMPL	Inquiries with this prefix indicate an employment inquiry. (EMPL inquiries remain for 24 months)
Equifax or EFX	Inquiries with these prefixes indicate Equifax's activity in response to your contact with us for a copy of your credit file or a research request.
ND	Inquiries with this prefix are general inquiries that do not display to credit grantors. (ND inquiries remain for twelve months.)
ND MR	Inquiries with this prefix indicate the reissue of a mortgage credit report containing information from your Equifax credit file to another company in connection with a mortgage loan. (ND MR inquiries remain for 24 months.)
PR	Inquiries with this prefix indicate that a creditor reviewed your account as part of a portfolio they are purchasing. (PR inquiries remain for 12 months.)

Negative Accounts Accounts that contain a negative account status.

Open Accounts

Account Name	Account Number	Date Opened	Balance	Date Reported	Past Due	Account Status	Credit Limit
XYZ BANKCARD	487366480316XX	08/2001	\$0	01/2007	\$287	PAYS 91-120	\$8,000

XYZ BANKCARD

123 Riverside Ave Tuscon, AZ-85701 (520) 555-1244

Account Number:	487366480316XXXX	Current Status:	PAYS 91-120 DAYS
Account Owner:	Individual Account	High Credit:	\$7,215
Type of Account :	Revolving	Credit Limit:	\$8,000
Term Duration:		Terms Frequency:	
Date Opened:	08/2001	Balance:	\$0
Date Reported:	01/2007	Amount Past Due:	\$287
Date of Last Payment:	01/2007	Actual Payment Amount:	
Scheduled Payment Amount:	\$0	Date of Last Activity:	01/2007
Date Major Delinquency First Reported:		Months Reviewed:	1
Creditor Classification:		Activity Description:	N/A
Charge Off Amount:		Deferred Payment Start Date:	
Balloon Payment Amount:		Balloon Payment Date:	
Date Closed:		Type of Loan:	Credit card
Date of First Delinquency:	11/2006		
Comments:			

Payment History

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2006	*	*	*	*	*	*	*	*	*	30	60	90

Collections A collection is an account that has been turned over to a collection agency by one of your creditors.

ABC Collections

Agency Address:	7754 W 84th St Chicago, IL 60601 (318) 555-4549
Date Reported:	10/2006
Date Assigned:	03/2005
Creditor Classification:	
Creditor Name:	321 INSTALLMENT LOANS
Account Number:	25XXXX
Account Owner:	Individual Account.
Original Amount Owed:	\$35
Date of 1 st Delinquency:	12/2004
Balance Date:	10/2006
Balance Owed:	\$35
Last Payment Date:	N/A
Status Date:	10/2006
Status:	D - Unpaid

Public Records Public record information includes bankruptcies, liens or judgments from federal, state or county court records.

Bankruptcy

Date Filed:	08/2004
Case Number:	1A223344567
Court Number/Name:	12-Anywhere Court House
Court Address:	123 Easy Street Anytown, GA 33333 (555) 555-5555
Liabilities:	\$25,000
Individual/Joint:	Joint
Individual/Business:	Business
Bankruptcy Disposition:	A-DISCHARGED CH-11
Current Disposition Date:	15/06/2005
Asset Amount:	\$36,000
Exempt Amount:	\$23,000
Date Verified:	13/05/2005
Date Reported:	15/06/2005
Prior Disposition:	
Comments:	Discharged

Judgment

Type:	Judgment
Date Filed:	10/13/2005
Case Number:	334456567878
Court Number/Name:	11-Anytime Court House
Court Address:	123 Easy Street Anytown, GA 33333 (555) 555-5555
Plaintiff:	Mr. Plaintiff
Defendant:	Mr. Defendant
Amount:	\$2,500
Status:	T - Satisfied
Satisfied Date:	11/2005
Verified Date:	11/2005
Comments:	Consumer Disputes

Personal Information The following information is added to your file either when creditors enter requests to view your credit history, or when you report it to Equifax directly.

Name: Kimberly Guzman **Social Security Number:** XXX-XX-6789 **Age or Date of Birth:** March 8, 1977

Address Information

Current/Previous	Street	City	State	Zip	Date Reported
Current	123 PEACHTREE CIRCLE	ATLANTA	GA	30303	07/2006
Former Address 1	123 WYANDHAM CT	BIRMINGHAM	AL	35226	05/2005

Other Identification - You have no other identification on file.

Employment History - Last Reported Employment: FIELD CONSULTANT; LMNOP COMPANY; GA;

Alert(s) File Blocked For Promotional Purposes, Fraud Alert

Consumer Statement: The following Consumer Statement was added on 05/2007 and will expire on 05/2008:

CONSUMER HAS REQUESTED AN ALERT BE PLACED ON THEIR CREDIT FILE. DAYTIME (206) 555-5555 EVENING (206) 555-6666