

# Credit Report Basics

## Credit Reports:

A *credit report* tells you several things:

- How you've paid your debts
- How much debt you have
- If you've made payments on time or late

Who looks at your credit report?

- Lenders – to decide whether to loan you money and the interest rate
- Landlords
- Employers
- Utility & Insurance Companies

By improving your credit:

- You will be more able to borrow when you need it
- Borrow at a lower interest rate
- Increase employment and housing choices

## **Getting your FREE credit report:**

Get a copy of your credit report to look for mistakes or other surprises in your credit history. You can get one **free** credit report every 12 months from each of the three major credit reporting companies.

- Get your free credit report at: [www.annualcreditreport.com](http://www.annualcreditreport.com) or 877-322-8228

## What is a credit score?

The information on your credit report translates into a three digit number – your **credit score** – a signal of creditworthiness. Scores range from 300-850 and most people fall between 600 and 800.

## **What makes a credit score? & How to improve it!**

<b>Credit Score Factor</b>	<b>Steps to Improve Your Credit</b>
Payment History	Pay bills on time, pay more than the minimum due
Amount Owed	Pay off balances when possible, do not use more than half of your total credit limit
Length of Credit History	Have only a few accounts, hold on to older accounts
Types of Credit	Have at least 1 major credit card, avoid very high cost lenders if possible
New Credit	Don't apply for a lot of new credit