

What is a credit history? Your credit history is your reputation as a borrower. It tells others how likely you are to repay your loans and debts and whether you can pay them on time. Most of the information in your credit history comes from credit reports. Most people know that a good credit history will help them get things like a credit card, a car or house loan, or lower car insurance rates. But your credit history can also be reviewed:

- by employers, to make hiring decisions for certain jobs
- by landlords to decide whether to lease an apartment to you
- by colleges and universities for student loans
- by debt collectors, to see if they can sue you for a debt
- in legal proceedings (such as divorce and bankruptcy) for information about a person's assets and liabilities
- by identity thieves who want to use your name and credit (identity theft)
- for purposes of child support enforcement
- by licensing authorities to determine eligibility for a licensed occupation
- for insurance underwriting purposes

The Fair Credit Reporting Act (FCRA) is the law that sets forth the rules about who can legally access your credit history, and why.

What is a credit report? A credit report is your credit history in written form. Credit reports are maintained by three main credit reporting agencies: Equifax, TransUnion and Experian. Your credit report will state:

- If you pay your bills on time or late
- How much money you owe
- If someone has a judgment against you
- If you have declared bankruptcy
- If there are any tax liens against your property
- What companies have looked at your credit report

How can I correct my credit report? Under federal law (FCRA),

- If you are rejected for credit or a loan, you are entitled to a *written* notice stating why you were rejected.
- If the rejection was based on your credit report, you have the right to a *free credit report* and credit score if you ask for it.
- You have the right to dispute mistakes in your credit report. Credit reporting agencies must provide information on how to dispute and must respond to your request to investigate it.

What is a credit score? Your score is a three-digit number taken from data in your credit report, such as your payment history and amount of debt owed. Your credit score is a tool used by lenders to evaluate the risk of extending credit to you, what your credit limit will be and the interest rate you will pay. A higher credit score means better credit. The main credit scoring agency is FICO. FICO scores range from 300 to 850; the national average is 691. A newer scoring agency is Vantage. Vantage scores range from 501 to 990. You can get your Vantage score for free at sites like Credit Karma, www.creditkarma.com, but you usually have to pay to get your FICO score.

Keep up with your credit history. It's a good idea to review your credit history often. You can get a *free credit report* (but not credit score) from each of the three reporting agencies every 12 months. Go to www.AnnualCreditReport.com or call 1-877-322-8228. You must provide some personal information, but no purchase is required.