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How To Read Your Credit Report

By: Tom Koziol

The Fair and Accurate Credit Transactions Act, signed into law on Dec. 4, 2003, gives every American the right to a free credit report every year from each of the three major credit bureaus -- Equifax, Experian and TransUnion. What the law doesn't do is give every American the ability to read their credit report. Not one word in the law says the credit bureaus have to write it in plain, easy-to-understand language. Go to <http://www.ftc.gov> and click on consumers then credit and read it for yourself. Hopefully you'll stay awake .

While all credit reports follow a basic format, some vary so what you are about to read doesn't apply across the board. If you didn't get it directly from one of the bureaus mentioned above, your best bet for a translation is the source providing your copy.

Here is the four part skeleton most bureaus use. **Part one** is your identifying information. This would be information like your name, social security number, previous addresses, current address, date of birth, driver's license number, telephone number, spouse's name and your employer and length of employment. As with all sections, pay close attention because chances are pretty darned good, some of it is wrong.

It is wrong because this information comes to the bureau from a myriad of sources and the bureau doesn't take the time to update or correct it. That leaves you as your own correcting agent.

Part two is your credit history. This is usually the longest part of your report because you probably have had department store accounts, multiple credit cards, multiple bank and other financial institution loans, mortgages, car loans, lines of credit, home equity loans and other transactions involving credit.

Sometimes you will see the bureau calls these accounts trade lines. No big deal because they are still your accounts.

These accounts usually start with when you opened the account then tell the type or kind of credit (installment, car loan, personal loan, etc.) and whether it is in your name or someone else is on the account with you. The total amount of the loan with your high credit limit or if it is a credit card, your highest balance follows. The next thing

it shows is how much you still owe and if the payments are fixed or minimum monthly amounts. Your status, open/inactive/closed/paid, follow your payments then comes the item everybody wants to know, how well you've paid on the account.

This is where the bureaus list if you are late, and if late, how late and how often you've been late. If you are not late, it will show you pay on time.

Part three is called Public Inquiries or Public Records. This is where tax liens, judgments, foreclosures and bankruptcies are listed. You want this part to be blank and I do mean blank. If you see anything here, attempt to correct immediately if not sooner.

Part four is the Inquiries section. It is divided into two parts. Part one are the inquiries you initiate by filling out a credit application. This section is generally referred to as the hard inquiry section because you are the initiator of the inquiries.

The second part is called the soft inquiry section. What you'll find here are the names of companies who have sent you offers of credit or current creditors who are monitoring your account.

Sometimes there is a fifth section called Remarks. Read it because you never know who reported what about you.

Each credit report bureau places an explanation of terms usually on the backside of the report pages. In it, they explain what the numbers and letters you see next to your accounts mean. So, if you see something like I9, don't fret as it should be defined in the explanation of terms.

Of course, I9 could be negative, so you may have to fret. Either way, you are now almost totally armed to deal with that free credit report the law said the bureaus had to give you.

Good luck and may all your credit be A+.

About the author: Tom Koziol wrote "Credit Card Capers: Exposing All Their Dirty Tricks" as an expose on how the banks are robbing consumers via their credit cards. Get the dirty lowdown at <http://www.creditcardcapers.com>

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