



Your Credit Score is the Key to your Financial Life!

Your credit score is used by lenders, employers, insurance companies and others who have a legitimate need for your credit information.

What makes up your credit score?

Your credit score is a number that reflects the likelihood you will repay your debts. The most common scoring method is the FICO score, developed by Fair Isaac and Corporation. FICO scores range from a low of 300 to a high of 850. The better your score, the better your chances are of getting a loan with an attractive interest rate.

Increase / Maintain your Credit Score

*Make your payments on time, not only with credit accounts, but with other accounts like your utility bills.

*Keep your credit card balances low in relation to your credit limits, (generally below 30%). Remember, balances are often reported mid-billing cycle so it is a good idea to keep your balance below 30% of your credit limit at all times when possible.

*Refrain from applying for credit needlessly. Too many new credit accounts in a short period of time can bring your score down.

*Keep accounts open for as long as possible and use your card regularly. A solid, active, long time credit relationship demonstrates you are more creditworthy.

*Pay down the credit cards first that are near their limits (assuming interest rates are close to the same).

*Move revolving balances to an installment loan such as a debt consolidation loan with the credit union. Make sure you do not close or over extend yourself on the revolving accounts.

*Ensure your credit bureau data is accurate and dispute legitimate errors.

*It takes approximately 6 months to establish a FICO score if you have no previous credit.

Decrease your Credit Score

*Late Payments - Late payments can hurt your credit score and cost you in fees and penalty interest rates.

*Collection Accounts - Even unpaid utility bills may be sold to a collection agency.

*Derogatory public records.

*Credit Cards that are maxed out to their limits.

*Multiple new revolving accounts in a short period of time.

*Several inquiries in a short period of time - alerts that you are shopping for credit. *Note: Dealership inquiries will most likely combine into one credit inquiry if they are made within a short period of time (approximately 14 days).* Remember that your credit union will meet or beat most dealership rates.

*More revolving accounts (credit cards) in relation to installment loans (mortgage, automobile, credit union loan).

*Settling a debt for less than the full balance.

*Debt collections, court judgements or past bankruptcies have a major negative impact on your credit.

How do I obtain a copy of my credit report?

If you've been denied credit, insurance, or employment because of information supplied by a Credit Reporting Agency (CRA), the Fair Credit Reporting Act (FCRA) states that the company you applied to must give you the name, address and telephone number of the CRA they used to receive information about you. If you contact the CRA within 60 days of your denial notice they will supply you with a copy of your credit report free of charge.

Under Federal Law, each individual is also entitled to a FREE ANNUAL copy of their credit report through each of the three credit bureau agencies: Experian, Trans Union and Equifax. Many sites offer you free reports, but the legitimate site is AnnualCreditReport.com. It is important to review your credit report annually to ensure that your credit bureau data is accurate. The credit bureau contact information is as follows:

Free Annual Credit Report

(877) 322-8228 (toll free)

www.annualcreditreport.com

Equifax

(800) 685-1111

www.equifax.com

Experian

(800) 397-3742

www.experian.com

Trans Union

(800) 888-4213

www.transunion.com

Your FICO score is not automatically provided in your FREE credit report but you can purchase it for a small fee. Several companies will offer your FICO score with or without a fee but it is a score that uses a different model to generate your score. To ensure an accurate FICO score, we recommend purchasing it directly from the three major credit bureaus above.

Correcting Errors:

To correct errors on your credit report, notify the CRA that is showing the erroneous information about you and file a dispute. The credit bureau dispute contact information is as follows:

Equifax

www.equifax.com

Online disputes only

Experian

www.experian.com

Online disputes only

Trans Union

www.transunion.com

(800) 916-8800

Under the Fair Credit Reporting Act (FCRA), both the Credit Reporting Agency (CRA) and the information provider (credit union, credit card company or bank) are legally obligated to investigate any errors you bring to their attention. The CRA must investigate your dispute within 30 days. They will forward all the data you provide to the information provider. The information provider will then verify their records and report the results to the CRA. Your information will either be verified as accurate or corrected to report the right information. Once the investigation is complete, the CRA will give you the written results.

Negative Information that is Accurate:

When negative information on your credit report is accurate, only time is your ally. There is no quick fix. Negative information can generally stay on your report for 7 years with the exception of 10 years for bankruptcy. Lawsuits or unpaid judgements can be reported for 7 years or until the statute of limitations runs out, whichever is longer.