

DCC DOLLARS & SENSE

Volume 11, Issue 1

may 1, 2005

AnnualCreditReport.com

Special points of interest:

FREE ANNUAL CREDIT REPORT

Beginning Thursday, December 1, 2004, Americans were able to access their credit reports from all three credit-reporting agencies. Passed in late 2003, the Fair & Accurate Credit Transactions Act (FACT) creates a central source that consumers can use to obtain a free annual credit report. If you are

committed to repairing your credit or simply want to know what is on your credit report, a free copy of your credit report will now be available to you annually. This article discusses the free report, as well as ways to repair your report once you have your credit file on hand.

Once you access your credit report, you will be able to see where you stand with your creditors, however your credit score will not accompany the report. Your credit score is the actual number ranging from 300 to 850 that lenders use to judge your creditworthiness and the interest rate they'll charge you. The Federal Trade Commission is still considering a fee that would be reasonable for the bureaus to charge consumers to get their credit score.

Additional provisions of the FACT Act include: creating uniform credit standards, requiring retailers to hide all but the last five digits of your account number on receipts, and new "opt out" rights for consumers. Also, banks will have to tell you if they are giving you credit at less favorable terms based on your credit score and alert you if they report any negative information about you to the credit bureaus.

The following are some basic things common to each report.

- **Personal Information** - In addition to your name and address, your personal information includes such things as marital status, name change, spouse's employment, your employment, position within company, salary, as well as former employers.
- **Reported Accounts** - divided into 2 categories: Monthly and Default. Monthly accounts include financial institutions, finance companies, commercial lenders, charge card creditors, larger department stores, as well as oil and gas companies all report your history monthly. These reports include your name, type of account (revolving, installment, etc.) account history, payment history, who owns the account (joint, etc.), credit limit, and current balance. Default Accounts can include landlords, utility companies, insurance companies, local retailers, doctors, and hospitals. These are some of the creditors who report only when the consumer

AnnualCreditReport.com cont.

has defaulted on a payment. Information usually includes your name and account information plus a delinquency report such as 60, 90, or 120 days past due.

- **Public Information** - Law suits, bankruptcies, liens, and court judgments are examples of legal public information. There may also be financial public records such as charge accounts, loans, and debts.
- **Inquiries** - The very important inquiries area includes: potential creditors, employers, landlords, as well as any others who have requested a copy of your report within the last 12 months. These inquiries often remain for 2 years. Be aware that too many inquiries could adversely tell a potential creditor you are desperate. Even unsolicited credit offers through the mail appear in this area and they too can affect your loan procurement. The good news is that they are readily identifiable as promotional. The bad news is, they are still an inquiry. When you get your credit report, it's a good idea to go through the entire report entry by entry. Have the credit agency legend by your side in order to verify coding compliance and have a paper and pencil handy to note any items that may be in error. Here are eight basic items to check that have caused problems for others:

1. Don't assume your personal information is correct. You could be viewing information from someone else's report with just a simple error such as: first name misspelled, missing Jr./Sr., erroneous address, bad zip code, wrong employer, or any other incorrect personal data.
2. Insure marital information is correct. Are accounts listed as "joint" really joint? Is the report in compliance with court settlements?
3. Outdated information is normally considered to be any item older than 7 years except for bankruptcy, which is usually 10 years.
4. Closed accounts should not be listed as open. Accounts that were closed should reflect, "closed

by consumer". Otherwise it can be assumed that it was closed by the creditor which is not good.

5. Accounts should not appear twice even in different sections.
6. Incorrect histories such as late payments, a credit entry you do not recognize, a pre-marital debt of your current spouse, or other such items need your attention.
7. Are there missing reports that would be beneficial to show a good history, and are profiles, credit limits, and balances correct?

A former correction to your credit file, which has since disappeared, should be brought to the agency's attention.

Checking your credit report annually is a habit you should exercise regularly, especially with the increase in identity theft. Residents of New Jersey, New York, Maine or any of the other Eastern states will have to wait until September 1st of 2005 before they can check their credit report for free.

Consumers may order their free credit reports from Equifax, Experian and TransUnion the following ways:

- Online – by going to www.annualcreditreport.com.
- By telephone – toll free at 877-322-8228

By mail – Address requests to P.O. Box 105281, Atlanta, GA 30348-5281. When mailing your request, it is best to print and mail in a completed online request form. All questions on the form must be answered to receive a free credit report. Consumers may access the request form at:

http://www.ftc.gov/bcp/online/edcams/credit/docs/fact_act_request_form.pdf