

READING YOUR CREDIT REPORT

Understanding your credit report is one of the fundamental keys to managing your personal finances. And while many people go for years without ever even seeing their report, you have the opportunity to download and print a free copy once every year from three major credit reporting bureaus— Equifax, Experian and TransUnion—by visiting AnnualCreditReport.com.

You may have heard catchy commercials offering free credit reports from other websites, but be aware that these sites often end up charging you for other services such as credit monitoring or paying to see your actual credit score. Your credit reports won't include a numerical score because this number is constantly changing based on the items on your report and other circumstances considered by lenders. In most cases, if you're required to enter credit card information into a website, you better be prepared to pay them something.

Credit reports contain a few key components you should be familiar with in order to understand what you're looking at:

Payment History Legend - This is there to show you how the report labels your payment history. This will include codes which identify times when you made loan payments on time, times when your payment was late and instances when a loan was turned over to a creditor or something was repossessed.

Payment history legend			
OK	Current/Terms of agreement met	VS	Voluntarily surrendered
30	Account 30 days past due	R	Repossession
60	Account 60 days past due	PBC	Paid by creditor
90	Account 90 days past due	IC	Insurance claim
120	Account 120 days past due	G	Claim filed with government
150	Account 150 days past due	D	Defaulted on contract
180	Account 180 days past due	C	Collection
CRD	Creditor received deed	CO	Charge off
FS	Foreclosure proceedings started	CLS	Closed
F	Foreclosed	ND	No data for this time period

Accounts - Each of the loan and credit card accounts that have been active during the seven years prior to pulling it are listed on your credit report along with your payment history. Generally, each month's payment status is included, so if you missed a payment or an account was turned over to a credit collection agency, it's likely going to show up on your report.

XYZ CREDIT UNION										
Address: 1234 FINANCIAL WAY FORT WORTH, TX 76102 <i>no phone number available</i>					Account Number: 123456789...					
Address Identification Number: 1234567890										
Status: Open/Never late.										
Date Opened: 02/2010			Type: Credit Card			Credit Limit/Original Amt: \$1,500				
Reported Since: 02/2010			Terms: NA			High Balance: NA				
Date of Status: 12/2012			Monthly Payment: \$0			Recent Balance: \$0 /paid as of 12/2012				
Last Reported: 12/2012			Responsibility: Individual			Recent Payment: \$0				
Payment History:										
2012										
DEC	NOV	OCT	SEP	AUG	JUL	JUN	MAY	APR	MAR	FEB
OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
2011										
JAN	DEC	NOV	OCT	SEP	AUG	JUL	JUN	MAY	APR	MAR
OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
2010										
FEB	JAN	DEC	NOV	OCT	SEP	AUG	JUL	JUN	MAY	APR
OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
MAR	FEB									
OK	OK									

If you consistently pay your credit card from XYZ Credit Union's bill on time, this is what your payment history should look like. When you apply for a loan or service that requires a credit check, a clean payment history like this one helps the lender determine that you are responsible in paying your bills and are more likely to pay your loan back to them.

On the other hand, if you have an account on your credit union with a poor payment history, it lets lenders know that there's a strong chance you may not pay them back. In the account history below, the individual's vehicle was repossessed by the lending bank because they stopped paying their loan bill.

BANK OF LOANS										
Address: 1234 MONEY ST DALLAS, TX 75206 <i>no phone number available</i>				Account Number: 987654321...						
Address Identification Number: 0987654321										
Status: Open/Never late.										
Date Opened: 07/2011			Type: Auto Loan			Credit Limit/Original Amt: \$24,532				
Reported Since: 07/2011			Terms: 63 Months			High Balance: NA				
Date of Status: 12/2012			Monthly Payment: \$0			Recent Balance: NA				
Last Reported: 12/2012			Responsibility: Individual			Recent Payment: NA				
Payment History:										
2012										
DEC	NOV	OCT	SEP	AUG	JUL	JUN	MAY	APR	MAR	FEB
R	C	C	C	180	150	120	90	60	30	OK
2011										
JAN	DEC	NOV	OCT	SEP	AUG	JUL	JUN	MAY	APR	MAR
OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK

This individual will likely find it difficult to borrow money in the future, and may have trouble securing an apartment or even a job! Accounts remain on your credit report for seven years, so it's very important that you continue paying your accounts or reconfigure the terms with your lender if you're unable to pay. Often, lenders are very willing to work with you when circumstances change such as losing your job. In addition, be sure and work out how much your monthly payments will be before taking out a loan, and consider the entire amount you'll have to pay in order to determine whether or not you can afford the item.

Your credit report is a very important component to your personal financial growth, so it's very important that you take the time to review it each year so you maintain a strong understanding of how your credit history appears to lenders.

In addition, it's possible that there may be mistakes on your report, so reviewing each account to ensure that it is, in fact, your own activity will help keep you from taking the hit for someone else's payment history or even fraudulent activity.

If you need help determining how an item on your credit report will affect your personal finances, your friends at EECU are always happy to help. Bring a copy of your report to any branch so we can walk you through its components. And if you determine that there is incorrect information on your report, we can even help walk you through the process of requesting that incorrect information be removed from your report by the appropriate credit bureau.

**It's all part of our commitment to helping you
reach your personal financial goals!**



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