



# MONEY SMART FOR YOUNG ADULTS



MODULE 6

# Building Your Credit History

Participant Guide



FDIC-021-2022

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# WELCOME

Welcome to the FDIC's Money Smart for Young Adults!

This is the participant guide for Module 6: Building Your Credit History. Use it during and after training. You can write in it. It is yours to keep.

The nationwide credit reporting agencies are required by law to offer free credit reports every 12 months. However, the agencies sometimes offer free credit reports more often. See **annualcreditreport.com** for updates.

## Module Purpose

This module will help you understand, access, and improve your credit reports and scores. By the end of this module, you will be able to:

- Define credit reports
- Identify information that is on your credit reports, and information that is not
- Explain the importance of credit reports and scores
- Define credit scores
- Identify what makes credit scores go up and down
- Access free credit reports
- Explain the contents of credit reports
- List types of errors on credit reports
- Dispute errors on credit reports
- List strategies for how to repair, improve, and maintain credit
- Explain where to get help with credit reports and credit scores

## SECTION 1:

# Credit Reports

We will discuss reports and how information on them can affect many areas of your life.



### KEY TAKEAWAY:

**Your credit history can affect your access to credit, loans, jobs, housing, insurance, and other important services.**

## What Is a Credit Report?

A credit report contains your credit history. Generally, people under age 18 do not have credit reports. However, there are exceptions. For example, people under 18 may have credit reports if:

- They are authorized users on others' credit card accounts. Adults sometimes authorize minors to make purchases using a credit card even when the account holder is not there.
- They took out a student loan before turning 18.
- Their information was used for identity theft or fraud.

State agencies that provide foster care must help foster youth above the age of 16 check their credit reports before they turn 18. They must help foster youth address issues with their credit, including disputing errors on credit reports and responding to identity theft and fraud.



 **TRY IT:**

## Is This on a Credit Report?

Check the correct answers during the group exercise.

Item	Is it included?		Notes
	Yes	No	
Your name	<input type="checkbox"/>	<input type="checkbox"/>	
Arrests and convictions	<input type="checkbox"/>	<input type="checkbox"/>	
Credit card payments	<input type="checkbox"/>	<input type="checkbox"/>	
Income	<input type="checkbox"/>	<input type="checkbox"/>	
Cell phone plan payments	<input type="checkbox"/>	<input type="checkbox"/>	
Rent payments	<input type="checkbox"/>	<input type="checkbox"/>	
Student loan payments	<input type="checkbox"/>	<input type="checkbox"/>	
Credit card limit(s)	<input type="checkbox"/>	<input type="checkbox"/>	
Traffic tickets and fines	<input type="checkbox"/>	<input type="checkbox"/>	
Savings account balance	<input type="checkbox"/>	<input type="checkbox"/>	
Debit card purchases	<input type="checkbox"/>	<input type="checkbox"/>	
Payday loans	<input type="checkbox"/>	<input type="checkbox"/>	

# What Is Listed on a Credit Report?

Credit reports list:

- Identifying information
- Debts and some bills you pay
- Public record information
- Applications for new credit and other “inquiries” when lenders or other businesses request a copy of your credit report

There are three nationwide credit reporting agencies that make credit reports: Equifax, Experian, and TransUnion. They may be called credit reporting agencies, credit bureaus, or credit reporting companies.

If you have a credit history, you likely have three separate credit reports—one from each nationwide credit reporting agency.

# What Is a Credit Score?

Credit scores are numbers based on information on your credit reports. Credit scores predict how likely you are to pay your bills and debts as agreed. There are multiple producers of credit scores. If you have a credit history, you likely have several different credit scores.

People with better (higher) credit scores present less risk to creditors than people with lower credit scores. Higher credit scores indicate you have paid your bills and debts as agreed in the past and are likely to continue to do so.

Credit reports and scores may be used by:

- Financial institutions
- Landlords
- Utility companies
- Cell phone companies
- Insurance companies, depending on state law
- Employers, depending on state law
- State agencies or affiliated organizations

Lenders must tell you if they used your credit reports or scores to make a lending decision about you or if they offered you less favorable terms than other borrowers based on your credit reports or scores.

# Having No Credit Reports or Scores

Without a credit history, you may have a harder time getting a loan, renting an apartment, getting a favorable cell phone plan, obtaining jobs, or turning on utilities.

**✎ TRY IT:**

## **Do Credit Reports Matter?**

Read the scenario and then answer the questions.

**SCENARIO:**

### **Yardley Learns About the Importance of Having a Credit History**

Yardley was convinced credit reports did not matter. She did not plan to get a credit card or a loan. She used cash for everything.

Yardley recently moved and needed to find an apartment. Even though she promised to pay her rent each month in cash, some landlords would not rent to her because she had no credit history. When she found an apartment she liked and a willing landlord, she had to pay a higher security deposit because she did not have a credit history.



She also had to pay a deposit for her utilities because she had no credit history. So, she learned more about credit reports and why having no credit history created obstacles and additional costs for her.

**What would you tell Yardley about credit reports?**

**Should she try to build credit? Or, is she better off without a credit history?  
Be ready to explain your answer.**

**Remember the Key Takeaway**

**“ Your credit history can affect your access to credit, loans, jobs, housing, insurance, and other important services.”**

## SECTION 2:

# Credit Scores

We will discuss credit scores and what makes them go up and down.



KEY TAKEAWAY:

**You can take steps to maintain and improve your credit scores. This includes paying your bills on time.**

## The Basics of Credit Scoring

Credit scores help predict the likelihood you will pay your credit obligations on time and as agreed. People with better (higher) credit scores tend to present less risk to lenders and other businesses than people with lower credit scores.



**Two significant factors** affect your scores:



Whether you repay your debts on time and as agreed.



How much you owe on each account compared to the credit limit or original loan amount. This is your **credit utilization rate**.

There are multiple producers of credit scores and each producer may have several types of scores. One well-known company is Fair Isaac Corporation or FICO®. VantageScore® is another scoring model.

FICO® scores are based on five types of data from your credit reports:

- Payment history (repayment of past debt) determines about 35% of your score.
- Amounts owed (available credit being used/borrowed) determines about 30% of your score.
- Length of credit history (length of time for all credit accounts) determines about 15% of your score.
- Credit mix (the combination of credit cards, retail accounts, installment loans, finance company accounts, and mortgage loans) determines about 10% of your score.
- New credit (opening new credit accounts) determines about 10% of your score.

## TRY IT:

# What Makes Credit Scores Go Up and Down?

Read the scenario and then answer the questions.

### SCENARIO:

## Alex Learns About Credit Scores

Alex needs a new truck. Five years ago, he paid cash and got a great deal on a 9-year old used truck. But now the truck is 14 years old and he needs something more reliable for his commute to work and school. It's breaking down too often.

He finds the perfect truck, but the dealer will only offer an expensive loan. He is shocked. He learns that the reason he was not offered better terms is because his credit scores are low.

Alex learns more about credit scores before buying a new truck.

The table below lists situations Alex faced and what he did. What effect did each situation likely have on his credit scores? Consider each on its own, assuming that nothing else on Alex's credit reports changed.

Use an up arrow ↑ for actions you think likely made his credit score go up, a down arrow ↓ for actions you think likely made his credit score go down, and an equal sign = if you think there was likely no change in his score.



Situation Alex Faced and What He Did	Likely Effect on Credit Scores	How It Relates to Composition of FICO® Scores
1. Alex's hours at work are cut unexpectedly, so his take-home pay is reduced. He is late with his credit card and cell phone payments for a few months.		Being late with payments can have a significant negative effect on credit scores.  Payment history accounts for 35% of FICO® scores.
2. Alex isn't able to increase his hours or find another job. He nearly reaches his credit limit on one of his two credit cards. He makes the minimum payment on it each month.		This situation affects the credit utilization rate—the percentage of available credit used at any time during the month (even if you pay the balance in full by the due date).  Carrying high balances on credit cards compared to available credit limits can significantly reduce credit scores. Some experts advise using no more than 30% of your available credit while others advise using no more than 20%. While keeping balances at or below those percentages may be a goal you cannot reach right now, it helps to use as little of your credit limit as possible.  Your credit utilization rate combined with outstanding debt account for 30% of FICO® scores.

**Try It: What Makes Credit Scores Go Up and Down? *continued***

Situation Alex Faced and What He Did	Likely Effect on Credit Scores	How It Relates to Composition of FICO® Scores
<p>3. Alex has a younger sister who needs to find an apartment—she is moving out on her own. Her credit needs a lot of work. He agrees to cosign for an apartment. The landlord does not pull Alex’s credit report.</p>		<p>Co-signing for an apartment does not significantly affect your credit.</p> <p>If the landlord pulls your credit history, it will count as an inquiry on your credit report. In this situation, the landlord did not pull a credit report, so there is no change.</p> <p>If, however, the renter fails to pay rent on time and you do not pay it on their behalf, then your credit could be negatively affected.</p>
<p>4. While buying groceries, Alex is asked to fill out an application for the store’s credit card in exchange for 20% off the groceries. He applies for the credit card to get the discount. This is in addition to the credit cards he already has. His application is approved.</p>		<p>Alex generated a new inquiry. This is when someone looks at your credit in response to a credit application you submitted.</p> <p>If you apply for credit or give someone permission to access your credit as part of an application process, the inquiry may cause your score to drop a few points.</p> <p>Too many inquiries can indicate that you could be accumulating a large amount of debt.</p> <p>With the FICO® model, this inquiry affects your score for 12 months.</p>
<p>5. Alex files his taxes and receives a tax refund. He uses his refund to pay off his credit card balances.</p>		<p>While the amount he paid is unknown, any payment made to reduce a credit card balance is good.</p> <p>Positive behavior will not instantly increase scores but can make it trend upward.</p> <p>Missing payments, using too much credit, and generating inquiries can cause instant decreases in scores. Increasing scores takes longer.</p>
<p>6. Alex takes a financial education class and learns about the importance of reviewing his credit reports. He orders a free credit report from <b>annualcreditreport.com</b>.</p>		<p>Reviewing your credit reports does not affect your credit scores.</p>
<p>7. Alex closes his oldest credit card account.</p>		<p>Closing old accounts reduces the length of your credit history in the FICO® model.</p>

**Try It: What Makes Credit Scores Go Up and Down? *continued***

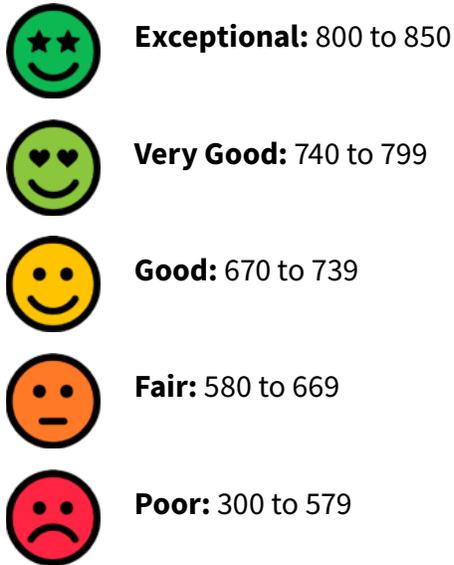
Situation Alex Faced and What He Did	Likely Effect on Credit Scores	How It Relates to Composition of FICO® Scores
8. Alex applies for a credit-builder loan from his bank. <sup>1</sup> His application is approved. He takes out the loan.		The FICO® model rewards having diverse credit. Having a mix of revolving credit (such as credit cards) and installment credit (such as a credit-builder loan, automobile loan, student loan, or mortgage) will increase your credit score if you make timely payments.
9. Alex notices he has an account in collections from a medical visit 13 months ago. The amount he owes is \$600. He calls the medical clinic where the debt originated and asks them about it.		While medical debt affects credit reports and scores six months after it is sent to collections, asking about an account or other information on your credit report does not affect credit scores.
10. Alex works more hours at his job. He pays his credit card bills consistently and on time.		Paying consistently and on time has a positive effect on your credit score. The positive effect will be gradual.
11. Alex receives a prescreened offer for a credit card in the mail. He does not apply for it.		Inquiries made by companies to decide if they will send you prescreened offers of credit do not affect your credit scores.
12. Alex decides he can wait no longer to get a new truck. He goes shopping for a loan over a three-week period. Several lenders look at his credit reports.		Shopping for an auto loan, mortgage, student loan, or other loan may cause multiple lenders to request your credit report, even though you are only looking for one loan.  The FICO® credit score model ignores inquiries made during the 30 days or 45 days before it calculates your credit score (depending on the FICO® score model).  Multiple loan-related inquiries within 45 days of each other are treated as one inquiry. Shopping for the best loan within this period will not hurt your credit scores
13. Alex just had a birthday. He hopes his credit scores will increase now that he's older.		Your age does not affect your credit scores.
14. Alex co-signs for his best friend's loan. She is now 60 days late with a payment, and Alex cannot make the payment either.		When you co-sign a loan, you are responsible for it. If the borrower does not make payments and you don't make them, your credit score drops.
15. Alex gets new furniture. He uses his debit card to pay for it.		Using a debit card for purchases does not affect your credit score, either positively or negatively.

<sup>1</sup> Credit-builder loans are designed for consumers looking to establish or improve their credit history, while building their savings.

# What Is a Good Credit Score?

Different lenders, businesses, and service providers use different criteria for what they consider a “good” credit score.

FICO® offers this chart to estimate what score ranges mean:



The higher your credit scores, the more likely you are to qualify for credit, housing, insurance, and, in certain circumstances, employment. Your credit scores can determine if you are able to borrow money and how much it will cost you.

## Remember the Key Takeaway

“ You can take steps to maintain and improve your credit scores. This includes paying your bills on time.”

## SECTION 3:

# Getting and Understanding Your Credit Reports and Scores

We will discuss how to get, review, and understand your credit reports and scores.



KEY TAKEAWAY:

**Get and review your credit reports at least once every 12 months to make sure the information is accurate.**

## Getting Your Credit Reports

What is a productive credit history?

You have the right to accurate information on your credit reports. The only way to determine if the information is accurate is to get and review your credit reports regularly. The law gives you the right to one free credit report every 12 months from each of the three nationwide credit reporting agencies—Equifax, Experian, and TransUnion.

**Annualcreditreport.com** is the only place where people can get the free credit reports from the three nationwide credit reporting agencies they are entitled to by law every 12 months.



## APPLY IT:

# Getting My Credit Reports

Use this information to order your credit reports.

You can order the free credit reports you are entitled to by law from the three nationwide credit reporting agencies either online, by mail, or by phone.

There are also “specialty” consumer reporting agencies that track, for example, a person’s history of handling a checking account. For information, visit **consumerfinance.gov** and search for “list of consumer reporting companies.”

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- Online** Go to **annualcreditreport.com**. This is the only place authorized to provide the free credit reports you are entitled to every 12 months under the law.
- Complete the online form with your name, date of birth, Social Security number, current address, and previous address if you have lived at your current address for less than two years.
  - Pick the report(s) you want: Equifax, Experian, or TransUnion. For each of the three reports, you will complete an additional form that includes security questions based on information from your credit report.
  - If you cannot answer the questions, you will need to use another method to get your reports.
    - ✓ Be on a secure internet connection—try not to use a public wireless internet connection or a public computer.
    - ✓ Make sure you can either print your report or save it. However, if you are using a public computer, do not save the report. Instead, print it and take the report home.
- 

**Mail** Complete the Annual Credit Report Request Form at **annualcreditreport.com/manualRequestForm.action**.

Mail it to:  
Annual Credit Report Request Service  
P.O. Box 105281  
Atlanta, GA 30348-5281

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**Phone** Call 877-322-8228

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**Apply It: Getting My Credit Reports *continued***

Keep track of when you order your credit reports from **annualcreditreport.com**.

REPORT	Equifax	Experian	TransUnion
Date			
Date			
Date			

You can also get your credit reports directly from each of the three nationwide credit reporting agencies. You will likely have to pay for these credit reports.

Equifax	Experian	TransUnion
866-349-5191	888-397-3742	800-916-8800
<b>equifax.com</b>	<b>experian.com</b>	<b>transunion.com</b>
Equifax Information Services, LLC P.O. Box 740256 Atlanta, GA 30348	Experian National Consumer Assistance Center P.O. Box 4500 Allen, TX 75013	TransUnion Consumer Relations P.O. Box 2000 Chester, PA 19016-2000

You can **get another free credit report** from each of the nationwide credit reporting agencies every year in several specific instances, including:

- If you are receiving public assistance
- If you are unemployed and looking for a job
- If you believe your credit report is inaccurate due to fraud
- If your state’s laws provide for an additional free credit report

If you have been denied credit, service, an apartment, or employment due in part or in full to information on your credit reports:

- You have a right to a copy of the credit report that contained the information that led to your denial.
- You should receive an “**adverse action notice**.” It notifies you of your rights to get a free copy of the report that led to your denial.
- You have 60 days to order the free copy.

## Apply It: Getting My Credit Reports *continued*

Here are tips for getting credit reports in **special circumstances**.

CATEGORY	WHAT TO DO
People under 18 years old	People under age 18 cannot get credit reports through <a href="http://annualcreditreport.com">annualcreditreport.com</a> . They should contact the credit reporting agencies—Equifax, Experian, and TransUnion—with the help of a parent or guardian to see whether they have a credit report. If so, the credit reporting agency can provide instructions on how to get a copy.
People who are deaf or hard of hearing	Call 7-1-1 and refer the relay operator to 1-800-821-7232.
People who are blind	Call toll free at 877-322-8228 and request the format you want—Braille, large print, or audio format.
Legal representative or guardian	<p>Send the request with this information about the individual:</p> <ul style="list-style-type: none"><li>▪ Legal name</li><li>▪ Address</li><li>▪ Birth date</li><li>▪ A copy of the individual's birth certificate</li><li>▪ A copy of the individual's Social Security card</li></ul> <p>And information about yourself:</p> <ul style="list-style-type: none"><li>▪ Proof of your legal representation or guardianship</li><li>▪ A copy of your driver's license or other government-issued identity card with your current address</li><li>▪ A copy of a current utility bill</li></ul>
Child under 13 years old	<p>The credit reporting agencies do not knowingly keep credit files on children under age 13. If you suspect someone is using your child's information illegally:</p> <ul style="list-style-type: none"><li>▪ Contact all three nationwide credit reporting agencies and report the situation</li><li>▪ File a police report with your local law enforcement agency</li></ul>
Deceased person	<p>Send the request with this information about the deceased individual:</p> <ul style="list-style-type: none"><li>▪ Legal name</li><li>▪ Social Security number</li><li>▪ Date of birth</li><li>▪ Date of death</li><li>▪ Last known address</li><li>▪ A copy of the death certificate or letters testamentary</li></ul> <p>And information about yourself:</p> <ul style="list-style-type: none"><li>▪ Legal name</li><li>▪ Address for sending final confirmation</li><li>▪ If applicable, include the court order or other document showing your legal authority to act on behalf of the deceased</li></ul>

# What Sections Are in Credit Reports?

The credit reports from Equifax, Experian, and TransUnion look different from one another.

Credit reports have the same general sections in common, although they may not be in this order. The numbers in the circles below correspond to the numbers in the example credit report you will be using in an activity.

1. Personal or identifying information, which may be called consumer information
2. Public records
3. Assigned or sold accounts, sometimes called collections
4. Credit accounts, which may be called accounts, trades, or trade line
5. Inquiries

There are two types of inquiries: hard inquiries and soft inquiries. A **hard inquiry** may affect your credit scores. A **soft inquiry** does not affect your credit scores.



**✎ TRY IT:**

# Reading a Credit Report

Read the scenario and answer the questions based on Ray's credit report. You can find it after the questions.

**SCENARIO:**

## Ray Reviews His Credit Reports

Ray wants to buy a house. He has money set aside for a down payment.

He attended a homebuyer education class. He knew his credit score is important to getting a mortgage. He didn't realize that his credit reports and scores were connected.

Ray has never ordered a credit report. He learned during class about the right to free credit reports. But, he is nervous. He's had some credit struggles in the past. He's not sure how to approach reading his report.



He knows that getting his credit reports and reviewing them carefully are important. He can check for errors and dispute them. He can also take time to build and improve his credit before he looks for a house.

<b>1. Whom does this credit report belong to?</b>
<b>2. Where does he live?</b>
<b>3. Has he ever had a debt in collections? If yes, what?</b>
<b>4. Does he always pay his bills on time?</b>
<b>5. What kinds of credit does he have open?</b>
<b>6. Has he ever had a bankruptcy?</b>
<b>7. What do his inquiries tell you?</b>
<b>8. How can he improve his credit?</b>

## Example Credit Report

**Note:** This example is designed for training only. Unlike a real credit report, this example shows the last 12 months of history only. The dates in the trades section are from oldest to most recent. Real credit reports may show dates from most recent to oldest.

<b>Date:</b> 9/20/22	<b>Time:</b> 12:15 p.m.
-------------------------	----------------------------

\*\*\*\*\*

### 1. CONSUMER INFORMATION

<b>Name:</b>	Davis, Ray E.	<b>Social Security Number:</b>	XXX-XX-1234
<b>Also Known As:</b>	Davis, R.E.	<b>Birthdate:</b>	1/27/00
<b>Current Address:</b>	123 24th Street Mytown, NE 12345	<b>Telephone:</b>	(555) 111-1111
<b>Former Address:</b>	1234 Maple Street Mytown, NE 12345		
<b>Employer and Address:</b>	Anytown Supplies, LLC 47 First Street, Mytown, NE 12345		
*****			
SPECIAL MESSAGES			
None.			

\*\*\*\*\*

### 2. PUBLIC RECORDS

You have no bankruptcies in your file.

\*\*\*\*\*

### 3. COLLECTIONS

<b>Name:</b>	Mytown Collections	<b>Opened:</b>	6/18	<b>Amount Placed:</b>	\$2,780
<b>Account#:</b>	09247501	<b>Verified:</b>	7/20	<b>Balance:</b>	\$0
<b>Responsibility:</b>	Individual	<b>Status:</b>	Closed		
<b>Creditor:</b>	123 Bank				

\*\*\*\*\*

Try It: Reading a Credit Report *continued*

**4. TRADES**

<b>Name:</b>	ZXY Bank	<b>Opened:</b>	7/18	<b>High Balance:</b>	\$3,500							
<b>Account#:</b>	123478901234	<b>Verified:</b>	8/22	<b>Credit Limit:</b>	\$4,000							
<b>Responsibility:</b>	Individual	<b>Closed/Paid:</b>		<b>Balance:</b>	\$2,580							
<b>Description:</b>	Revolving	<b>Status:</b>	Open	<b>Term:</b>	\$200							
<b>Payment History:</b>	9/21	10/21	11/21	12/21	1/22	2/22	3/22	4/22	5/22	6/22	7/22	8/22
	OK	OK	OK	OK	OK	OK	OK	60	30	OK	OK	OK
								Late	Late			
<b>Name:</b>	Your Bank	<b>Opened:</b>	1/21	<b>High Balance:</b>	\$220,000							
<b>Account#:</b>	12-34567890	<b>Verified:</b>	8/22	<b>Credit Limit:</b>								
<b>Responsibility:</b>	Joint	<b>Closed/Paid:</b>		<b>Balance:</b>	\$218,021							
<b>Description:</b>	Mortgage	<b>Status:</b>	Open	<b>Term:</b>	360 Months							
					\$1,141							
<b>Payment History:</b>	9/21	10/21	11/21	12/21	1/22	2/22	3/22	4/22	5/22	6/22	7/22	8/22
	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
<b>Name:</b>	DepartmentStore	<b>Opened:</b>	4/19	<b>High Balance:</b>	\$500							
<b>Account#:</b>	676518276152	<b>Verified:</b>	8/22	<b>Credit Limit:</b>	\$1,500							
<b>Responsibility:</b>	Individual	<b>Closed/Paid:</b>		<b>Balance:</b>	\$150							
<b>Description:</b>	Revolving	<b>Status:</b>	Open	<b>Term:</b>	\$15							
<b>Payment History:</b>	9/21	10/21	11/21	12/21	1/22	2/22	3/22	4/22	5/22	6/22	7/22	8/22
	OK	OK	30	OK	OK	OK	OK	OK	OK	OK	OK	OK
			Late									
<b>Name:</b>	Bank	<b>Opened:</b>	12/19	<b>High Balance:</b>	\$20,000							
<b>Account#:</b>	9863522	<b>Verified:</b>	8/22	<b>Credit Limit:</b>								
<b>Responsibility:</b>	Individual	<b>Closed/Paid:</b>		<b>Balance:</b>	\$10,204							
<b>Description:</b>	Installment Automobile	<b>Status:</b>	Open	<b>Term:</b>	60 Months							
					\$396							
<b>Payment History:</b>	9/21	10/21	11/21	12/21	1/22	2/22	3/22	4/22	5/22	6/22	7/22	8/22
	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK

\*\*\*\*\*

**5. INQUIRIES**

<b>Date:</b>	Name:
11/20	123 Mortgage Co.
11/20	ZXY Bank Mortgage
11/20	456 Bank MTG

## APPLY IT:

# Reviewing My Credit Reports

You can use this checklist to review your credit reports. Rows with “no” checked indicate a potential issue, such as inaccurate or outdated information. Section 4 in this module discusses how to dispute errors on your credit reports.

### PERSONAL INFORMATION

Yes	No	Item to Check
<input type="checkbox"/>	<input type="checkbox"/>	Name(s) correct?
<input type="checkbox"/>	<input type="checkbox"/>	Address(es) correct?
<input type="checkbox"/>	<input type="checkbox"/>	Social Security number correct?
<input type="checkbox"/>	<input type="checkbox"/>	Date of birth correct?
<input type="checkbox"/>	<input type="checkbox"/>	Phone number(s) correct?
<input type="checkbox"/>	<input type="checkbox"/>	Employment information correct?

### PUBLIC RECORDS

Yes	No	Item to Check
<input type="checkbox"/>	<input type="checkbox"/>	Do you recognize these?
<input type="checkbox"/>	<input type="checkbox"/>	Do the amounts listed as owed seem accurate?
<input type="checkbox"/>	<input type="checkbox"/>	Are Chapter 7 bankruptcies listed 10 years old or newer?
<input type="checkbox"/>	<input type="checkbox"/>	Are Chapter 13 bankruptcies listed seven years old or newer?

### COLLECTIONS

Yes	No	Item to Check
<input type="checkbox"/>	<input type="checkbox"/>	Do you recognize the account(s)?
<input type="checkbox"/>	<input type="checkbox"/>	Is the balance listed as zero with the original creditor for all accounts in collections? Check the credit accounts section too.
<input type="checkbox"/>	<input type="checkbox"/>	Are all accounts in collections seven years old or newer?

### ACCOUNTS

Yes	No	Item to Check
<input type="checkbox"/>	<input type="checkbox"/>	Do the accounts belong to you?
<input type="checkbox"/>	<input type="checkbox"/>	Do the balances reported seem accurate?
<input type="checkbox"/>	<input type="checkbox"/>	Are the credit limits accurate?
<input type="checkbox"/>	<input type="checkbox"/>	Are any late payments listed accurate?
<input type="checkbox"/>	<input type="checkbox"/>	Is information you have disputed in the past now being reported accurately? Sometimes inaccurate information reappears in reports.

### INQUIRIES

Yes	No	Item to Check
<input type="checkbox"/>	<input type="checkbox"/>	Do all of the applications for credit listed belong to you?

Is there anything else that doesn't look right or that you need to investigate further?

# Getting Your Credit Scores

Even though you can request credit scores, they may not be the same scores that someone used to make decisions about you.

Several companies make and sell credit scores. The most commonly used scores are from FICO®—Fair Isaac Corporation. VantageScore® is another company that makes and sells credit scores. There are others. All the information used to generate these credit scores comes from your credit reports.

You may be able to access your FICO® or VantageScore® general credit scores for free by:

- Contacting nonprofit organizations that offer credit counseling, housing counseling, and other financial counseling services
- Reviewing your credit card statements, visiting your financial institution’s website, or asking a customer service representative at your financial institution
- Waiting until you have a right to see your credit scores

You can access general credit scores online from the following sites, but you likely have to pay for them.

- **myfico.com** for FICO® scores
- **vantagescore.com** for VantageScore®
- The three nationwide credit reporting agency websites (credit scores available for purchase)

Sometimes free credit scores are marketed to consumers along with credit monitoring or other credit-related products. Find out how these products work and how much they cost. Then decide if the value of the product justifies the cost.



## Remember the Key Takeaway

“ Get and review your credit reports at least once every 12 months to make sure the information is accurate.”

## SECTION 4:

# Disputing Errors on Your Credit Reports

We will discuss how to dispute errors on your credit reports.



KEY TAKEAWAY:

**If you find errors on your credit reports, file a dispute right away. Keep records and follow up.**

## Errors on Your Credit Reports

There can be errors on your credit reports. The only way to know if there are mistakes is to get and review your credit reports regularly.

If you find an error, it's important to file a dispute. Why? Mistakes could bring your credit scores down.

There are common types of errors:

- Identity errors
- Account status errors
- Data management errors
- Balance errors
- Outdated information errors



### Time Limits on Negative Information

Negative information can be reported on credit reports for only seven years. Some bankruptcies are an exception.



### No Time Limits

There are no time limits for the reporting of negative information on credit reports when someone applies for:

- A job with a yearly salary of \$75,000 or more
- More than \$150,000 of credit
- Life insurance with a face value of \$150,000 or more

## Medical Debt and Credit Reports

The nationwide credit reporting agencies have agreed not to report medical debt on your credit report until the debt is one year overdue. This gives you time to resolve billing disputes. It also gives you time to make payment arrangements before the medical debts and collections damage your credit reports and scores.

Review medical bills carefully. Be sure you are being billed only for products and services you received.

Medical debts of less than \$500 do not appear on credit reports. Paid medical collections debt do not appear on credit reports.

## How to Dispute Errors on Your Credit Reports

There are two common ways to dispute errors on your credit reports:

- Option 1: Use online forms on the websites of Equifax, Experian, and TransUnion.
- Option 2: Send a certified letter, return receipt requested.

### After You File a Dispute

After you file a dispute, you will receive a letter from the credit reporting agency with the dispute status. Incorrect information should not reappear, but it might.

The dispute process takes time. Keep records, follow up, and don't give up.



## APPLY IT:

# Disputing Errors on My Credit Reports

Use this list to help you dispute errors or outdated information on your credit reports. Use the notes section to track what you do and when. Keep this with a copy of the dispute.

WHAT TO DO	NOTES
<p><b>Get and review your credit reports.</b></p> <p>Highlight or circle any incorrect or outdated information.</p>	
<p><b>Gather evidence, including online records.</b></p> <p>Make copies of any evidence you have to support your dispute. Here are examples:</p> <ul style="list-style-type: none"><li>▪ Receipt of payment</li><li>▪ Copy of a canceled check</li><li>▪ Receipt from an automatic debit or online payment</li><li>▪ Letter from a creditor stating the account has been paid in full</li><li>▪ The “order to set aside a judgment” if a judgment against you has been vacated</li></ul> <p>Remember:</p> <ul style="list-style-type: none"><li>▪ Anything that supports your claim can be used as evidence.</li><li>▪ Never send originals. Only send copies.</li><li>▪ If you are using the online dispute process, you can upload copies of evidence.</li></ul>	

**Apply It: Disputing Errors on My Credit Reports** *continued*

WHAT TO DO	NOTES
<p><b>File your dispute.</b></p> <p>Use the online system or write a letter. If you write a letter, it should include:</p> <ul style="list-style-type: none"><li>▪ Your complete name and address</li><li>▪ A clear description of each item you are disputing and the reason for each dispute</li><li>▪ A request that the information be corrected or removed</li></ul> <p>See the example letter after this table. You can model your letter on it.</p> <p>Make a copy of your dispute letter for your records.</p> <p>Send the following via certified mail, return receipt requested:</p> <ul style="list-style-type: none"><li>▪ The original letter</li><li>▪ Copies of your evidence</li><li>▪ A copy of your credit report with the disputed information highlighted or circled</li></ul>	
<p><b>You can also file a dispute with the information furnisher.</b></p> <p>While the credit reporting agency will also verify the information, contacting the information furnisher at the same time may lead to a faster resolution. The contact information for the information furnisher is on your credit report.</p> <p>Use the same information you sent to the credit reporting agency, but address the letter to the information furnisher.</p>	

**Apply It: Disputing Errors on My Credit Reports** *continued*

WHAT TO DO	NOTES
<p><b>If the credit reporting agency validates your dispute, it will send you a letter.</b></p> <p>It will also send you a copy of your credit report with the corrected information. If your dispute was invalid, the agency must notify you in writing why your claim was rejected. You can:</p> <ul style="list-style-type: none"><li>▪ Resubmit the dispute.</li><li>▪ Work with the information furnisher to correct it.</li><li>▪ Submit the dispute to another credit reporting agency (if the error is also on that agency's credit report).</li><li>▪ File a consumer statement for inclusion on your credit reports. In your statement, you can declare that a specific item is in dispute.</li></ul>	
<p><b>Check if the information was corrected on your other credit reports.</b></p> <p>If not, send a dispute letter with a copy of the letter from the credit reporting agency stating that your dispute was valid. Ask them to correct the information.</p>	
<p><b>Periodically review your credit reports to ensure the error is not reinserted into your credit reports.</b></p>	

## Example Letter From the Federal Trade Commission:<sup>2</sup>

You can model your dispute letter on this one. Include your own information where the words are in italics and brackets.

---

[Insert Your Name] [Insert Your Address]

[Insert Your City, State, ZIP Code]

[Insert the Date]

Complaint Department

[Insert Company Name, Street Address, City, State, ZIP Code]

Dear Sir or Madam:

I am writing to dispute the following information in my file. I have circled the items I dispute on the attached copy of the report I received.

This item [identify item(s) disputed by name of source, such as creditors or tax court, and identify type of item, such as credit account, judgment, etc.] is [inaccurate or incomplete] because [describe what is inaccurate or incomplete and why]. I am requesting that the item be removed [or request another specific change] to correct the information.

Enclosed are copies of [use this sentence if applicable and describe any enclosed documentation, such as payment records or court documents] supporting my position. Please investigate this [these] matter[s] and [delete or correct] the disputed item[s] soon.

Sincerely,

[Insert Your Name]

Enclosures: [List what you are enclosing.]

### Remember the Key Takeaway

“If you find errors on your credit reports, file a dispute right away. Keep records and follow up.”

---

<sup>2</sup> See the Federal Trade Commission website at [consumer.ftc.gov/articles/0384-sample-letter-disputing-errors-your-credit-report](https://consumer.ftc.gov/articles/0384-sample-letter-disputing-errors-your-credit-report).

## SECTION 5:

# Build, Repair, and Maintain a Productive Credit History

We will discuss strategies to build, repair, and maintain a productive credit history.



KEY TAKEAWAY:

**Your credit history does not have to be your credit future.**

## A Productive Credit History

A productive credit history is one that helps you do the things you want to do.

For example, you may want to:

- Get a car using a car loan
- Buy a house
- Qualify for an apartment
- Get a job

Depending on your situation, you may need to:

- Build your credit
- Build an alternative credit history
- Repair or improve your credit
- Maintain your credit



**✎ TRY IT:**

## Developing a Productive Credit History

Read your group's scenario and answer the questions.

**SCENARIO 1:**

### Selena Needs to Pass a Background Check

Selena made decisions that led to more debt than she could handle. She has two accounts in collections: a department store credit card and a payday loan. She has multiple late payments on four other credit card accounts. She has used nearly all of her credit limit on two of the credit cards. She also has a car loan she's paid regularly, so she feels good about that.

Selena knows she will be eligible for a promotion at work within the next two years. It requires a security clearance. She just learned that her credit reports may factor into the decision to grant the clearance.



**What should Selena focus on first? Choose one.**

- Building her credit (See the Apply It on page 31.)
- Creating her alternative credit history (See the Apply It on page 33.)
- Repairing and improving her credit (See the Apply It on page 34.)
- Maintaining her productive credit history (See the Apply It on page 35.)

**Review the Apply It that relates to the topic you chose. Which two strategies are most relevant to this scenario?**

**SCENARIO 2:**

**Max Wants an Apartment**

Max wants to get his own apartment within the next two months. He’s always rented from a friend. He’s never had to apply for an apartment or sign a lease.

His mid-level job in a manufacturing company provides a steady income. He bought his used car with savings and has never had a credit card. He’s only borrowed money once, from his foster parents.

Max pays all of his bills on time, including for his cell phone, internet service, rent, and child support. He recently learned that landlords can look at credit reports to decide if they will rent to someone.



**What should Max focus on first? Choose one.**

- Building his credit (See the Apply It on page 31.)
- Creating his alternative credit history (See the Apply It on page 33.)
- Repairing and improving his credit (See the Apply It on page 34.)
- Maintaining his productive credit history (See the Apply It on page 35.)

**Review the Apply It that relates to the topic you chose. Which two strategies are most relevant to this scenario?**

**SCENARIO 3:**

**Vonnie Needs a Car Loan**

Vonnie recently earned her GED. She’s an assistant manager at a local restaurant. Vonnie hopes to attend college within the next few years. Meanwhile, she wants to buy a car. She hasn’t saved enough money yet so she knows she will need a car loan.

She’s never borrowed money before. She knows having a credit history is important for getting a car loan.



**What should Vonnie focus on first? Choose one.**

- Building her credit (See the Apply It on page 31.)
- Creating her alternative credit history (See the Apply It on page 33.)
- Repairing and improving her credit (See the Apply It on page 34.)
- Maintaining her productive credit history (See the Apply It on page 34.)

**Review the Apply It that relates to the topic you chose. Which two strategies are most relevant to this scenario?**

## ✓ APPLY IT:

# Building My Credit

BUILDING CREDIT	WHAT IT IS	WHAT TO WATCH OUT FOR
<p><b>Get a secured credit card</b></p> <p><input type="checkbox"/> This is an option for me.</p>	<p>To get a secured credit card, you must make a deposit with the financial institution that issues the credit card. Often it is around \$500, which is usually the credit limit. The credit limit is the maximum you can charge on the credit card.</p>	<p><b>Fees.</b> Secured credit cards often have fees: annual fees, monthly fees, and others. The credit card issuer cannot charge fees that add up to over 25% of the credit limit in the first year. Read the fine print. Make sure the fee structure does not increase after the first 12 months.</p> <p><b>Credit utilization rate.</b> Keep the amount you charge low compared to your credit limit. Borrowers with large balances in proportion to their credit limits may see their credit scores fall.</p> <p><b>Missing payments.</b> Pay the full amount due each month. Getting a secured credit card will not improve your credit scores if you miss payment deadlines. The creditor must receive payment by the due date.</p> <p><b>Reporting.</b> Check your credit reports to ensure the financial institution regularly reports your payments to Equifax, Experian, or TransUnion.</p>
<p><b>Get a credit-building loan</b></p> <p><input type="checkbox"/> This is an option for me.</p>	<p>These are installment loans usually for \$1,000 or less. You repay them through regular, scheduled payments for six to 12 months.</p>	<p><b>Interest rates.</b> For most loans you have to pay interest. Be sure you can afford to repay the loan, including the interest. Remember, even if the loan is deposited in an account and you make the loan payments from this deposit, you still need additional money to cover the interest.</p> <p><b>Missing payments.</b> While regular, on-time payments can build your credit, missed or late payments harm it. Be sure you can afford the payments before taking on this loan. Find out if you can set up automatic payments so you don't forget to make them.</p> <p><b>Reporting.</b> Check your credit reports to ensure the financial institution regularly reports your payments to Equifax, Experian, or TransUnion.</p>
<p><b>Become an authorized user on someone else's account</b></p> <p><input type="checkbox"/> This is an option for me.</p>	<p>This provides you with a credit card in your name, but someone else owns and is responsible for the account.</p> <p>If the primary account holder uses it responsibly and has good credit, it may provide a slight boost to your credit scores.</p>	<p><b>Reporting.</b> Check your credit reports to ensure the financial institution regularly reports authorized user status to Equifax, Experian, or TransUnion.</p> <p><b>Missed payments by the account holder.</b> Late and missed payments on the account can affect your credit. Make sure the person who owns the account has good credit and pays on time and as agreed.</p>

## Apply It: Building My Credit *continued*

BUILDING CREDIT	WHAT IT IS	WHAT TO WATCH OUT FOR
<p><b>Get a co-signer</b></p> <p><input type="checkbox"/> This is an option for me.</p>	<p>Ask a friend or relative with good credit to co-sign your loan. A co-signer promises to repay the loan if you do not.</p>	<p><b>Your relationship.</b> If you do not pay back the loan, your co-signer will be responsible for the payments. You could damage their credit and your own.</p> <p><b>Reporting.</b> The lender should report the payment information for both you and the co-signer to the credit reporting agencies.</p>
<p><b>Apply for a credit card at a store or gas station</b></p> <p><input type="checkbox"/> This is an option for me.</p>	<p>These credit cards typically have a lower credit limit and a higher annual percentage rate.</p> <p>It may be easier to get approved for one of these cards than other types of credit cards.</p>	<p><b>Interest rates.</b> The interest rate is likely high. Do not charge more than you can pay. Keep the card balance low compared to your credit limit.</p> <p><b>Reporting.</b> Check your credit reports to ensure the lender regularly reports your payments to Equifax, Experian, or TransUnion.</p>
<p><b>Make a large down payment on a purchase and negotiate a loan for the balance</b></p> <p><input type="checkbox"/> This is an option for me.</p>	<p>Offering to make a large down payment makes it more likely that a lender will approve your lending application. And, you will not have to borrow as much money.</p> <p>For example, if you are buying a used car for \$5,000 and have enough cash, consider making a down payment of \$1,000 to \$3,000.</p> <p>Repaying the loan as agreed can help you build your credit history.</p>	<p><b>Interest rates.</b> The interest rate is likely high. Do not borrow more money than you can pay.</p> <p><b>Loss of asset.</b> The loan is likely secured by the asset you are buying. If you do not make your payments on time and as agreed, the asset may be repossessed.</p> <p><b>Reporting.</b> Check your credit reports to ensure the lender regularly reports your payments to Equifax, Experian, or TransUnion.</p>
<p><b>Create an alternative credit history</b></p> <p><input type="checkbox"/> This is an option for me.</p>	<p>Many bills you pay are not on credit reports. Create a record showing your timely and regular payments of other bills as an alternative to a credit report.</p> <p>Use “Apply It: Creating My Alternative Credit History” on the next page.</p>	<p><b>Acceptance.</b> Many businesses do not accept an alternative credit history in place of a credit report or scores. Check with potential service providers about their policies on considering alternative credit histories.</p> <p><b>Evidence.</b> Have evidence to back up your claims of timely and regular payments, such as:</p> <ul style="list-style-type: none"> <li>▪ Receipts</li> <li>▪ Statements</li> <li>▪ Letters from the businesses you pay regularly</li> </ul>
<p><b>Other</b></p> <p><input type="checkbox"/> This is an option for me.</p>		

**APPLY IT:**

# Creating My Alternative Credit History

Use this worksheet to build an alternative credit history.

<b>Payment or Item</b>	<b>Payment/deposit frequency? Length of payment history? What documentation can I provide?</b>
Rent	
Child care/ elder care	
Spousal/child support	
Cell phone	
Electric	
Gas	
Water, sewage, and garbage	
Cable/satellite/ TV viewing services	
Internet service	
Insurance	
Loan from friend or family member	
Savings	
Other:	
Other:	

## APPLY IT:

# Repairing and Improving My Credit

Use this checklist to explore options for repairing and improving your credit.

- Get and review your credit reports.** Go to [annualcreditreport.com](https://annualcreditreport.com) for the free credit reports you are entitled to every 12 months from each of the three nationwide credit reporting agencies.
- Dispute and correct any errors.** Look for inaccurate information, information that does not belong to you, and outdated information still being reported.
- Make sure anything in the collections section of your reports belongs to you.** And, if something appears in the collections section, make sure it is not already reported in another section.
- Pay all your bills on time and as agreed.**
- If you have credit cards, use as little of your credit limit as possible.** Carrying high balances on credit cards compared to available credit limits can significantly reduce credit scores. Some experts advise using no more than 30% of your available credit, while others advise using no more than 20%. While keeping balances at or below those percentages may be a goal you cannot reach right now, it helps to use as little of your credit limit as possible.
- Use a credit-building strategy.** Options may include:
  - Getting a secured credit card
  - Getting a credit-builder loan
  - Becoming an authorized user on an account
  - Getting a co-signer
- Keep old accounts open if you can.** Older accounts create a longer credit history.
- Apply for credit only if you really need it.** Credit applications create inquiries. Too many inquiries can negatively affect your scores.
- Negotiate different terms.** See if you can increase your credit limit on revolving accounts (such as credit card accounts or lines of credit) or ask for lower interest rates. Changes can improve your credit and make your credit more affordable.
- Ask for a “good will” deletion.** If you have paid your bills on time and as agreed with a creditor, but missed a payment or two, you may be able to negotiate a deletion of the negative entry. If this doesn’t work, ask what else could be done to prevent it from being reported to a credit reporting agency.

## APPLY IT:

# Maintaining My Productive Credit History

Many strategies for maintaining productive credit are the same as those for repairing and improving credit. Use this checklist to keep your credit history productive after you have built, repaired, or improved it.

- Continue to pay your bills on time and as agreed.** This has the greatest impact on both your credit reports and scores. It is the most important strategy for maintaining a productive credit history.
- Continue to pay down your debt balances.** If you are paying your bills on time and as agreed, this is likely already occurring. Make sure it is reflected in the balances on your credit reports.
- Use as little credit as possible compared to your credit limits.** This applies to credit cards and lines of credit. Only use what you need.
- Don't apply for too much credit.** Applying for too much credit at once can suggest financial problems. Lenders may not view this favorably when you apply for credit.
- Check your credit reports at least once every 12 months at [annualcreditreport.com](https://annualcreditreport.com).**
- Dispute errors on your credit reports.** Keep records of your disputes.
- Keep good financial records.** Good record-keeping gives you:
- Proof if there are any errors on your credit reports.**
- Information if your identity is stolen and you have to contact your creditors quickly.**
- Peace of mind.**

## APPLY IT:

# Getting Help With My Credit

You may feel overwhelmed by the steps you need to take to get and review your credit reports and repair and build your credit. If so, you are not alone. You can get help. But be careful, because all help is not the same.

Use this list to get help with your credit.

PROVIDER	WHAT YOU CAN DO	CONTACT INFORMATION
<b>Financial institution</b>	Ask a customer service representative if someone can help you understand information on your credit reports.	
<b>Nonprofit consumer credit counseling service</b>	Get help from a nonprofit consumer credit counseling service. You can meet with a counselor over the phone or in person if available in your area. Visit <a href="https://www.usa.gov">usa.gov</a> and search for “credit counselors.”	
<b>HUD-approved housing counseling agency</b>	Meet with a housing counselor approved by the Department of Housing and Urban Development (HUD). Find your local HUD-approved housing counseling agency by visiting <a href="https://www.hud.gov">hud.gov</a> and searching for “housing counseling agencies.”	

**Apply It: Getting Help With My Credit** *continued*

PROVIDER	WHAT YOU CAN DO	CONTACT INFORMATION
<b>Financial education nonprofit</b>	Find out if there are nonprofit financial education providers in your community. Staff may be trained to provide financial education, coaching, or counseling. Check with your local library. Or, call 2-1-1 (if available) to find local resources.	
<b>Certified financial planners</b>	Schedule an appointment with a certified financial planner (CFP). CFPs generally provide financial planning and investment information, plans, and advice on a commission or fee-only basis. Visit <a href="http://usa.gov">usa.gov</a> and search for “certified financial planner.”	
<b>Other:</b>		
<b>Other:</b>		

## Credit Repair and Debt Consolidation

Understand what is provided by credit repair companies and debt consolidation businesses. Make sure you know what they are selling you.

- Credit repair companies
- Debt consolidation businesses

Use caution when getting assistance. Know the difference between debt consolidation and debt settlement.

**Debt consolidation** is taking out a new loan to pay off some or all of your debts.

**Debt settlement** is making payment arrangements with your creditors.

## Credit Repair Scams

Some businesses make promises about repairing credit they cannot deliver. Beware of credit repair companies that:

- Promise to erase bad credit or remove other negative, but accurate, information from your credit reports
- Promise fast and easy credit repair
- Offer to create a new identity for you
- Want you to pay for credit repair services before they provide any service
- Will not tell you your rights and what you can do yourself

Before signing a contract, check with your state attorney general's office or local consumer protection agency to see whether complaints have been filed against the company.



# Protecting Your Credit History

You can take extra steps to protect your credit. Depending on your needs, you can limit access to your credit reports to prevent the opening of new accounts in your name.

Extra Protection	When to Use It and Requirements	What It Does, Cost, and Limits
<b>Initial fraud alert</b>	<ul style="list-style-type: none"> <li>▪ You are concerned you may become the victim of identity theft or fraud</li> <li>▪ Must provide proof of identity</li> </ul>	<ul style="list-style-type: none"> <li>▪ An initial fraud alert requires creditors and other businesses to verify your identity before granting credit in your name.</li> <li>▪ The credit reporting agency you place the initial fraud alert with must notify the other two nationwide credit reporting agencies to place an alert.</li> <li>▪ The alert is free.</li> <li>▪ The alert stays in place for one year.</li> </ul>
<b>Active duty military alert</b>	<ul style="list-style-type: none"> <li>▪ You are an active duty member of the military on deployment</li> </ul>	<ul style="list-style-type: none"> <li>▪ An active duty military alert requires creditors to verify your identity before granting credit in your name.</li> <li>▪ The credit reporting agency you place the active duty military alert with must notify the other two nationwide credit reporting agencies to place an alert.</li> <li>▪ The alert is free.</li> <li>▪ The alert stays in place for 12 months but can be renewed for the length of your deployment.</li> </ul>
<b>Extended fraud alert</b>	<ul style="list-style-type: none"> <li>▪ Your identity has been stolen</li> <li>▪ Must provide proof of identity theft and a copy of an identity theft report</li> <li>▪ Create an identity theft report at <b>identitytheft.gov</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ An extended fraud alert is the same as an initial fraud alert except it stays in place for seven years.</li> </ul>

Extra Protection	When to Use It and Requirements	What It Does, Cost, and Limits
<b>Credit freeze</b>	<ul style="list-style-type: none"> <li>▪ You want more protection than a fraud alert</li> </ul>	<ul style="list-style-type: none"> <li>▪ You have a legal right to freeze your credit reports.</li> <li>▪ Prevents access to your credit reports.</li> <li>▪ A credit freeze prevents new credit accounts from being opened. In some states, it stops the opening of new accounts for other services such as insurance and utilities.</li> <li>▪ It may take 24 to 48 hours to lift a freeze to apply for credit, a job, or to do something else that requires access to your credit reports.</li> <li>▪ There is no cost to place or lift a freeze.</li> <li>▪ The freeze lasts for at least one year.</li> <li>▪ You must place a freeze at each of the three nationwide credit reporting agencies for this strategy to be most effective.</li> </ul>
<b>Credit lock</b>	<ul style="list-style-type: none"> <li>▪ You want more protection than a fraud alert</li> </ul>	<ul style="list-style-type: none"> <li>▪ A credit lock is similar to a credit freeze. However, a credit lock is a credit reporting agency product, not a right provided by law.</li> <li>▪ A credit lock may be easier to turn off and on than a credit freeze.</li> <li>▪ A credit lock may require a fee, possibly after a free introductory period.</li> </ul>

**Remember the Key Takeaway**

**“Your credit history does not have to be your credit future.”**

# MODULE CLOSING

## Remember the Key Takeaways

Section	Key Takeaway
1: Credit Reports	Your credit history can affect your access to credit, loans, jobs, housing, insurance, and other important services.
2: Credit Scores	You can take steps to maintain and improve your credit scores. This includes paying your bills on time.
3: Getting and Understanding Your Credit Reports and Scores	Get and review your credit reports at least once every 12 months to make sure the information is accurate.
4: Disputing Errors on Your Credit Reports	If you find errors on your credit reports, file a dispute right away. Keep records and follow up.
5: Build, Repair, and Maintain a Productive Credit History	Your credit history does not have to be your credit future.

## Take Action

You are more likely to act if you commit to **taking action now**. One way to commit is to think about what you plan to do because of what you learned today. Then write it down.

**What will I do?**

**How will I do it?**

**Will I share my plans with anyone? If so, who?**

## Where to Get More Information or Help

For more information about credit reports and scores, including information about credit scams, visit [ftc.gov](https://www.ftc.gov) and [consumerfinance.gov](https://www.consumerfinance.gov).

[Annualcreditreport.com](https://www.annualcreditreport.com) is the only place to get the free credit reports from the three nationwide credit reporting agencies you are entitled to under the law every 12 months.

For help reading your credit report, credit counseling, and other services, contact a nonprofit consumer credit counseling service. Visit [usa.gov](https://www.usa.gov) and search for “credit counseling.”

Housing counselors approved by the Department of Housing and Urban Development have specific training to help clients improve their credit. This can help increase an applicant’s chances of being approved for a home mortgage. Visit [hud.gov](https://www.hud.gov) and search for “housing counseling agencies.”

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If you have a question about a banking product, ask a customer service representative at the financial institution for help.

If you have a concern, explain to the customer service representative what happened and what you would like them to do to correct the situation. If that does not help, consider contacting the federal regulator for that financial institution.

To find out who regulates the financial institution, call the FDIC toll-free at 1-877-ASK-FDIC (1-877-275-3342) or visit [fdic.gov/consumers/assistance/filecomplaint.html](https://www.fdic.gov/consumers/assistance/filecomplaint.html).



# Pre-Training Survey

Your instructor may ask you to complete this pre-training survey.

Please answer these questions:

1. Which of the following can review your credit reports and scores to make decisions about you?
  - a. Landlords
  - b. Financial institutions
  - c. Cell phone companies
  - d. Employers (in some states)
  - e. All of the above and others
2. You can improve your credit reports, but your credit scores will always stay the same.  
 True       False
3. You should check your credit reports every two years, but not more frequently than that.  
 True       False
4. Who should regularly look for, identify, and dispute errors on your credit reports?
  - a. Credit reporting agencies
  - b. Companies that provide information to credit reporting agencies
  - c. The individual, business, or organization that uses credit reports to make decisions about you
  - d. You
5. A secured credit card can help you build credit.  
 True       False

# Post-Training Survey

Your instructor may ask you to complete this post-training survey.

Please answer these questions:

1. Which of the following can review your credit reports and scores to make decisions about you?
  - a. Landlords
  - b. Financial institutions
  - c. Cell phone companies
  - d. Employers (in some states)
  - e. All of the above and others
2. You can improve your credit reports, but your credit scores will always stay the same.  
 True       False
3. You should check your credit reports every two years, but not more frequently than that.  
 True       False
4. Who should regularly look for, identify, and dispute errors on your credit reports?
  - a. Credit reporting agencies
  - b. Companies that provide information to credit reporting agencies
  - c. The individual, business, or organization that uses credit reports to make decisions about you
  - d. You
5. A secured credit card can help you build credit.  
 True       False

## About the Training

Please answer the following questions about the training.

1. The trainer:

- |  |                              |                             |
|--|------------------------------|-----------------------------|
| Shared information in a way that was clear and easy to understand. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Made the training engaging.  | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Encouraged participation and discussion.                           | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Showed respect for all participants.                               | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Created a good learning environment.                               | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

2. Do you feel better able to make decisions related to the topic of this training?

- True       False       I do not know

3. Did the training provide information that you can use immediately?

- True       False       I do not know

4. What were strengths of the training materials?

What could be improved?

5. What were strengths of how the instructor led the training?

What could be improved?

6. What else would you like to learn about this topic or other money topics?