



# FACTS CONSUMERS SHOULD KNOW

The Wrong Loan Can Cost **YOU** Your Home

## **What is included in a credit report?**

A credit report is a person's credit history as reported by the three major repositories: Equifax, Trans Union and Experian. This includes the credit accounts obtained through banks, retailers, credit card issuers, etc. The report includes any public records such as judgments, tax liens or bankruptcy. The credit report will also show inquiries: the names of companies who have obtained a copy of the borrower's credit report for any reason. A consumer's inquiry into his or her own credit report will not be reflected.

What will **not** appear on a credit report is any information pertaining to race, religion, personal assets, medical history or criminal record. Not all credit grantors report to all three bureaus. Some do not report to the bureaus at all. Because of this, some information may not be included or may differ in each bureau's version of the report.

## **Payment History**

Creditor grantors supply payment history on your credit file. This includes both open and closed accounts. Payment in full does not remove your payment history. The length of time information remains in your credit file is as follows:

## **Credit and Collection Accounts**

- Open accounts paid as agreed may remain on your credit profile indefinitely.
- Negative credit history is removed after 7 years.
- Collection accounts remain 7 years from the date placed with the agency.
- Charged off accounts remain for 7 years from the date of last activity.

## **Court Records**

- Bankruptcies remain for up to 10 years.
- Paid tax liens remain for up to 7 years from the date released; Unpaid tax liens remain indefinitely.
- Judgments remain for 7 years from the date filed

## **Reported Balances**

Is the balance on the date the credit grantor reported the information. Credit grantors supply information on a periodic basis, so the balance shown may not be the balance you know it is currently.

## **Inquiries**

Inquiries will remain for up to two years, will impact a person's credit score for one year, and will only appear on a mortgage credit report for 90 days.

## **Credit Report Usage**

The Fair Credit Reporting Act (FCRA) is the law that governs the repositories and credit reporting agencies. The Federal Trade Commission enforces the FCRA. A complete copy of the FCRA can be found on our website, [www.swcsi.com](http://www.swcsi.com), by clicking on industry information. The FCRA outlines permissible reasons for inquiring into a person's credit:

- In connection with extending credit
- Review or collection of an account
- Response to a court order, in accordance with written instruction
- Insurance underwriting, or otherwise legitimate business need.
- Employment Purposes
- To determine eligibility for a license or other benefit granted by a governmental instrumentality.

## **Divorce Decree**

A divorce decree does not supercede an original contract with a creditor nor does it release you from legal responsibility on any accounts. You must contract with each creditor individually and seek their legal binding release of your obligation. Here are some tips for divorcees:

- Communicate with creditors – ask the company to transfer the debt into one spouse's name.
- If creditor won't transfer debt – Close out all joint accounts – move balances from joint accounts to individual accounts, refinance mortgages and car loans; close credit cards to further charges.
- Keep joint bills current, even if it means picking up spouse's share of the debt – if you don't creditors will be less likely to release one party from joint liability.
- Get a copy of your individual credit report so you know exactly what debts are owed, and continue to check on a regular basis to confirm changes are made. Visit [www.swcsi.com](http://www.swcsi.com) for details on pulling consumer credit reports.

## **Credit Denied**

If you have been denied credit, employment or insurance based upon a credit report, you have the right to receive a free copy of your credit report. You must provide to the repository a letter that proves you've been declined.

## **Disputes**

You have the right to request any/all bureaus investigate any item you feel is being reported inaccurately. The repository will contact the creditor to confirm the data in their records. If the information is inaccurate, or if the creditor does not respond to the inquiry within the allowed 30-day time frame, then the information on the credit report will be corrected or deleted. You will be notified in writing upon completion of the investigation. Your credit report will not be changed if the information is verified as accurate. Only inaccurate or outdated information can be removed from a person's credit file. Accurate credit information, even if it is negative, must remain. **Beware of offers of "Credit Repair". Only time can heal bad credit!** However, if you still disagree with the information reported you do have the right to add a dispute statement to your credit file. You can request the repository provide a revised copy of your credit report to any creditor that reviewed your file in the previous six months, or two years if the inquiry was made for employment purposes.

For more information on Don't Borrow Trouble Silicon Valley, please contact **408-283-1284** or **[www.sjhousing.org](http://www.sjhousing.org)**



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