



PARTICIPANT
GUIDE

UNDERSTANDING YOUR CREDIT REPORT

What Is on Your Credit Report?

Your credit report shows your **debt history** along with the following items:

Personal Information - Name, birth date, social security number, current and previous addresses and employers

Legal Actions - Bankruptcy filings, foreclosures, judgments and liens

Inquiries - Lenders and others who have requested your report in the last two years

Why Should I Care?

Your credit report affects your life in many ways. If you are interested in working with any of the following providers, then good credit should become a priority:

Lenders use your report to determine your *credit-worthiness*. Your loan's approval and interest rate is based on your credit report.

Employers will use it to determine your ethical behavior and the risk to their company if they hire you. *Security Clearances* can be revoked based on credit.

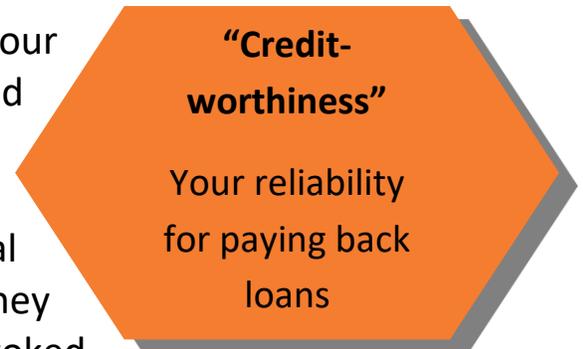
Landlords decide who gets apartments and rental houses based on credit reports.

Insurance companies may use it to set your monthly premiums.

Cell phone companies use it to see if you qualify for a contract.

Utilities may ask for a deposit if your credit history is weak, bad, or short.

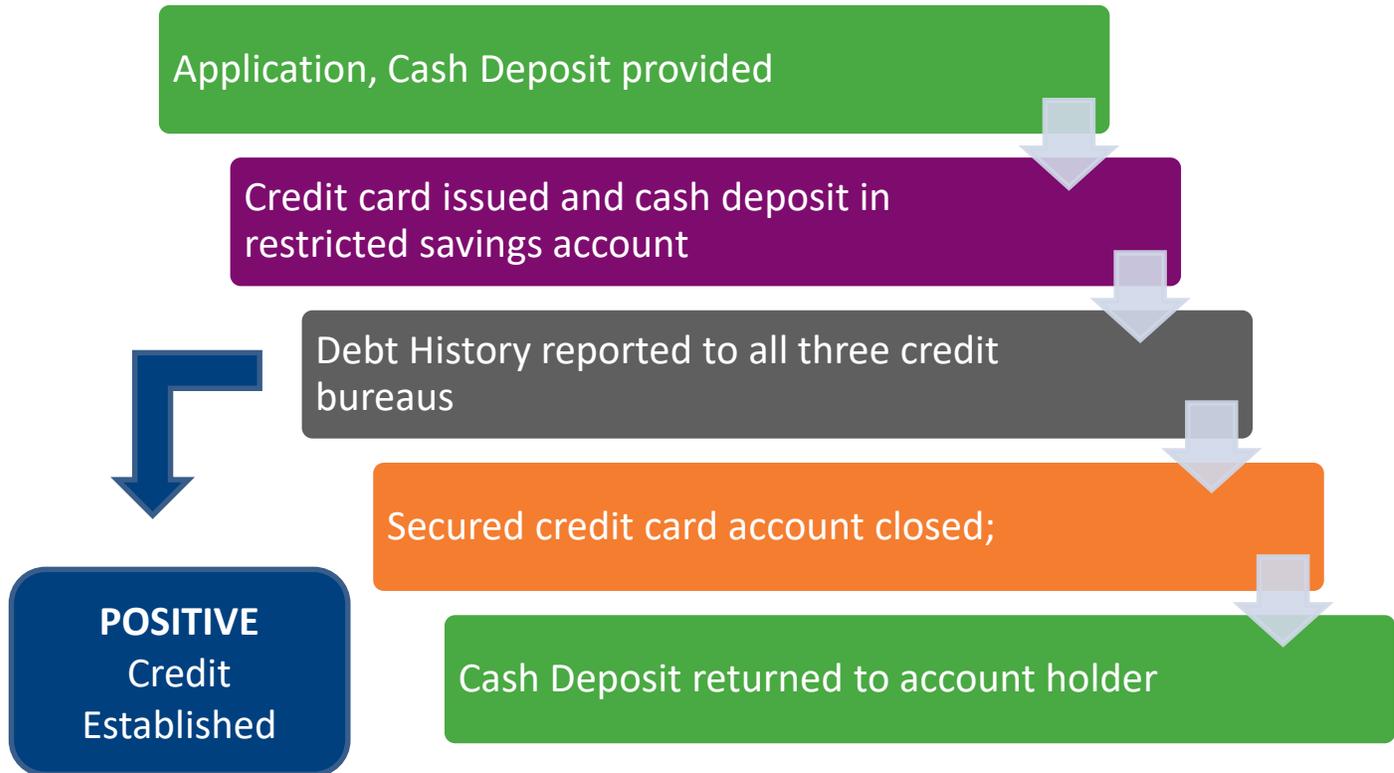
State or child support enforcement agencies can report on child support obligations, whether you are meeting them or if there are unpaid balances. Unpaid child support can stay on your report for a long time.



Good credit can save you thousands of dollars over time!

How Do I Establish Credit?

Applying for a secured credit card at a financial institution requires cash up front.



After at least 6 months, you can close your secured credit card account, collect your cash deposit, and apply for a new unsecured credit card based upon your positive credit history!

Remember: If you do not pay your credit card bill on-time and in full each month, you risk losing your cash deposit.

Major Credit Bureaus

Credit bureaus (or credit reporting agencies) are independent, for-profit companies that collect and sell information about your credit activities.



Information will vary for each bureau because they each measure your credit behavior



differently. For this reason it's important to obtain a copy of your credit report from **all three** major bureaus.

Get a Copy of Your Report!

You're entitled to one **FREE** credit report from each bureau every 12 months

www.AnnualCreditReport.com
(877) 322 – 8228
****Credit Score is not free****

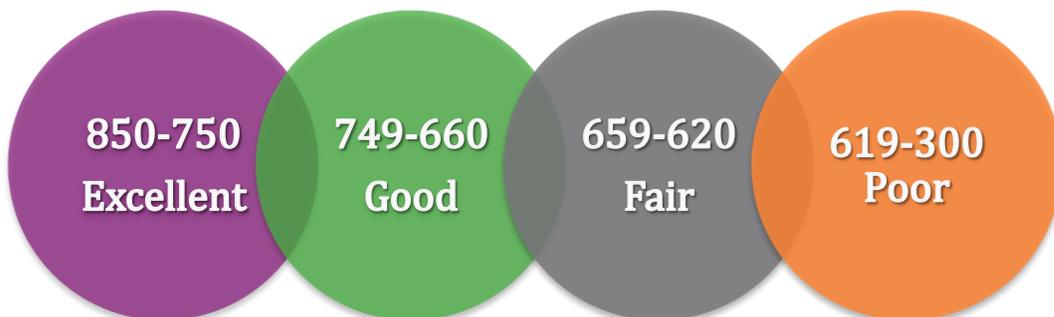
Spread Out When You Pull Your Report

- Monitor for ID theft
- Check for errors
- See the positive change in your credit
- Be in control of your own credit

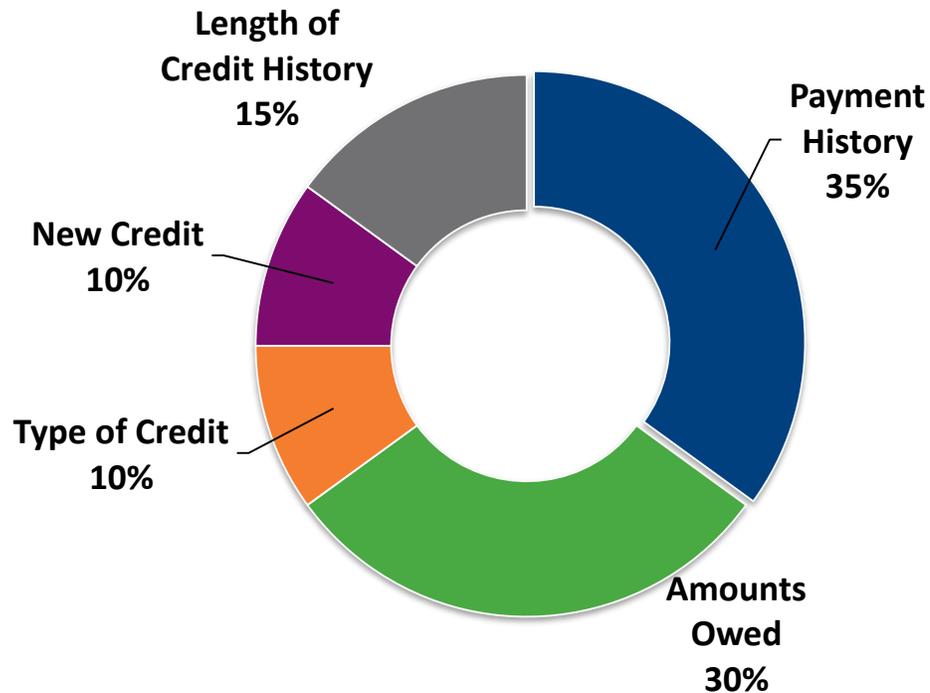
Jan. 	Feb.	Mar.	Apr.
May 	June	July	Aug.
Sept. 	Oct.	Nov.	Dec.

What's a Credit Score?

A 3-digit number that summarizes the information in your credit report



FICO Score Computation



VantageScore

According to NerdWallet, VantageScores were used by 2,400 lenders and 80% of major financial institutions though it is unclear what role these scores play in the underwriting process. VantageScore disregards paid collection accounts which can make a huge difference for families and also considers utility and rental payment history in calculating the score.

Credit Inquiry

Hard Pull - Whenever you apply for a loan or a credit card, your credit report reflects that inquiry. Short bursts of hard pulls are not going to affect your score for very long, but if you are frequently looking for loans that will really hurt your score.

Lowers credit score

Soft Pull - Happens when you check your own credit report, seek credit counseling, or when you get pre-approvals.

Credit score stays the same

Shopping for Loans

Be strategic when shopping for a loan (or any product/service that requires a hard pull of your credit). Research your shopping decision online or in-person but restrict credit pulls.



14 days



No Credit Check

No credit checks go hand in hand with high interest rates or fees. It is how the business covers itself when customers do not repay their loans. You can use businesses (such as furniture dealers, insurance companies, lenders or car dealerships) that do not require a credit check, just understand that if you pay the loan on-time it will not help your credit!



Credit Utilization Rate

The Credit Utilization Rate (CUR) is the percentage amount of available credit that you have used.

Balance = \$600

Credit Limit = \$1,000

Credit Utilization Rate = 60%

$$\frac{\text{Balance}}{\text{Credit Limit}} = \frac{\$600}{\$1,000}$$

Your balance should be less than 30% of your credit limit to improve your score.

Don't close credit cards without some real thought and consult a credit counselor at Clarifi today!

Sharing Debt Accounts

Sharing debts can impact your credit and Your Amounts Owed calculation.

	Co-Signer	Authorized User
Access and Account Usage	Yes	Yes
Payment Responsibility	Yes	No
Payment History on Credit Report	Yes	Yes
Impacts Credit Score	Yes	Varies

How Long Will It Stay?

Bankruptcy Chapter 7	10 years from filing date
Bankruptcy Chapter 13	7 years from filing date
Charge offs	7 years from <u>original</u> delinquency date
Collection	7 years from <u>original</u> delinquency date
Inquiries	2 years
Judgment	7 years from reported date
Paid Tax Lien	7 years from paid date
Paid/Closed Accounts	10 years
Unpaid Tax Liens	15 years (Equifax and TransUnion indefinitely)

Correcting Inaccuracies

- Write a letter of dispute (online or post service) for inaccurate information
 - The letter should list each item in your report that you dispute, **and**
 - Request that the mistakes are either removed or corrected
- The letter should be about 100 words to explain
- Send all written correspondence through certified mail and keep copies of everything

Sample Letter for Disputing Errors on your Credit Report

[Your Name]
[Your Address]
[Your City, State, Zip Code]

[Date]

Complaint Department
[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 and court documents] supporting my position. Please reinvestigate this [these] matter[s] and [delete or correct] the disputed item[s] as soon as possible.

Sincerely,
Your name

Enclosures: [List what you are enclosing. REMEMBER to include the items on this list in the envelope]

For more on how to dispute credit report errors, go to:

<http://www.consumer.ftc.gov/articles/0151-disputing-errors-credit-reports>

Privacy Policy

Collection of Nonpublic Personal Information by Clarifi

Collecting personal information from you is essential to our ability to offer you our services. When you obtain service from our agency, we need to determine the best possible solution for your individual circumstances. As part of that process, we may collect information about you, known as nonpublic personal information, from the following sources:

- Information we receive from you on applications or other forms, such as your name, address, social security number, date of birth, income and expenses and assets and liabilities.
- Information about your debts and transactions with your creditors.
- Information (such as credit reports) we receive from consumer reporting agencies.

Limited Use and Sharing of Nonpublic Personal Information by Clarifi

- We use the nonpublic personal information we collect to help us provide the services you have requested and to maintain and service your account. Once we obtain nonpublic personal information from you, we do not disclose it to any third party except as necessary in the course of performing our services, or with your consent, or as permitted or required by law.
- We may share your nonpublic personal information with your creditors to help us develop solutions to your current and future financial situation.
- We may disclose some or all of the information that we collect, as described above, to creditors and related financial institutions that you have authorized who need this information in order to assist you after a counseling session.
- We may compile data and aggregate information that you give to us, but this information will not be disclosed in a manner that would personally identify you.
- There also may be times when Clarifi is required to disclose its customers' nonpublic personal information, such as when complying with federal, state or local laws, when responding to a subpoena, or when complying with an inquiry by a government agency.
- We do not share customer information with outside companies for the purpose of marketing products or services of those companies.

Security of Your Nonpublic Personal Information by Clarifi

- We maintain physical and electronic safeguards designed to protect your nonpublic personal information from unauthorized use or improper access. Your information is available to those employees who have a business need to access your information in order to provide service to your account. Our employees follow a code of ethics and are required to maintain the confidentiality of customer information.

We will reaffirm this policy annually as long as you are an active client of Clarifi. While this policy may change from time to time, you can always review our current policy online at www.clarifi.org.



Schedule an appointment with Clarifi

(800) 989 - 2227

www.clarifi.org

www.myclarifi.org

Clarifi offers one-on-one counseling:

- Budget and Credit Counseling
- Debt Management
- Credit Report Counseling
- Pre-filing Bankruptcy Counseling
- Housing Counseling
- Retirement Coaching

We counsel over the phone and in-person in 20 Offices throughout the Philadelphia region.