



Questions & Answers About Credit Reports

WHAT IS A CREDIT REPORT?

A credit report is a record of your credit history. A credit report includes information about places you have lived, your employers, whether you pay your bills on time, whether you've ever had a court judgment against you, and whether you have filed for bankruptcy. The reports are created by credit reporting agencies who then sell the information in your credit report to creditors, insurers, employers, landlords, and other businesses. These businesses then use the information to evaluate your application for credit, insurance, employment or a lease.

WHAT IS THE DIFFERENCE BETWEEN A CREDIT REPORT AND A CREDIT SCORE?

A credit report simply lists information about you and your credit history. A credit score is a number that is calculated by the credit reporting agency that helps potential creditors determine whether to extend you credit, and on what terms (for example, at what interest rate). A credit score is calculated by comparing information about you taken from your credit report with the credit performance of consumers who fit a similar profile to you. The score is intended to predict the likelihood that you will repay your debts on time and whether you present a high or low credit risk. Credit scores are generally between 300 and 850, and a higher credit score means that you present a lower credit risk. You may obtain your credit score from the three major credit reporting agencies for a fee. There are also free methods of obtaining your credit score.

HOW CAN I GET A COPY OF MY CREDIT REPORT?

You have the right to receive a free copy of your credit report (but not your credit score) once every 12 months from each of the major credit reporting agencies: Experian, Equifax and TransUnion. You can do this by calling either 1-877-322-8228 or by requesting them online at www.annualcreditreport.com. (Note that other websites, such as www.freecreditreport.com will charge you and try to sell you additional products, even though they claim to be free.) You can also mail the attached form to request a credit report from all three credit reporting agencies. It is a good idea to include proof of your current address with the form (for example, a copy of your driver's license or a copy of a utility or bank bill).

WHAT TYPES OF NEGATIVE INFORMATION MIGHT APPEAR ON MY CREDIT REPORT?

The most damaging type of negative information on a credit report generally appears under the "public records" section of the report. This includes bankruptcies, foreclosures, tax liens, and civil court judgments, including housing court money judgments. Also, accounts that appear as delinquent for over 30 days can harm your credit; the more delinquent, the more harmful the entry will be. Accounts that have

been delinquent for over 180 days will often appear as “charged off,” at which point they are often closed. “Charged off” does not mean that the debt is no longer owed; it means that the creditor has written off the account off as a bad debt.

Negative information on your credit report can make it difficult for you to obtain housing, employment, and additional forms of credit, such as a credit card or car loan. The more recent the negative information is, the more harmful the impact will be.

HOW LONG CAN NEGATIVE INFORMATION STAY ON MY CREDIT REPORT?

Most negative information can stay on your credit report for 7 years, except for bankruptcy, which can remain on your credit report for 10 years. Some student loan information and judgments can remain on your credit report for longer than 7 years. Positive information can stay on indefinitely, which is why it can be a good idea to keep an account that is in good standing open even if you don't use that card.

WHAT CAN I DO ABOUT NEGATIVE INFORMATION ON MY CREDIT REPORT?

Unfortunately, if the negative information is correct and not too old to be reported, only the passage of time can remove that information. However, when applying for credit, housing, employment, etc., you may want to explain upfront what the situation was that caused negative entries on your credit report (for example, you lost your job and could not pay your credit card bills), and explain what steps you took to try to resolve the situation (for example, you are now employed and paying back your bills). You can also try to add a personal statement to your credit report, which explains the negative information on your report. A credit reporting agency may accept the statement and include it in your credit report, although it is not required to do so.

HOW CAN I DISPUTE ERRORS ON MY CREDIT REPORT?

If any information is incorrect on your credit report, you should dispute it with the credit reporting agencies. Some of them have their own form you can fill out, or an online process, or you can write them a letter like the attached sample letter to the addresses below. Remember to make a copy for yourself of any letter and to keep proof that you sent the letter, such as a certificate of mailing from the post office. The agencies will investigate and write back to you within 30 to 45 days.

Equifax

P.O Box 740256
Atlanta, GA 30374

TransUnion

PO Box 2000
Chester, PA 19022

Experian

P.O. Box 4500
Allen, TX 75013

WHAT IF A JUDGMENT FROM AN OLD LAWSUIT STILL APPEARS ON MY CREDIT REPORT AFTER I PAID IT?

If you paid the judgment and it appears unpaid on your credit report, you can go to the clerk of the court where the case was filed and ask for the file of your case. Check the file to see if it contains a document called a “satisfaction of judgment.” If it does, make a copy and send it to any credit reporting agency that doesn't list the judgment as satisfied.

If there is no satisfaction of judgment in the file, you should contact the plaintiff or its attorney and ask that a satisfaction of judgment be filed with the court. The plaintiff should also mail you a copy so that you can forward a copy to the credit reporting agencies along with a letter stating that you have paid the judgment.

IT IS HARD FOR ME TO UNDERSTAND HOW TO READ MY CREDIT REPORT. CAN SOMEBODY HELP ME DO THAT FOR FREE?

Yes! New York City's Office of Financial Empowerment ("OFE") has financial counselors at Financial Empowerment Centers (FECs) who can help you read and understand your credit report. There are FECs in all five boroughs, and you can find out where the nearest one is by dialing "311."

WHERE CAN I GET MORE INFORMATION ABOUT CREDIT?

The New York City OFE and the Federal Trade Commission have a lot of free, helpful information about debt, credit and improving your finances, as well as building credit. You can learn more about the OFE and what it offers by visiting its webpage at www.nyc.gov/ofe and learn more from the FTC by visiting <http://www.consumer.ftc.gov/articles/0155-free-credit-reports>. You can also visit www.lawhelpny.org/consumer for additional resources.

A SPECIAL NOTE ABOUT CREDIT CHECKS BY POTENTIAL LANDLORDS IN NEW YORK CITY

Many landlords throughout New York City obtain credit checks through smaller credit reporting agencies rather than the big three agencies listed above. If you are denied housing based on the results of a credit check, the landlord must disclose to you the credit reporting agency it used to make that determination, and you have the right to obtain a free copy of a credit report from that agency. You also have the right to dispute any inaccurate information with that credit reporting agency, and the agency must investigate your dispute and report back to you within 30 days.

WHO CAN I CONTACT IF I HAVE QUESTIONS?

You may call MFY Legal Services, Inc.'s Consumer Rights Project on Thursdays from 10:00 a.m. to 2:00 p.m. at 212-417-3881.

DISCLAIMER: This fact sheet gives general information for NYC residents; it is NOT legal advice.

SAMPLE LETTER

You can use this letter template in disputing incorrect information on your credit report.

Your Name
Your Street Address
City, State, Zip

Today's Date

Name of Consumer Reporting Agency
Street Address
City, State, Zip

To Whom It May Concern:

I am writing to dispute the following information on my credit report.

- [List the item or items disputed, including the name of the source, and indicate whether you think it is incomplete or completely inaccurate, and why.]

I am requesting that the item be removed [or request another specific change] to correct the information.

Enclosed are copies of documents supporting my position. Please reinvestigate this matter and delete or correct the disputed information as soon as possible.

Sincerely,
[Sign here]

[Type your name here]

Enclosures: [List what you are enclosing.]