



**L E G A L  
S E R V I C E S**

**I N C O R P O R A T E D**

## **Questions & Answers on Credit Reports**

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

A credit report is a file that is kept about you and contains your credit history. A credit report includes information about where you live, your employer, whether you pay your bills on time, whether you've ever had a court judgment against you or been arrested, or whether you have filed for bankruptcy. Credit reporting companies sell the information in your credit report to creditors, insurers, employers, landlords, and other businesses, which 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 creditors to decide 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 credit risk or not. Credit scores are generally between 300 and 850, and a higher credit score means that you are not a bad credit risk. Unfortunately you are not entitled to a free credit score; however, you can get your credit score from one of the three major credit reporting companies for a fee. Also, if you are denied credit based on your credit score, the company that denied you credit must provide you the score for free.

### **How can I get a copy 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 three major credit reporting companies--Experian, Equifax and TransUnion--by either calling 1-877-322-8228 or by requesting them on the internet at [www.annualcreditreport.com](http://www.annualcreditreport.com). (Note that other websites, such as [www.freecreditreport.com](http://www.freecreditreport.com), will charge you and try to sell you additional products.) You can also send in the attached form to request all three credit reports. You should carefully look at all three reports, paying close attention to any negative information.

### **What is the most negative type of information 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, and includes bankruptcies, foreclosures, tax liens, and civil court judgments, including housing court judgments. Negative information on your credit report can make it difficult for you to obtain housing, employment, and additional credit, such as a car loan. 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 account is considered no longer collectible.

## How long can negative information stay on my credit report?

Most negative information can stay on your report for 7 years, except for bankruptcy, which can remain on your credit report for 10 years, and court judgments, which can stay for up to 20 years if they remain unsatisfied. If a judgment is satisfied (paid off) it can stay on your report only for 7 years from the date the judgment was entered. Some student loan information can also stay on your report for longer than 7 years.

## 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 improve your credit report. However, when applying for credit or for housing, employment, etc, you may want to explain up front what the situation was that caused the 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. The credit reporting agency may accept the statement and include it in your credit report, though 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 by writing them a letter like the attached sample letter. The letter should include your name, your address history, and any information about any accounts. Make sure to send the letter to ALL THREE of the following agencies at the addresses below. Remember to make a copy for yourself of any letter and to keep proof that you sent the letter. The agencies will investigate and write back to you.

**Equifax**  
P.O. Box 740256  
Atlanta, GA 30374

**TransUnion**  
2 Baldwin Place  
Chester, PA 19022

**Experian**  
P.O. Box 2002  
Allen, TX 75013

## 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 who can help you read and understand your credit report. There are Financial Empowerment Centers in all five boroughs, and you can find out where the nearest one is by dialing "311" and asking for a phone number for a Financial Empowerment Center.

## Where can I get more information about improving my credit report?

The New York City OFE has 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 <http://www.nyc.gov/html/ofe/html/home/home.shtml>. The Federal Trade Commission also has detailed information for consumers who would like to improve their credit report, in their brochure, "Building a Better Credit Report" which is available online at <http://www.ftc.gov/bcp/edu/pubs/consumer/credit/cre03.pdf>.