

# Credit Report Quick Reference Guide

Your credit report is available to you and to any of your creditors. What you do with your credit now stays with you for a very long time. It's no wonder they call it a credit "history."

Like your grade-point average, which is calculated based on classroom results, a positive credit history will result in a favorable credit score. A higher credit score indicates that you are a good credit risk and helps ensure that you get more credit later on to buy a house or a car.

## How Do You Establish Good Credit?

- ♦ Pay off your revolving credit balances (bank and store credit cards) in full.
- ♦ If you can't pay your balance in full, make at least the minimum payment.
- ♦ Pay your bills on time.
- ♦ Undercharge. Don't charge as much as your limit allows.

## How Do You Lose Good Credit?

- ♦ Making late payments.
- ♦ Exceeding the credit limit on your credit card.
- ♦ Writing bad checks.
- ♦ Defaulting on a loan.
- ♦ Filing for bankruptcy.

## What Happens When You Have a Bad Credit Report?

- ♦ You may not be able to rent an apartment.
- ♦ You may not be able to buy a house.
- ♦ You may not be able to purchase, lease or rent a car.
- ♦ You may not be able to obtain other forms of credit.
- ♦ If you are able to get credit, you will end up paying very high interest rates.
- ♦ You can be turned down for a job.
- ♦ It's like getting a bad grade — it stays on your permanent record.

## How Do I Access My Credit Report?

You can obtain a free copy of your credit report each year from each of the three major credit reporting agencies by visiting [www.annualcreditreport.com](http://www.annualcreditreport.com). For a fee, you can view your credit score on each individual credit reporting agency website: [www.equifax.com](http://www.equifax.com), [www.transunion.com](http://www.transunion.com) and [www.experian.com](http://www.experian.com). Or you can visit [www.myFICO.com](http://www.myFICO.com) to purchase FICO scores for all three credit reporting agencies for one price.

## Discussion Questions

Why is it important to have a solid credit history and good credit score?

How does a negative credit score affect your financial life?

What are two things you can do right now to help improve your credit score?

Describe any experiences you have related to credit reports and scores. Was it a positive or negative experience?

If a friend needed advice on his credit history, what would be some helpful options for him?