

Extra Credit

Tips on understanding your credit report, and fixing any errors you may find

Most people are aware that credit reporting agencies such as Experian or Equifax keep tabs on payment histories. Most people are also aware that they can obtain a copy of their credit report (in most cases for free or for a minimal charge). However, most people have no idea what's on their credit report, how to read it, or how to correct any erroneous information.

Here are six of the key items that appear on a credit report, with tips on how to fix any errors you may find:

1. Personal Information

Is your name, Social Security number, address and other personal information accurate? If not, contact the credit reporting agency about the error. A lending company would be skeptical of making a loan to someone whose name and address (as listed in the credit report) are not consistent with the information provided to assess the loan.

2. Open Account Information

The report will detail all of your open credit card accounts. The report will spell out your credit limits, whether you have been paying your bills on time, and if there are any balances on the account. You should pay particular attention to the accuracy of this information because lenders use it to decide whether they'll make a loan. Inaccuracies in this section are a major reason why many loans are rejected.

3. Mortgage Information

Credit reports also detail information on any mortgages you may have outstanding, any late payments, the account number of the loan and the date of mortgage origination. The same information is available for any other loans that you may have outstanding including personal loans, home-equity loans, credit lines and other financing originated by a financial institution. It is absolutely essential that this information be correct. If a lender feels you have too much debt (even if the information is incorrect) the lender won't approve you for another loan.

4. Collections/Negative Account Histories

Credit reports will identify whether you have any accounts that are in collection and what the status of those cases is. Because this information can adversely impact your overall credit score and affect whether you are able to obtain a loan, it is important that it is correct. Credit reporting agencies often offer services that will help you resolve



these issues or provide you with general advice and strategies on how to improve your credit score.

5. Judgments/Liens

If there is a judgment or an award against you in a court of law (stemming from a personal suit, small claims matter, etc.) those terms will be included on the report. More specifically, this section of the credit report will specify the case number. It will also identify the plaintiff and the defendant by name, give the status of the case (whether it is open or closed), and detail its resolution (meaning the amount that has been awarded). Should an individual or some other entity have a lien on your property, that information will also be made available. Specifically, the case number, the court where the lien was established, the amount of the lien and its resolution (whether the lien has been released) will also be detailed.

6. Bankruptcies

Bankruptcy information is also available and should be checked as well. Specifically, the report will outline whether it is an individual or a joint bankruptcy (with, for example a spouse). It will also include the amount of assets you have and the liabilities you have incurred.

Correcting Erroneous Information

There is a space at the bottom of each section of the credit report where you may add your personal comments. For example, in a lien situation, you might say that the lien was established due to a misunderstanding with a vendor (and/or that it was promptly satisfied). The space may also be used to outline other discrepancies as well. You may also choose to briefly explain why you are behind on a certain debt payment.

Checking Out

Try to obtain your credit report at least once a year and review it for any inaccuracies. If you spot any errors, have them fixed as soon as possible. You'll be glad you did.