

## Discover the Parts of a Credit Report and What They Mean

So you ordered a copy of your credit report to check for inaccuracies and get the most from your credit score. Now how do you read it? Your credit report is read and used by any number of people you deal with on a daily basis, from your landlord to your employer to a potential lender. Fortunately, it has gotten easier to order a copy of your report, but it's not so easy to understand what all those abbreviations and numbers mean once you've got it.

If you haven't ordered your credit report yet, you will soon be entitled to a free copy from each of the three major credit bureaus, Equifax, Experian, and TransUnion. Some states can already take advantage of this new policy, but people living in eastern states will have to wait until September of 2005. Order your free yearly copies from all three agencies and check for the availability of the annual reporting program in your area at the same website: [www.annualcreditreport.com](http://www.annualcreditreport.com). Each report will contain different information because retailers and creditors only report to the agency in their area or with whom they have an agreement.

Once you have your credit report in your hands, you will see that it is divided into four main sections:

- Consumer information
- Account histories
- Public records
- Inquiries

Double check the accuracy of your identifying information. This will include your name, address, phone number, previous addresses, date of birth, and Social Security number (SSN).

Next, for each account history, or trade line, you will see the following information:

- Date you opened the account
- Type of credit account (either installment, such as a car loan or mortgage, or revolving, such as a credit card)
- Name(s) on the account
- Total loan amount, credit limit, or highest card balance
- Amount you currently owe
- Amount of your monthly payment
- Account status (either open, closed, inactive, paid, or other)
- How promptly you have paid on the account

Credit agencies vary as to how they word various sections of the report and should provide you with a guide to reading their versions. One agency might report in the last

column of an account history that you paid "on time" or "30 days late." Another agency might use a numeric code to rate how well you paid off a debt. R1 is the code used for an excellent repayment history on a revolving charge account. I1 is the code used for an excellent repayment history on an installment account. Obviously, the higher the number next to either the R or I, the lower your repayment history is rated. So an R4 would indicate a history of late payments.

The public records section will include any tax liens, bankruptcies, judgments, or other financial-related legal matters. Depending on the type of action taken, these damaging records may stay on your credit report for up to 7 to 10 years.

The last section lists the inquiries made on your credit. Hard inquiries are those requests to pull your credit when you apply for such things as loans or lines of credit for services. Soft inquiries result when companies sending out promotional items to pre-qualified individuals check your history or when your current creditors check your payment status. The soft inquiries only show up on the report that you order, not on reports pulled by lenders.

While too many inquiries in a short period of time can signal a red flag to a lender, most credit scoring models are least affected by this portion of your report.

Check your report for any errors and report them immediately in writing. If you need more information about how to reach the three main credit bureaus, please go to [www.apscreen.com](http://www.apscreen.com).

Don't forget that the credit agency providing your report is also a great source of information on not only reading your credit report, but raising your credit score.