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Credit Scores and The FACT Act

Your individual credit report is one of the most important barometers of your overall financial health. This summary of your financial reliability – prepared by credit bureaus (also called credit reporting agencies) – tells lenders about your history of paying bills and is used by them to decide whether to loan you money and how much to charge.

It is now easier than ever to access your credit report and to change any errors it might contain, a major step toward establishing and maintaining your good credit and preventing identity theft. The Fair and Accurate Credit Transactions Act (FACT Act) assures you free access to the report annually from each of the three credit reporting agencies: Equifax, Experian and TransUnion.

What To Look For, When To Act

The Check 21 option is legal acceptance of a paper reproduction of an original check, called a “substitute check.” This substitute check is produced from a digital image of the original check, is the legal equivalent of the original check, and includes all the information contained on the original. These checks are similar in size to original checks with a slightly reduced image of the front and back of the original check. The front of a substitute check states: “This is a legal copy of your check. You can use it the same way you would use the original check.” You may use a substitute check as proof of payment just like the original check.

Some or all of the checks that you may receive back from this bank and others may be substitute checks. This notice describes rights you have when you receive substitute checks from us. The rights in this notice do not apply to original checks or to electronic debits to your account; you have rights under other laws with respect to those transactions.

What To Look For, When To Act

You may wish to stagger your request to each of the three agencies over the course of the year. This allows you to consistently monitor your credit throughout the year. Check these key areas:

Timeliness - If it shows late payments, but you always pay your bills on time, correct the error immediately.

Accounts - Make sure all the accounts are yours. Identity thieves often open accounts in your name using stolen information, and they will often show up here.

Dormant Accounts - If you notice accounts no longer in use, it might be wise to close them. They could be affecting your credit score.

Credit Score - If the report does not include your credit score, be sure to ask for it. (There may be a charge. See below about credit scores.)

The Importance of Credit Scores

A credit score is a number used to make a decision on a loan or other credit. Many lenders use a system developed by Fair Isaac and Company called the FICO score – a point system based on your credit history to predict creditworthiness. Your credit score is most influenced by payment history and amount of your debt.

Late payments, a past bankruptcy, debt collections or a court judgment ordering you to pay money as a result of a lawsuit will negatively affect your credit score. Too much debt relative to your income is also a warning sign to creditors and will usually lower your score.

In general, the better your credit score, the better your chances of getting credit with an attractive interest rate. Since your credit score is highly dependent on your credit report, it is critical that your credit report be accurate.

Your score, along with an explanation of how the score was derived, is available from any of the three major credit bureaus. Each bureau may have different information about you, so your score may vary from one company to another.

Learn More About Credit Scores

www.equifax.com

(800) 685-1111

www.experian.com

(888) 397-3742

www.transunion.com

(800) 888-4213

How to Obtain a Free Credit Report From the Only Authorized Source

Under the Fair and Accurate Credit Transactions Act (FACT Act), the three major credit-reporting agencies are required to provide consumers, upon request, with a free copy of their own credit report. Since you are entitled to a free report from each of the three major credit reporting agencies, security experts advise you get a free report from each one every four months.

Visit www.annualcreditreport.com or call (877) 322-8228 to obtain your free annual credit report.

Your Consumer Bill of Rights

The FACT Act provides a “bill of rights” for consumers’ credit records. Included are: your right to ask for your credit score; to know when information in your file is used against you; to dispute incomplete or inaccurate information, and to have it corrected; to restricted access to your report (including employers, who must have your explicit permission); and to seek damages in specific instances.

Victims of ID Theft Have Additional Rights

The FACT Act gives you specific rights when you believe that you are the victim of identity theft:

- You can ask the nationwide credit agencies to place “fraud alerts” in your file.

- You have the right to free copies of the information in your file.
- You can request and obtain documents relating to fraudulent transactions made or accounts opened using your personal information.
- You have the right to obtain information from a debt collector.
- If you believe information in your files is the result of identity theft, you can request that the consumer reporting agency block that information from your file.
- You may prevent businesses from reporting information about you to consumer reporting agencies if you believe the information is the result of identity theft.

Source: American Bankers Association