



Credit Report Information^{1 2}

Most suppliers and financial institutions decide whether to do business with you by checking your report to see your debt-paying history. The strength of your rating can impact the payment terms that vendors grant you and interest rates that banks apply to your business loans.

Credit Report Facts

- Experian, Equifax, and TransUnion are the three consumer reporting agencies within the U.S. that collect data for the credit report from banks, retailers, government records and more.
- Credit reports include information on missed payments, defaults, what types of credit you use, bankruptcies, arrests, whether you have been sued, etc.
- Reports tell lenders how much debt you are carrying and whether you are seeking new sources of credit.
- Under the Fair Credit Reporting Act (FCRA) and the Fair and Accurate Credit Transactions (FACT) Act, you are entitled to one free credit report per year from each of the three credit reporting agencies. (The report you receive may not include your credit score. Also, these companies sometimes use their own in-house evaluations that are not the same as the FICO score that lenders will see.)
- Bankruptcies stay on your report for 7-10 years, unpaid tax liens for 15. Most other information stays on your report for 7 years.

Improving & Protecting Your Credit

Review your report regularly

-To obtain a free copy of your credit report visit annualcreditreport.com, call **1-877-322-8228**, or mail a completed Annual Credit Report Request Form to: **Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-528**. If you request more than one credit report per company per year you must pay for it. You can purchase additional copies by contacting the credit reporting agency directly.

Note: Other websites claim to offer free credit reports, but often come with strings attached so they are not truly free. Imposter websites misspell their URL hoping to capture those who have mistyped annualcreditreport.com. Also, beware of emails asking for personal information claiming to be from one of the credit reporting agencies, these are scams that should be reported to spam@uce.gov.

-Check your credit report on a regular basis, three per year if you decide to order the annual credit report from Experian, Equifax, and TransUnion separately. Review your report thoroughly, look for errors, old accounts that are still listed as active, and other inconsistencies. Be sure key supplier relationships appear.

-If you find errors in your report, contact the credit-reporting agency to discuss how to correct them. If an error on your report is the result of a creditor's reporting mistake, contact the vendor and politely request that it remove the mark from your record. Submit fixes in writing, including your business name and tax identification number on all correspondence (keep the original of each letter and send a copy). By

¹ This document was written by Mary Gutierrez , updated 2007 by Kasaundra Krumdick for the Selma Small Business Support Center.

² Information regarding the credit report agencies, FCRA, FACT Act, how to obtain your free report, and how to correct mistakes comes from the Federal Trade Commission. For more information please visit <http://www.ftc.gov/bcp/online/pubs/credit/freereports.shtml> .

regularly reviewing your report, you can feel confident that anyone evaluating your company will receive accurate information.

-As long as you order your credit reports directly from the credit bureaus or through an organization authorized to provide credit reports to consumers, your own inquiries will not affect your FICO score. Each inquiry from you will show up on your credit report, however, and too much checking may reflect badly on your report. Thus, make checks regularly but not excessively.

Creditworthiness

-Paying bills by their due dates will positively impact your credit standing. Timely payments reflect a history of responsible financial management.

-Banks are unlikely to grant unsecured loans to companies with shaky credit histories. Getting a loan that is secured with collateral can be a way to demonstrate creditworthiness. As you begin to pay back the loan responsibly, you will be building a stronger credit history. Be extremely careful not to overextend your use of secured credit. Doing so could result in losing the collateral to the lender.

-Lenders will be looking for other agencies with claim to your money. Do not carry too much debt at any one time.

Negative Impacts on Credit

- Late bill payments
- Loan default
- Unpaid alimony
- Bounced checks
- Unpaid library fines
- Suing
- Arrests
- Bankruptcies
- Credit counseling*
- Having a credit allowance higher than your income
- Unpaid traffic/parking tickets
- Multiple applications for credit cards

If you would like more information on credit reports, credit scores, or you are ready to apply for a small business loan, please contact the SBSC office at 559.891.2200.

*Counseling will have a negative effect in the short run, but don't let this stop you from seeking counseling, especially since it should improve your credit-managing skills in the long run.

Contact information for:

Equifax: 800-685-1111; www.equifax.com

Experian: 888-EXPERIAN (888-397-3742); www.experian.com

TransUnion: 800-916-8800; www.transunion.com