

# COLLEGE MADE EASY:

# CREDIT REPORTS

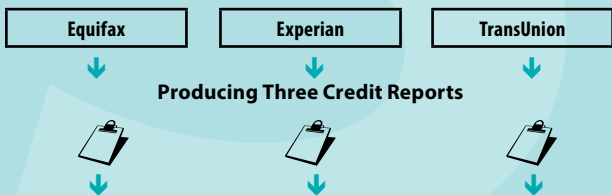
If you were going to lend someone money, wouldn't you want to know that you would be repaid? A **credit report** (or credit history) is a record of how you have borrowed and repaid debts. There are three bureaus that provide credit reports for you: Experian, Equifax, and TransUnion. A **credit score** is a number that summarizes your credit history. The purpose of these scores is to help lenders determine if you are a risky borrower. Scores range from 350 to 850.

## THE CREDIT SYSTEM

### 1. The Providers

Lenders	Utilities*	Collections*	Courts
Mortgage Auto Loans Credit Cards Student Loans Personal Loans	Cable Phone Mobile Phone Gas Electric	Landlords Return Checks Doctors Hospitals Utilities	Bankruptcy J udgments Tax Lien

### 2. Three Major Credit Agencies



### 3. FICO Produces Three Credit Scores

697	702	683
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\*Does not increase or help your score when paid responsibly, however they impact your score negatively when not paid.

\*\*Modified from Table in *The Road to 850* by Al Bingham



**FINANCIAL  
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# CREDIT SCORES

## How is your FICO score calculated?

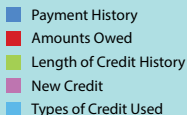
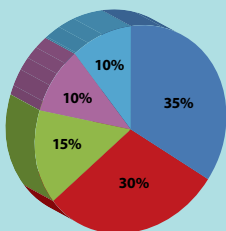
**Payment History:** Paying your bills on time

**Amounts Owed:** Divide your debt on revolving credit lines by the amount of revolving credit available to you. Try to keep this ratio below 25%

**Length of Credit History:** How long accounts have been open and average age of all your accounts.

**New Credit:** A recently opened account can help your credit score but multiple inquiries for credit in a short period of time can hurt your score.

**Types of Credit:** Having credit cards and installment loans with a good credit history will raise your score.



## Important Information:

- You can receive a free credit report ONLY from **www.annualcreditreport.com**. Request one from each of the 3 credit bureaus every 4 months (e.g. Equifax each January, Experian each May, TransUnion each September).
- Each credit agency will offer you the option to purchase your credit score. This is not the true credit score that lenders use. It is a "consumer score". Save your money.
- Don't close your oldest revolving line of credit because it will shorten your credit history.
- Not having credit cards can make you appear riskier to lenders than someone who manages their credit cards responsibly.

I ♥  
SAVING MONEY



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