



DEFINITION OF CREDIT

Credit is when one person or an entity does something for another person or entity with the reasonable expectation that the person that they did something for will do what they said they would do in exchange for what was done for them.

Credit is not just about money, that's part of it. Credit is more about character, honoring your good name, keeping your commitment, doing what you said you would do.

Credit is when other people trust you and are willing to do something for you, to work with you and give you opportunities that you would have a very difficult time getting without help from others.

Right Thinking Foundation March 6, 2017

BUDGET

IMPORTANCE OF CASH FLOW

and SAVINGS

	Week 1	Week 2	Week 3	Week 4	Total
Income	425.00	425.00	425.00	425.00	1,700.00
Expenses					
Rent	800.00				800.00
Utilities	100.00				100.00
Food	75.00	75.00	75.00	75.00	300.00
Total Expenses	975.00	75.00	75.00	75.00	1,200.00
Cash Balance	(550.00)	350.00	350.00	350.00	500.00
Cumulative Balance	(550.00)	(200.00)	150.00	500.00	
Beginning Savings	1,000.00				
Income	425.00	425.00	425.00	425.00	1,700.00
Expenses					
Rent	800.00				800.00
Utilities	100.00				100.00
Food	75.00	75.00	75.00	75.00	300.00
Total Expenses	975.00	75.00	75.00	75.00	1,200.00
Cash Available	450.00	350.00	350.00	350.00	1,500.00
Cumulative Balance	450.00	800.00	1,150.00	1,500.00	



SAMPLE BUDGET \$5,000 DEBT CONSOLIDATED OVER 2 YEARS

	Monthly Negotiated Payment		Before Consolidation	After Consolidated
Creditor 1	500	100	Monthly Income	1700
Creditor 2	500	100	Monthly Expenses	1200
Creditor 3	500	100	Monthly Available	500
Creditor 4	500	100	Loan Payment	1000
Creditor 5	500	100	Cash at End of Month	-500
Creditor 6	500	100		270
Creditor 7	500	100		
Creditor 8	500	100		
Creditor 9	500	100		
Creditor 10	500	100		
TOTAL	5000	1000		

SAMPLE CONSOLIDATION LOAN \$5,000 PAID BACK OVER 2 YEARS

Amortization Table

Interest Data

LOAN DATA

Loan amount: \$5,000.00
Annual interest rate: 10.00%
Term in years: 2
Payments per year: 12
First payment due: 1/1/2015

TABLE DATA

Table starts at date: 1
or at payment number: 1

PERIODIC PAYMENT

Entered payment: \$230.72
Calculated payment: \$230.72
The table uses the calculated periodic payment amount, unless you enter a value for "Entered payment."

CALCULATIONS

Use payment of: \$230.72
1st payment in table: 1
Beginning balance at payment 1: \$5,000.00
Cumulative interest prior to payment 1: \$0.00

No.	Payment Date	Beginning Balance	Interest	Principal	Ending Balance	Cumulative Interest
1	1/1/2015	5,000.00	41.67	189.06	4,810.94	41.67
2	2/1/2015	4,810.94	40.09	190.63	4,620.31	81.76
3	3/1/2015	4,620.31	38.50	192.22	4,428.09	120.26
4	4/1/2015	4,428.09	36.90	193.82	4,234.26	157.16
5	5/1/2015	4,234.26	35.29	195.44	4,038.82	192.45
6	6/1/2015	4,038.82	33.66	197.07	3,841.76	226.10
7	7/1/2015	3,841.76	32.01	198.71	3,643.05	258.12
8	8/1/2015	3,643.05	30.36	200.37	3,442.68	288.48
9	9/1/2015	3,442.68	28.69	202.04	3,240.64	317.17
10	10/1/2015	3,240.64	27.01	203.72	3,036.92	344.17
11	11/1/2015	3,036.92	25.31	205.42	2,831.51	369.48
12	12/1/2015	2,831.51	23.60	207.13	2,624.38	393.07
13	1/1/2016	2,624.38	21.87	208.85	2,415.52	414.94
14	2/1/2016	2,415.52	20.13	210.60	2,204.93	435.07
15	3/1/2016	2,204.93	18.37	212.35	1,992.58	453.45
16	4/1/2016	1,992.58	16.60	214.12	1,778.46	470.05
17	5/1/2016	1,778.46	14.82	215.90	1,562.56	484.87
18	6/1/2016	1,562.56	13.02	217.70	1,344.85	497.90
19	7/1/2016	1,344.85	11.21	219.52	1,125.33	509.10
20	8/1/2016	1,125.33	9.38	221.35	903.99	518.48
21	9/1/2016	903.99	7.53	223.19	680.80	526.01
22	10/1/2016	680.80	5.67	225.05	455.74	531.69
23	11/1/2016	455.74	3.80	226.93	228.82	535.48
24	12/1/2016	228.82	1.91	228.82	0.00	537.39

Year 1	Interest	Principal	Total
Year 2	144.32	2,624.38	2,768.70
Total	537.39	5,000.00	5,537.39

RIGHT THINKING FOUNDATION
CREDIT CARD ILLUSTRATION

Prepared: 02-17-17

	APR		Monthly			APR		Monthly	
	Rate	22%	Rate	1.833%		Rate	22%	Rate	1.833%
	Balance	Subject	Balance	End of		Balance	Subject	Balance	End of
	to Finance	Charge	Finance	Month		to Finance	Charge	Finance	Month
	Amount	5%	Charge	Month		Amount	20.00	Charge	Month
Purchase	100.00				Purchase	100.00			
Statement 1	100.00		-	100.00	Statement 1	100.00		-	100.00
Statement 2	100.00	5.00	1.74	96.74	Statement 2	100.00	20.00	1.47	81.47
Statement 3	96.74	4.84	1.68	93.59	Statement 3	81.47	20.00	1.13	62.59
Statement 4	93.59	4.68	1.63	90.54	Statement 4	62.59	20.00	0.78	43.37
Statement 5	90.54	4.53	1.58	87.59	Statement 5	43.37	20.00	0.43	23.80
Statement 6	87.59	4.38	1.53	84.74	Statement 6	23.80	20.00	0.07	3.87
Statement 7	84.74	4.24	1.48	81.97	Statement 7	3.87	3.87	0.00	0.00
Statement 8	81.97	4.10	1.43	79.30					
Statement 9	79.30	3.97	1.38	76.72					
Statement 10	76.72	3.84	1.34	74.22					
Statement 11	74.22	3.71	1.29	71.80					
Statement 12	71.80	3.59	1.25	69.46					
Statement 13	69.46	3.47	1.21	67.20					
Statement 14	67.20	3.36	1.17	65.01					
Statement 15	65.01	3.25	1.13	62.89					
Statement 16	62.89	3.14	1.10	60.84					
Statement 17	60.84	3.04	1.06	58.86					
Statement 18	58.86	2.94	1.03	56.94					
Statement 19	56.94	2.85	0.99	55.09					
Statement 20	55.09	2.75	0.96	53.29					
Statement 21	53.29	2.66	0.93	51.56					
Statement 22	51.56	2.58	0.90	49.88					
Statement 23	49.88	2.49	0.87	48.25					
Statement 24	48.25	2.41	0.84	46.68					
Statement 25	46.68	2.33	0.81	45.16					
Statement 26	45.16	2.26	0.79	43.69					
Statement 27	43.69	2.18	0.76	42.26					
Statement 28	42.26	2.11	0.74	40.89					
Statement 29	40.89	2.04	0.71	39.55					
Statement 30	39.55	1.98	0.69	38.26					
Statement 31	38.26	1.91	0.67	37.02					

RIGHT THINKING FOUNDATION
CREDIT CARD ILLUSTRATION

Prepared: 02-17-17

	APR		Monthly			APR		Monthly	
	Rate	22%	Rate	1.833%		Rate	22%	Rate	1.833%
	Minimum Payment	5%	Balance Subject to Finance Charge	Finance Charge	Balance End of Month	Amount	Minimum Payment	Balance Subject to Finance Charge	Finance Charge
							20.00		
Statement 32	37.02	1.85	35.17	0.64	35.81	Statement 67	11.61	11.03	0.20
Statement 33	35.81	1.79	34.02	0.62	34.64	Statement 68	11.23	10.67	0.20
Statement 34	34.64	1.73	32.91	0.60	33.52	Statement 69	10.87	10.32	0.19
Statement 35	33.52	1.68	31.84	0.58	32.42	Statement 70	10.51	9.99	0.18
Statement 36	32.42	1.62	30.80	0.56	31.37	Statement 71	10.17	9.66	0.18
Statement 37	31.37	1.57	29.80	0.55	30.35	Statement 72	9.84	9.35	0.17
Statement 38	30.35	1.52	28.83	0.53	29.36	Statement 73	9.52	9.04	0.17
Statement 39	29.36	1.47	27.89	0.51	28.40	Statement 74	9.21	8.75	0.16
Statement 40	28.40	1.42	26.98	0.49	27.47	Statement 75	8.91	8.46	0.16
Statement 41	27.47	1.37	26.10	0.48	26.58	Statement 76	8.62	8.19	0.15
Statement 42	26.58	1.33	25.25	0.46	25.71	Statement 77	8.34	7.92	0.15
Statement 43	25.71	1.29	24.43	0.45	24.88	Statement 78	8.07	7.66	0.14
Statement 44	24.88	1.24	23.63	0.43	24.06	Statement 79	7.80	7.41	0.14
Statement 45	24.06	1.20	22.86	0.42	23.28	Statement 80	7.55	7.17	0.13
Statement 46	23.28	1.16	22.12	0.41	22.52	Statement 81	7.30	6.94	0.13
Statement 47	22.52	1.13	21.40	0.39	21.79	Statement 82	7.06	6.71	0.12
Statement 48	21.79	1.09	20.70	0.38	21.08	Statement 83	6.83	6.49	0.12
Statement 49	21.08	1.05	20.02	0.37	20.39	Statement 84	6.61	6.28	0.12
Statement 50	20.39	1.02	19.37	0.36	19.73	Statement 85	6.40	6.08	0.11
Statement 51	19.73	0.99	18.74	0.34	19.08	Statement 86	6.19	5.88	0.11
Statement 52	19.08	0.95	18.13	0.33	18.46	Statement 87	5.99	5.69	0.10
Statement 53	18.46	0.92	17.54	0.32	17.86	Statement 88	5.79	5.50	0.10
Statement 54	17.86	0.89	16.97	0.31	17.28	Statement 89	5.60	5.32	0.10
Statement 55	17.28	0.86	16.42	0.30	16.72	Statement 90	5.42	5.15	0.09
Statement 56	16.72	0.84	15.88	0.29	16.17	Statement 91	5.24	4.98	0.09
Statement 57	16.17	0.81	15.36	0.28	15.64	Statement 92	5.07	4.82	0.09
Statement 58	15.64	0.78	14.86	0.27	15.13	Statement 93	4.91	4.66	0.09
Statement 59	15.13	0.76	14.38	0.26	14.64	Statement 94	4.75	4.51	0.08
Statement 60	14.64	0.73	13.91	0.26	14.16	Statement 95	4.59	4.36	0.08
Statement 61	14.16	0.71	13.46	0.25	13.70	Statement 96	4.44	4.22	0.08
Statement 62	13.70	0.69	13.02	0.24	13.26	Statement 97	4.30	4.08	0.07
Statement 63	13.26	0.66	12.59	0.23	12.82	Statement 98	4.16	3.95	0.07
Statement 64	12.82	0.64	12.18	0.22	12.41	Statement 99	4.02	3.82	0.07
Statement 65	12.41	0.62	11.79	0.22	12.00	Statement 100	3.89	3.70	0.07
Statement 66	12.00	0.60	11.40	0.21	11.61	Statement 101	3.76	3.58	0.07

RIGHT THINKING FOUNDATION
CREDIT CARD ILLUSTRATION

Prepared: 02-17-17

	APR Rate 22%		Monthly Rate 1.833%		Balance End of Month	APR Rate 22%		Monthly Rate 1.833%		Balance End of Month
	Amount	Minimum Payment 5%	Balance Subject to Finance Charge	Finance Charge		Amount	Minimum Payment 20.00	Balance Subject to Finance Charge	Finance Charge	
Statement 102	3.64	0.18	3.46	0.06	3.52	Statement 137	1.14	1.09	0.02	1.11
Statement 103	3.52	0.18	3.35	0.06	3.41	Statement 138	1.11	1.05	0.02	1.07
Statement 104	3.41	0.17	3.24	0.06	3.30	Statement 139	1.07	1.02	0.02	1.03
Statement 105	3.30	0.16	3.13	0.06	3.19	Statement 140	1.03	0.98	0.02	1.00
Statement 106	3.19	0.16	3.03	0.06	3.09	Statement 141	1.00	0.95	0.02	0.97
Statement 107	3.09	0.15	2.93	0.05	2.99	Statement 142	0.97	0.92	0.02	0.94
Statement 108	2.99	0.15	2.84	0.05	2.89	Statement 143	0.94	0.89	0.02	0.91
Statement 109	2.89	0.14	2.74	0.05	2.79	Statement 144	0.91	0.86	0.02	0.88
Statement 110	2.79	0.14	2.65	0.05	2.70	Statement 145	0.88	0.83	0.02	0.85
Statement 111	2.70	0.14	2.57	0.05	2.62	Statement 146	0.85	0.81	0.01	0.82
Statement 112	2.62	0.13	2.48	0.05	2.53	Statement 147	0.82	0.78	0.01	0.79
Statement 113	2.53	0.13	2.40	0.04	2.45	Statement 148	0.79	0.75	0.01	0.77
Statement 114	2.45	0.12	2.33	0.04	2.37	Statement 149	0.77	0.73	0.01	0.74
Statement 115	2.37	0.12	2.25	0.04	2.29	Statement 150	0.74	0.71	0.01	0.72
Statement 116	2.29	0.11	2.18	0.04	2.22	Statement 151	0.72	0.68	0.01	0.70
Statement 117	2.22	0.11	2.11	0.04	2.14	Statement 152	0.70	0.66	0.01	0.67
Statement 118	2.14	0.11	2.04	0.04	2.07	Statement 153	0.67	0.64	0.01	0.65
Statement 119	2.07	0.10	1.97	0.04	2.01	Statement 154	0.65	0.62	0.01	0.63
Statement 120	2.01	0.10	1.91	0.03	1.94	Statement 155	0.63	0.60	0.01	0.61
Statement 121	1.94	0.10	1.84	0.03	1.88	Statement 156	0.61	0.58	0.01	0.59
Statement 122	1.88	0.09	1.78	0.03	1.82	Statement 157	0.59	0.56	0.01	0.57
Statement 123	1.82	0.09	1.73	0.03	1.76	Statement 158	0.57	0.54	0.01	0.55
Statement 124	1.76	0.09	1.67	0.03	1.70	Statement 159	0.55	0.52	0.01	0.53
Statement 125	1.70	0.09	1.62	0.03	1.64	Statement 160	0.53	0.51	0.01	0.52
Statement 126	1.64	0.08	1.56	0.03	1.59	Statement 161	0.52	0.49	0.01	0.50
Statement 127	1.59	0.08	1.51	0.03	1.54	Statement 162	0.50	0.47	0.01	0.48
Statement 128	1.54	0.08	1.46	0.03	1.49	Statement 163	0.48	0.46	0.01	0.47
Statement 129	1.49	0.07	1.41	0.03	1.44	Statement 164	0.47	0.44	0.01	0.45
Statement 130	1.44	0.07	1.37	0.03	1.39	Statement 165	0.45	0.43	0.01	0.44
Statement 131	1.39	0.07	1.32	0.02	1.35	Statement 166	0.44	0.42	0.01	0.42
Statement 132	1.35	0.07	1.28	0.02	1.30	Statement 167	0.42	0.40	0.01	0.41
Statement 133	1.30	0.07	1.24	0.02	1.26	Statement 168	0.41	0.39	0.01	0.40
Statement 134	1.26	0.06	1.20	0.02	1.22	Statement 169	0.40	0.38	0.01	0.38
Statement 135	1.22	0.06	1.16	0.02	1.18	Statement 170	0.38	0.36	0.01	0.37
Statement 136	1.18	0.06	1.12	0.02	1.14	Statement 171	0.37	0.35	0.01	0.36

RIGHT THINKING FOUNDATION
CREDIT CARD ILLUSTRATION

Prepared: 02-17-17

APR Rate 22%				Monthly Rate 1.833%			
Minimum Payment 5%		Balance Subject to Finance Charge		Finance Charge		Balance End of Month	
Amount							
Statement 172	0.36	0.02	0.34	0.01	0.35		
Statement 173	0.35	0.02	0.33	0.01	0.34		
Statement 174	0.34	0.02	0.32	0.01	0.32		
Statement 175	0.32	0.02	0.31	0.01	0.31		
Statement 176	0.31	0.02	0.30	0.01	0.30		
Statement 177	0.30	0.02	0.29	0.01	0.29		
Statement 178	0.29	0.01	0.28	0.01	0.28		
Statement 179	0.28	0.01	0.27	0.00	0.27		
Statement 180	0.27	0.01	0.26	0.00	0.27		
153.04				53.31			
APR Rate 11.99%				Monthly Rate 0.999%			
Minimum Payment 2%		Balance Subject to Finance Charge		Finance Charge		Balance End of Month	
Amount							
Purchase	34,000.00				Purchase	34,000.00	
Statement 1	34,000.00	34,000.00	-	34,000.00	Statement 1	34,000.00	-
Statement 2	34,000.00	33,320.00	332.92	33,652.92	Statement 2	34,000.00	680.00
Statement 3	33,652.92	32,979.86	329.52	33,309.39	Statement 3	34,000.00	680.00
Statement 4	33,309.39	32,643.20	326.16	32,969.36	Statement 4	34,000.00	680.00
Statement 5	32,969.36	32,309.97	322.83	32,632.80	Statement 5	34,000.00	680.00
Statement 6	32,632.80	31,980.15	319.53	32,299.68	Statement 6	34,000.00	680.00
Statement 7	32,299.68	31,653.69	316.27	31,969.96	Statement 7	34,000.00	680.00
Statement 8	31,969.96	31,330.56	313.04	31,643.61	Statement 8	34,000.00	680.00
Statement 9	31,643.61	31,010.73	309.85	31,320.58	Statement 9	34,000.00	680.00
Statement 10	31,320.58	30,694.17	306.69	31,000.86	Statement 10	34,000.00	680.00
Statement 11	31,000.86	30,380.84	303.56	30,684.40	Statement 11	34,000.00	680.00
Statement 12	30,684.40	30,070.71	300.46	30,371.16	Statement 12	34,000.00	680.00
\$ 7,110				\$ 3,481			

APR Rate 22%				Monthly Rate 1.833%			
Minimum Payment 20.00		Balance Subject to Finance Charge		Finance Charge		Balance End of Month	
Amount							
Statement 172	0.36	0.02	0.34	0.01	0.35		
Statement 173	0.35	0.02	0.33	0.01	0.34		
Statement 174	0.34	0.02	0.32	0.01	0.32		
Statement 175	0.32	0.02	0.31	0.01	0.31		
Statement 176	0.31	0.02	0.30	0.01	0.30		
Statement 177	0.30	0.02	0.29	0.01	0.29		
Statement 178	0.29	0.01	0.28	0.01	0.28		
Statement 179	0.28	0.01	0.27	0.00	0.27		
Statement 180	0.27	0.01	0.26	0.00	0.27		
153.04				53.31			
APR Rate 11.99%				Monthly Rate 0.999%			
Minimum Payment 2%		Balance Subject to Finance Charge		Finance Charge		Additional Purchases	
Amount							
Purchase	34,000.00				Purchase	34,000.00	
Statement 1	34,000.00	34,000.00	-	34,000.00	Statement 1	34,000.00	-
Statement 2	34,000.00	33,320.00	332.92	34,000.00	Statement 2	34,000.00	680.00
Statement 3	33,652.92	32,979.86	329.52	34,000.00	Statement 3	34,000.00	680.00
Statement 4	33,309.39	32,643.20	326.16	34,000.00	Statement 4	34,000.00	680.00
Statement 5	32,969.36	32,309.97	322.83	34,000.00	Statement 5	34,000.00	680.00
Statement 6	32,632.80	31,980.15	319.53	34,000.00	Statement 6	34,000.00	680.00
Statement 7	32,299.68	31,653.69	316.27	34,000.00	Statement 7	34,000.00	680.00
Statement 8	31,969.96	31,330.56	313.04	34,000.00	Statement 8	34,000.00	680.00
Statement 9	31,643.61	31,010.73	309.85	34,000.00	Statement 9	34,000.00	680.00
Statement 10	31,320.58	30,694.17	306.69	34,000.00	Statement 10	34,000.00	680.00
Statement 11	31,000.86	30,380.84	303.56	34,000.00	Statement 11	34,000.00	680.00
Statement 12	30,684.40	30,070.71	300.46	34,000.00	Statement 12	34,000.00	680.00
\$ 7,110				\$ 3,662			

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Credit Card Interest Rates Explained

Everything You Need to Know About Credit Card Interest Rates



By [LaToya Irby](#)
[Credit/Debt Management Expert](#)

By [LaToya Irby](#)

One of the most important things to know about the money you borrow is the interest rate that applies to your loan. The interest rate is the annual cost of borrowing money, usually on a credit card or loan. Interest rates on borrowed money are known as an [annual percentage rate](#) or APR.

If interest rates were simple and straightforward, we'd probably talk about them less. But, that isn't the case. There's much to know and understand about interest rates if you ever plan to use a credit card or loan.

[How Interest Is Charged](#)

Most credit cards have a [grace period](#) during which you can pay your credit card balance in full and you won't be charged interest on the balance. Any balance left beyond the grace period will be subject to interest. Interest on credit card balances is assessed in the form of a [finance charge](#), calculated based on your credit card balance and your interest rate.

Finance charges are calculated in a variety of ways depending on your credit card terms. Some finance charges are based on your average daily credit card balance, the balance at the beginning of the billing cycle, or the balance at the end of your billing cycle.

Finance charges may or may not include new purchases. Check out [Six Ways Finance Charges Are Calculated](#) for details.

[Fixed vs. Variable Interest Rates](#)

There are two basic types of interest rates – fixed and variable. A fixed interest rate remains the same unless the credit card issuer sends [advance notice of the change](#). Fixed interest rates can only change in certain circumstances, discussed more below under "When can Interest Rates Increase."

Variable interest rates can change more often because they're based on another interest rate, like the [prime rate](#). Whenever the underlying interest rate changes, the variable interest rate also changes and credit card issuers don't have to send notice of the change.

Several Different APRs

Credit cards that allow different types of transactions usually have different interest rates for those transactions. For example, a credit card may have a purchases APR, cash advance APR, and balance transfer APR. Each of these interest rates may be different. The [penalty APR](#) goes into effect when you default on your credit card terms, for example by making a late payment.

When you make a payment to a credit card that has different balances with different APRs, any amount above the minimum payment must go to the balance with the highest APR.

Periodic Interest Rates

If interest were charged only on an annual basis, the APR would be all we needed to know. But, interest is most often paid on a monthly or other periodic basis. Credit cards also have a periodic rate, which is really just another way of stating the regular APR. The periodic rate for monthly interest is simply the APR divided by the number of months in the year, e.g. $18\% / 12$ or 1.5% . Periodic rates are more often based on a [billing cycle](#) shorter than one month. In that case, the periodic rate is calculated like this: $(APR / \text{days in year}) * \text{days in billing cycle}$.

The [daily rate](#) is another periodic rate calculated by dividing the APR by the number of days in the year.

When Can Interest Rates Increase

Besides when default on your credit card terms, banks can only increase interest rates on your current balance at certain times: your variable rate increases, a promotional rate expires, or when changes are made to a [debt management plan](#). Interest rate increases can be applied to new purchases as long as a 45-day advance notice is made.

How to Opt-Out of a Rate Increase

If you receive an interest rate increase notice, you have the right to opt-out of the new interest and continue paying your credit card balance at the old interest rate. Your credit card issuer may decide to cancel your credit card if you opt-out, but you won't have to pay the higher interest rate. To opt-out, simply send an [opt-out letter](#) to your credit card issuer within the opt-out period.

How to Avoid Paying Interest

On most credit card balances, you can avoid interest by simply paying your credit card balance in full. With certain balances, like cash advances and balance transfers, it isn't so easy to avoid paying interest because those balances don't have a grace period.

EQUIFAX

One Free Credit Report Every Year

Under the Fair and Accurate Transaction (FACT) Act, at your request, Equifax, and each of the other 2 major credit reporting agencies, Experian and TransUnion, will provide you with one free credit report every 12 months

➔To request your free report:

- Visit annualcreditreport.com OR
- Call 1-877-322-8228 OR
- Complete the [Annual Credit Report Request Form](#) and mail it to:

Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281

Note: Credit report disclosures do not include credit scores. Your credit score disclosure must be purchased separately. However, you can request to purchase your credit score disclosure when you request your free annual credit file disclosure

Credit Report FAQs

Questions we hear. Answers you need.

What information is included in my credit report?

- **Personal information:** Compiled from credit applications you completed in the past, this information normally includes your name, current and recent addresses, Social Security Number, date of birth and current and previous employers
- **Credit history:** The bulk of your credit report consists of details about credit accounts that were opened in your name or that list you as an authorized user (such as a spouse's credit card). Account details are supplied by creditors with which you have an account include:
 - The date the account was opened, the credit limit or amount of the loan, the payment terms, the balance, and a history that shows whether or not you've paid the account on time.
 - Depending on the manner in which they were paid, closed or inactive accounts stay on your report for 7 to 11 years from the date of their last activity.
- **Inquiries:** Credit reporting agencies record an inquiry whenever your credit report is shown to another party, such as a lender, service provider, landlord, or insurer. Inquiries remain on your credit report for up to two years

- **Public records:** Matters of public record obtained from government sources such as courts of law - including liens, bankruptcies, and overdue child support - may appear on your credit report. Most public record information stays on your credit report for 7 years.

What is not included in my credit report?

A credit report does not include information about your checking or savings accounts, bankruptcies that are more than 10 years old, charged-off debts or debts placed for collection that are more than seven years old, gender, ethnicity, religion, political affiliation, medical history, or criminal records. Additionally, your credit score is generated by information on your credit report, but is not part of the file itself.

How long does negative information stay on my credit report?

In general, negative information that is more than 7 years old from date of last activity (10 years for bankruptcies) must be removed from your file. Please refer to the information below to learn more about specific credit report information. Also, please remember that the negative information in your credit report does not come from Equifax; any negative information is reported to Equifax by others that have granted you credit, is included in public record information or reported by collection agencies. Equifax is merely a repository for the information that your credit grantors report, collection agencies report, or is in public records.

Credit Accounts

- Accounts paid as agreed generally remain on your credit file for up to 10 years from the date of last activity (DLA).
- Accounts not paid as agreed generally remain on your credit file for 7 years from the date the account first became past due leading to the current not paid status.
- Late Payment History generally remains on your credit file for 7 years.

Collection Accounts

- Collection accounts generally remain on your credit file for seven years from the date the account first became past due that led to the account becoming placed with a collection agency.

Public Records

- Judgments generally remain on your credit file for 7 years from the date filed, whether satisfied (paid) or not.
- Paid tax liens generally remain on your credit file for 7 years from the date released (paid).
- Unpaid tax liens generally remain on your credit file indefinitely.

Bankruptcy

- A bankruptcy under chapter 7 or 11, or a non-discharged or dismissed chapter 13 bankruptcy generally remains on your credit file for 10 years from the date filed.
- A discharged chapter 13 bankruptcy generally remains on your credit file for 7 years from the date filed.

Inquiries

- Inquiries are a record of companies and others who obtained a copy of your Equifax credit file. The Fair Credit Reporting Act (FCRA) requires that Equifax disclose to you who requested copies of your credit file. Depending on the reason your credit file was accessed, Equifax generally retains these for one to two years.
- Some types of inquiries you might see on your Equifax Credit Report™ are not reported to others or used in credit score calculations. These include:
 - **PRM Inquiry.** A promotional inquiry in which your name and address were provided to a person who made you a firm offer of credit or insurance, such as a pre-approved credit card offer. These inquiries generally remain on your credit file for 12 months.
 - **AM or AR Inquiry.** An Account Monitoring or Account Review inquiry in which one of your creditors performs a periodic review of your credit file in connection with reviewing your account. These inquiries generally remain on your credit file for 12 months.
 - **Equifax, ID, ACIS, or UPDATE Inquiry.** Internal inquiries that indicate Equifax's activity in response to your contact with us, for either a copy of your credit report or a request for research. These inquiries will generally remain on your file for 24 months.

New York State Residents Only (must be current resident)

- Satisfied judgments remain on your credit file for 5 years from the date filed.
- Paid collections remain on your credit file for 5 years from the date of last activity/date paid.
- All other deletion rules apply as noted above.

California State Residents Only (must be current resident)

- Paid or released tax liens remain on your credit file for 7 years from the date released or 10 years from the date filed.
- Unpaid or unreleased tax liens remain on your credit file for 10 years from the file date.

Who can obtain a copy of my Equifax credit report?

Generally, anyone with whom Equifax has established a business relationship and who has what is considered a "permissible purpose" under the Fair Credit Reporting Act (FCRA) can obtain a copy of your Equifax credit report. A permissible purpose includes: employment, insurance, consideration of an application for a loan or an offer of credit, and collection of a debt. The companies, groups, and individuals that may have permissible purpose include:

- Potential lenders
- Landlords
- Insurance companies
- Employers and potential employers (with your written consent)
- Companies you allow to monitor your credit file activity, including for potential signs of identity theft
- Those considering your application for a government license or benefit
- A state or local child support enforcement agency
- Collection agencies
- Anyone who has established a business relationship with Equifax and has your written authorization to obtain your credit report.

Your Equifax credit file can also be provided to a third party pursuant to the requirements of a court order or other legal procedure.

How is a credit score determined?

A credit score is based on information contained in your credit file. The FICO® score is calculated using the following credit file items

- **Payment history:** Approximately 35% of the FICO score is based on this category.
- **Amounts owed:** Approximately 30% of the FICO score is based on this category.
- **Length of credit history:** Approximately 15% of the FICO score is based on this category.
- **New credit:** Approximately 10% of the FICO score is based on this category.
- **Type of credit used:** Approximately 10% of the FICO score is based on this category.

Please keep in mind that there are many different scoring models that can be used to calculate a credit score, and each scoring model may give more or less weight to the various items of information in your credit file.

What factors impact my credit score?

Doing the following typically has a positive impact on your credit score:

- Paying your bills on time. Delinquent payments and collections can have a significantly negative impact on your score.
- If you have missed payments in the past, getting current and staying current on your payments.
- Paying off debt rather than move it around

- Re-establishing your credit worthiness if you have had problems. Opening new accounts responsibly and paying them off on time may help in the long run.
- Applying for and opening new credit accounts only as needed.
- Keeping credit cards and managing them responsibly. In general, having credit cards and installment loans (and making timely payments) may help in the long run. Someone with no credit cards, for example, may be seen as a higher risk than someone who has demonstrated a history of managing credit cards responsibly.
- If you are having trouble making ends meet, contacting your creditors or seeing a legitimate, reputable credit counselor.
- Keeping balances low on credit cards and other lines of revolving credit.
- Doing your rate shopping for a loan or credit line within a short period of time. FICO® scores distinguish between a search for a single loan and a search for many new credit lines in part by the length of time over which inquiries occur.

The following factors typically do not have a positive impact (or may even have a negative impact) on your credit score:

- Opening a number of new credit cards that you do not need, just to increase your available credit. This approach could backfire and actually have a negative impact on your score.
- Opening a lot of new accounts in a short period of time, especially if you have been managing credit for a short time. New accounts will lower your average account age. If you do not have a lot of other information in your credit file, this could have a larger effect on your score. Also, rapid account build-up can look risky if you are a new credit user.

What is a "good" credit score?

FICO® scores can range from 300 to 850, but the majority of scores usually fall within the 600s and 700s:

- 20% are above 780
- 20% are in the range of 745 - 780
- 20% are in the range of 690 - 745
- 20% are in the range of 620 - 690
- 20% are below 619

Since there is no universal score cutoff used by all lenders, it is hard to say what a good score is outside the context of a particular lending decision. For example, one lender may determine that a score of 750 may qualify you for a platinum credit card, whereas a score of 675 may indicate that you are a better match for a standard card.

Why is my Equifax score different from my Experian and TransUnion credit scores?

There are several reasons for variations in your credit score among the different credit reporting agencies and even among different credit grantors:

- First, your credit score from each credit reporting agency is based on the information in your credit file at the credit reporting agency, and the credit history information each credit reporting agency has about you can differ. This can result in your score at the other credit reporting agencies being different from your Equifax score.
- Second, there is a slightly different FICO credit scoring model at each of the three nationwide credit reporting agencies due to the differences in credit history information they each have about you. Remember: your FICO score at a given credit reporting agency is only based on the credit data that credit reporting agency has about you.
- Third, although the FICO® credit scoring model is the score used most often by lenders, each of the credit reporting agencies, including Equifax, has their own scoring models. These other models may evaluate your credit file differently from the FICO® model and, in some cases a higher score may mean more risk, not less risk as with FICO® scores.

How can I opt out of promotional offerings?

To opt out of promotional offerings, please call 1-888-567-8688 or visit www.optoutprescreen.com.

Before you decide to opt out, remember prescreened offers can provide many benefits, especially if you are in the market for a credit card or insurance. Pre-screened offers may be more favorable than those that are available to the general public. Some credit card or insurance products may only be available through prescreened offers. And because you are pre-selected to receive the offer, you can only be turned down in limited circumstances.

All information contained in this report can be found at:
http://www.equifax.com/answers/request-free-credit-report/en_efx