

# Reports on credit

## and other consumer financial issues

## Common questions about credit reporting

Our ability to buy a home, purchase a car, fund a college education, travel and make routine purchases for appliances, clothing or food hinges on our use of credit. Yet credit sometimes remains mysterious. Here are answers to some common questions about credit reports and credit granting.

What is a credit report?

A credit report is a tool that helps a lender decide whether to grant you credit. It includes:

- identifying information such as your name, address, Social Security number and year of birth;

- details about your credit accounts (e.g., installment loans, bankcards and department store accounts);

- public record information from state and county courts (limited to bankruptcies, tax liens and monetary judgments); and

- inquiries. When your credit history is reviewed for any reason, your report will contain a record of that access for up to two years.

How can you get a copy of your credit report?

It's smart to review your credit report to be sure it's complete and accurate. This is especially true if you're planning a major purchase such as a house or car.

TRW is the only credit bureau to offer you a complimentary copy of your report each year. For instructions on how to order, call 1.800.682.7654.

How are credit reports compiled?

Tens of thousands of credit grantors send information to TRW each month about how their customers use and pay their accounts. TRW also collects information from state and county courts.

All this data is put into our database. When you ask a lender for credit, the lender takes details you provide in your credit application and asks TRW for a full credit report. TRW then collects the appropriate information from various parts of the database and compiles the report.

How are credit granting decisions made?

When deciding whether to give you the credit or money you seek, potential lenders take into account your:

- character: how long you've lived at the same address and worked for the same employer;

- capacity: the amount of debt you can realistically pay given your income and other expenses; and

- credit: the relationships you have with other lenders.

Some of this information comes from your credit application, some from a credit report.

What are mortgage reports?

Mortgage reports are special credit reports that lenders order prior to deciding whether to give you a home loan.

Each report is a compilation of credit reports from two credit bureaus. The mortgage credit reporting company purchases the reports from companies such as TRW, combines them and manually verifies specific details such as employment, credit account balances and public record information.

Do credit bureaus make lending decisions?

No. Only credit grantors make lending decisions. A bureau's job is credit reporting. It collects, stores and reports the relevant identifying and credit information of credit-active Americans. Using this information, credit grantors alone decide what standards you must meet to be granted credit.

How do risk scores help lenders make decisions?

A risk score is a statistical summary of the information described in words and figures in your credit report. It is used to help a lender objectively and accurately review your report and predict your future payment pattern.

Because lenders can view the same score differently, it's impossible to say whether a particular score is "good" or "bad." The credit granting decision hinges on a lender's individual marketing plan, business niche, tolerance for risk and many other factors.

Can "credit repair" clinics fix my bad credit?

Some consumers have paid so-called credit clinics hundreds and even thousands

of dollars to "fix" their credit report, but only time can heal bad credit.

Federal law mandates the time periods that *accurate* negative information remains on a credit report.

Any consumer can dispute *inaccurate* information at no charge. TRW credit reports contain easy-to-follow instructions for disputing inaccurate information.

If you need help repaying creditors, managing debt or setting up a personal budget, contact the nonprofit Consumer Credit Counseling Services. CCCS is a reputable, nonprofit organization. For the office nearest you, call 1.800.388.2227.

How can I obtain more information from TRW?

TRW has published a variety of materials to help you better understand and take full advantage of the many opportunities available to you through the use of credit.

For your own copy of these materials, call 714.385.7500 or write to: TRW IS&S Communications Department, 505 City Parkway West, Suite 300, Orange, CA 92668.

