



Sample for demonstration purposes only.  
All data is fictitious.

# A Guide to Your Credit Report

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**Please Note:** This packet is provided as is and is meant to give insights into your credit profile and offer a simplified version of your credit data. This packet does not contain all of your credit data and may contain omissions or incomplete information. Any recommendations, analyses, or estimates in this packet are provided for educational purposes only, do not constitute financial or legal advice, and cannot be guaranteed to lead to an increase in credit score. For additional assistance regarding your credit, please contact a non-profit financial coaching organization.

TransUnion was not involved with the creation of this packet and has no affiliation with this packet. Please refer to your full TransUnion annual credit report for more detailed information about your credit accounts.

# John's Plan for a Better Credit Score

Based on the data in your TransUnion Annual Credit Report

## WHAT YOU'RE DOING WELL

- ✓ You haven't missed a payment on an open account in the last 3 months. Keep it up! Making your payments on time is the most important part of having great credit.
- ✓ Your oldest account is over 10 years old. Being a long-time credit user positively affects your credit score.

### 1. Your overall credit utilization is 83%. Reduce your overall credit utilization by paying down credit cards multiple times per month or increasing your total credit limit.

Having higher credit utilization on your “revolving credit” accounts, such as credit cards and charge cards, can indicate that you’re more likely to default. Your overall credit utilization is the ratio of your total revolving account balances to your total revolving account limits, or how much of your available credit across all revolving accounts you’re using. Even if you pay your credit card balances in full every month, your balance on your statement date is typically what ends up on your credit report. To improve your credit score you should aim to keep your overall credit utilization as low as possible, as 1% - 9% is generally considered the ideal range. You can do that by making multiple payments on your credit cards throughout the month so that a lower balance is reported. Another option is to contact your credit card providers and ask for an increase on your credit limit every 6 - 12 months. However, some creditors may require a hard inquiry to see if you qualify for an increase, which could lower your score.

### 2. Your DIRECT LOANS (Educational) federal student loan was transferred to US DEPT OF EDUCATION. It is in collection with a past due amount of \$1,681 and a balance of \$1,681. Contact your loan servicer to discuss your options.

Federal student loans default after 9 months of delinquency. Fortunately, you may have options, including loan rehabilitation and loan consolidation. With a loan rehabilitation agreement, you’ll make monthly payments based on your discretionary income to remove your loan from default. With loan consolidation, you can consolidate your federal student loans into one new loan. For more information regarding defaulted federal student loans, please visit <https://studentaid.ed.gov/sa/repay-loans/default/get-out>

### 3. Be careful about applying for new lines of credit. You have had 3 hard inquiries in the past year.

Each time you apply for a line of credit such as a credit card or auto loan, it is recorded on your credit report as a "hard inquiry." Hard inquiries can negatively affect your credit score, although the effect is typically minimal. Hard inquiries appear on your credit report for 2 years and can affect your score for up to a year. This does not mean you can't rate shop. Inquiries from multiple student loans, auto loans, or mortgages within a 14-day window only count as a single inquiry for scoring purposes, with some credit scoring models allowing up to a 45-day window. “Soft inquiries,” such as when you check your own credit or typically when a creditor pre-approves you for an account, do not affect your credit score.

# Your Credit Score Estimate



Many financial institutions use credit scores when they review an application for a new account. A higher score can help you qualify and lead to getting better rates and terms. Estimate for educational purposes only. For more information, visit [www.consumerfinance.gov/ask-cfpb/where-can-i-get-my-credit-score-en-316/](http://www.consumerfinance.gov/ask-cfpb/where-can-i-get-my-credit-score-en-316/)

## What score you may need to qualify



### Home Loans

Most conventional mortgages require a minimum score of 620. FHA home loans require a 580 or a 500 with a higher down payment.



### Auto Loans

There's no set minimum score required to obtain an auto loan. About 20% of auto loans are given to those with scores below 600.



### Unsecured Loans

Getting approved for a personal loan or unsecured credit card can become difficult with a score lower than 620.

# How Credit Scores Are Calculated

There are many different types of credit scores available, and they're not all calculated the same. Your scores will likely vary depending on the credit scoring model (FICO® or VantageScore®), the version of the model, and which credit bureau (TransUnion, Equifax, or Experian) is providing the data used to calculate your score. Learn more at [www.consumerfinance.gov/ask-cfpb/what-is-a-credit-score-en-315/](http://www.consumerfinance.gov/ask-cfpb/what-is-a-credit-score-en-315/)

Your credit score is calculated based on the information in your credit report. While different scoring models vary in how they weigh information, the following factors primarily explain your credit score.

| IMPACT | FACTOR  | GRADE | METRIC   | YOU       | GOAL      |
|--------|---|-------|--|-----------|-----------|
| High   | <b>Payment History</b><br>Making your payments on time                            | C     | Delinquent accounts (last 10mo)                                  | 1         | 0         |
|        |   |       | Collections and Charge-Offs                                      | 1         | 0         |
| High   | <b>Credit Utilization</b><br>Not spending too much of your available credit       | D     | Credit utilization (percentage of total credit card limits used) | 83%       | 1% - 9%   |
| Medium | <b>Length of Credit History</b><br>Having credit accounts for a long time         | B     | Oldest account age   | 12yr 11mo | 20+ years |
|        |   |       | Average account age  | 4yr 11mo  | 10+ years |
| Low    | <b>Account Mix</b><br>Having a variety of types of credit accounts on your report | A     | Revolving accounts   | 3         | 2+        |
|        |   |       | Installment accounts   | 3         | 1+        |
| Low    | <b>Inquiries</b><br>Not applying for too many new credit cards or loans           | C     | Hard inquiries in the last year                                  | 3         | 0 - 1     |

# Your Credit Report








Below is a summary of your credit report. More detailed information about each credit account can be found in your TransUnion Annual Credit Report.

See here for what to do if you believe there is an error on your credit report:

<https://www.consumerfinance.gov/ask-cfpb/how-do-i-dispute-an-error-on-my-credit-report-en-314/>

## Account Summary

Typically, accounts are classified as revolving credit or installment credit. Revolving credit, such as credit cards, gives you flexibility in how much you borrow each month (up to a certain limit). Installment credit, such as home, auto, and student loans, require you to pay a fixed monthly amount.

|  |  |  |   |
|--|--|--|---|
| <br>Total Balances<br><b>\$20,329</b> | <br>Credit Cards<br>\$5,468<br>2 accounts | <br>Home Loans<br>\$0<br>No accounts    | <br>Auto Loans<br>\$14,861<br>1 account    |
|  | <br>Student Loans<br>\$0<br>No accounts | <br>Other Loans<br>\$0<br>No accounts | <br>Closed Accounts<br>\$0<br>2 accounts |

## Charged-Off and Collection Accounts

After a period of non-payment on an account, a lender will typically close your account and mark it as a charge-off. In many cases, the lender will send it to an in-house or 3rd party collection agency (a debt-collector) to collect the debt for them, or it may sell the debt to a collection agency. Charged-off and collection accounts can have a serious negative impact on your credit score and they can remain on your credit report for 7 years and 180 days from the date your account first went delinquent.

### CHARGE-OFFS

Accounts typically still held by the original creditor

**\$0**  
**No accounts**

### COLLECTIONS

Accounts typically not handled by the original creditor

**\$1,681**  
**1 account**

## Open Accounts

Unless the account has been closed by you or your lender, it will appear here, even if you aren't actively using the account. Closing an account will almost never increase your credit score.

While all of the payment history on your credit report is typically factored into your credit score, your recent payment history is given more weight. The "10-Month History" column includes your payment history over the last 10 months. Checks (✓) represent on-time payments, numbers (2) signify how many months late the payment was, and dashes appear where there is no information.

## Revolving Accounts (such as credit cards and charge cards)

| ACCOUNT                        | OPENED       | BALANCE | PAST DUE | CREDIT LIMIT | UTILIZATION | 10-MON HISTORY |
|--------------------------------|--------------|---------|----------|--------------|-------------|----------------|
| BANK OF AMERICA<br>Credit Card | Jan 23, 2005 | \$5,468 | \$0      | \$6,000      | 91%         | ✓✓✓✓✓✓✓✓✓✓     |
| SYNCB/AMAZON<br>Charge Account | Sep 19, 2015 | \$0     | \$0      | \$600        | 0%          | ✓✓✓✓✓✓✓✓✓✓     |

## Auto Loans

| ACCOUNT                     | OPENED       | BALANCE  | PAST DUE | TERMS  | 10-MON HISTORY |
|-----------------------------|--------------|----------|----------|--|----------------|
| QUICKEN LOANS<br>Automobile | Feb 13, 2017 | \$14,861 | \$0      | \$272 per month, paid<br>Monthly for 73 months | ✓✓✓✓✓1✓✓✓✓     |

# Collections

A collection agency specializes in collecting unpaid debts. Creditors typically transfer unpaid debts to a 3rd party collection agency (a debt-collector), either by directly selling the debt or hiring the 3rd party agency to collect the debt for them. A creditor may also transfer the debt to a subsidiary (in-house) collection agency, known as a 1st party collection agency.

There are two timelines to be aware of, the credit reporting timeline and the statute of limitations. Collection accounts and related negative marks are removed from your credit report 7.5 years after the date of first delinquency (the first late payment that eventually led to the account being sent to collections). The statute of limitations-the period during which you can be sued and forced to pay-is 3 to 6 years in most states, but could be up to 10 or 15 years in some cases. There is no statute of limitations on federal student loan debt.

For improving your credit score, it is usually best to prioritize paying your open accounts on time than paying off accounts in collection. However, even if it doesn't increase your score, paying off charged-off or collection accounts could be a requirement to qualify for a new loan or credit card.

Collection agencies may attempt to use unfair practices in their attempts to collect a debt. The following link includes more information on your rights regarding dealing with 3rd party collection agencies: <https://www.consumer.ftc.gov/articles/debt-collection-faqs>

| ACCOUNT                              | ORIGINAL ACCOUNT           | BALANCE | PAST DUE | DATE TRANSFERRED | ESTIMATED REMOVAL DATE |
|--------------------------------------|----------------------------|---------|----------|------------------|------------------------|
| US DEPT OF EDUCATION<br>Student Loan | DIRECT LOANS (Educational) | \$1,681 | \$1,681  | -                | Jan 2022               |

# Closed Accounts

These accounts have been closed, either by you or your lender. Lenders occasionally will close credit cards and other revolving accounts after a year or more of inactivity, although the timeline varies by lender. This section does not include accounts that were previously in collection or charged-off. As it's possible to close a credit card with a balance, you may still have a balance on one of your closed accounts. Closed accounts remain on your credit report for up to 10 years.

| ACCOUNT   | OPENED       | CLOSED       | BALANCE | PAST DUE |
|---|--------------|--------------|---------|----------|
| <b>PNC BANK</b><br>Automobile                   | Feb 13, 2016 | Feb 27, 2017 | \$0     | \$0      |
| <b>CHASE/BANK ONE CARD SERVE</b><br>Credit Card | Sep 02, 2015 | Dec 14, 2015 | \$0     | \$0      |

# Hard Inquiries

A hard inquiry is when a company accesses your credit report because you have applied for credit with them. Below, you may see inquiries from your bank or from a store that offers credit card. Other inquiries might come from applying for a car loan or a mortgage.

Hard inquiries remain on your credit report for two years, however only hard inquiries in the last year affect your credit score. While additional hard inquiries can negatively impact your credit score, the number of hard inquiries on your credit report typically only affects a small percentage of your credit score.

When your credit report is accessed for a reason not related to a credit application it counts as a "soft inquiry" and does not affect your credit score. Examples include a credit counseling session or if you check your own credit report.

## Hard inquiries within the last year

| COMPANY                      | DATE         | TYPE       | PERMISSIBLE PURPOSE |
|------------------------------|--------------|------------|---------------------|
| QUICKEN LOANS                | May 13, 2017 | Individual | -                   |
| EXPRESS AUTO DEALERS         | May 13, 2017 | Individual | -                   |
| BANK OF AMERICA AUTO FINANCE | May 13, 2017 | Individual | -                   |
| WELLS FARGO                  | May 13, 2017 | Individual | -                   |
| DSNB/AMAZON                  | Aug 25, 2017 | Individual | -                   |
| AMERICAN EXPRESS             | Oct 11, 2017 | Individual | -                   |

\* 4 hard inquiries in the last year occurred within 14 days of another hard inquiry. Loan rate shopping can often result in multiple hard inquiries in a short period of time. To account for this, inquiries from multiple student loans, auto loans, or mortgages within a 14-day window will only count as a single inquiry for scoring purposes, with some credit score versions allowing up to a 45-day window. There is typically no deduplication for inquiries from credit card applications.