

## BUILDING YOUR CREDIT HISTORY

Make regular payments on rent, utilities, and student loans to help build a positive payment history. Rent and utilities won't show up on a credit report, but these creditors may be willing to supply this information when you apply for credit. Also, evictions or utility bills sent to collections will show up on a credit report.

Open a charge account with a department store or retailer, buy only inexpensive necessary items, and pay off the balance right away.

Consider joining a credit union. Some credit unions and banks have small affordable lines of credit for their members. Credit unions may offer a secured credit card. This type of credit card will be secured by money you have on deposit in your bank account. When you cannot make a payment, the money is taken out of this account. However, some secured credit cards come with very high fees, so watch out!

Significant portions of this brochure were excerpted from the GUIDE TO CONSUMER RIGHTS FOR DOMESTIC VIOLENCE SURVIVORS, published by the National Consumer Law Center, 2006. For more information on the Guide or to obtain a copy, contact the National Consumer Law Center.



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## BUILDING AND REPAIRING YOUR CREDIT HISTORY

FOR SURVIVORS OF DOMESTIC VIOLENCE



CONSUMER RIGHTS FOR DOMESTIC VIOLENCE SURVIVORS INITIATIVE

# HOW YOUR CREDIT REPORT IMPACTS YOU

Credit reports may be used by *landlords* when you apply for an apartment, *employers* when you are looking for a new job, *insurance companies* when you apply for car or homeowners insurance, and *creditors* when you are trying to access affordable credit. Credit reports and your credit score also determine the amount and interest rate of any loans you apply for.

As a consumer, you have the right, under the Fair Credit Reporting Act, to delete certain information or to include your side of the story on your credit report. Under federal law, you are entitled to receive one free credit report each year from each credit bureau. To obtain your free credit report, go to [www.annualcreditreport.com](http://www.annualcreditreport.com), or call 877.322.8228.

## REPAIRING YOUR CREDIT REPORT

### REMOVAL OF OLD INFORMATION

Under federal law, there are time limits that determine how long certain kinds of information can stay on your credit report. A credit bureau is not allowed to list the following:

- Negative credit information older than 7 years.
- Bankruptcy information older than 10 years.
- Court judgments older than 7 years or however long the time limit for court judgments is under your state law.
- Criminal information older than 7 years, except that convictions can be reported indefinitely.
- A tax lien more than 7 years after it was paid off.

### CORRECTING ERRORS

You have the right under federal law to correct any incorrect information on your credit report.

- If you believe there is a mistake, you can send a dispute letter to each credit bureau. The credit bureaus must reinvestigate the entry and correct it. In most circumstances, the agency is required to get back to you within 30 days.
- Send the original dispute letter to the credit bureau and a copy, with supporting documents, to the creditor. The creditor has a duty to correct and update the information.

### EXPLAINING NEGATIVE INFORMATION ON YOUR CREDIT REPORT

- You can send the credit bureaus an explanation for negative accounts on your credit report. The credit bureaus are not required to include this information in your file.
- Credit bureaus are required to include in your report any explanation of why an entry is inaccurate. This explanation appears on your report as a "Consumer Statement" and it must be 100 words or less. If the account or delinquent payment is a result of identity theft or financial abuse, you may choose to include that information in your explanation.
- You also can explain the negative information to the prospective lenders, landlords, or employers. Federal law requires lenders to consider a consumer's explanation. Mortgage lenders are required to review any explanatory letter that a consumer provides.

## ADDING POSITIVE INFORMATION TO YOUR CREDIT REPORT

### USE JOINT CREDIT HISTORY

- You can improve your credit history if you add positive information from a joint account. Federal law requires creditors who report information to credit bureaus to reflect the participation of both spouses if they are both permitted to use or liable for an account. Most creditors report the information about both users even if the other person on the account was not your spouse.
- To prevent further financial abuse, you should close any joint credit card or home equity line accounts you have with a former partner.
- Even a closed joint account with positive credit history can improve your credit report.

### SUPPLY UNREPORTED POSITIVE INFORMATION

You may have a good payment record with a landlord, utility company, or another creditor, but the information does not appear on your credit report.

- You can ask the landlord, utility company, or other creditor to supply the information to the person from whom you are applying for credit.
- Consider getting positive credit reference letters from landlords, utility companies, or other creditors with whom you have a positive history.

### DEALING WITH OUTSTANDING CREDIT BALANCES

- If you are able to pay something toward your outstanding lines of credit, determine how much you can pay and contact the creditor by phone or mail.
- You can make an offer to pay in full, ask them to accept partial payment as a settlement in full, or arrange for a payment plan. If they agree, document it in writing and ask the creditor to confirm it in writing.
- When you have paid the agreed to amount in full, ask the creditor to send you a settlement letter showing a zero balance.
- Send a copy of the settlement letter to the credit bureaus so that they can update your credit report.