

## LifeSmarts U Personal Finance Lesson Credit Reports and Credit Scores

### KEY: What Do You Know? Credit Reports and Credit Scores

#### Directions

Check *Fact* or *Fake out* next to each statement. Use the space under the statements to correct incorrect statements.

<p>1. You need credit to get credit.</p> <p>It is a fact that you need to “build” a credit history. Some bills you might not think of as credit could help establish a credit history. Examples include utilities, a cellphone, or a secured credit card.</p>	<p><input checked="" type="checkbox"/> Fact</p> <p><input type="checkbox"/> Fake out</p>
<p>2. You probably already have a credit history.</p> <p>If you have not had a loan or a credit card in your name you probably do not have a credit history. However, it is a good idea to check because identity theft often targets youth.</p>	<p><input type="checkbox"/> Fact</p> <p><input checked="" type="checkbox"/> Fake out</p>
<p>3. A credit history shows how you use and manage credit.</p> <p>It details how many loans and credit cards you have and if you pay your bills on time.</p>	<p><input checked="" type="checkbox"/> Fact</p> <p><input type="checkbox"/> Fake out</p>
<p>4. Your credit history is collected and stored by your bank.</p> <p>Your credit history is collected by the three national credit bureaus – Equifax, Experian, and TransUnion.</p>	<p><input type="checkbox"/> Fact</p> <p><input checked="" type="checkbox"/> Fake out</p>
<p>5. Credit bureaus receive information about you from your creditors.</p> <p>Banks, credit unions, retail credit card issuers, auto lenders, mortgage lenders, debt collectors and others voluntarily send information to credit reporting companies.</p>	<p><input checked="" type="checkbox"/> Fact</p> <p><input type="checkbox"/> Fake out</p>
<p>6. A credit report is a summary of your credit history plus other facts about you.</p> <p>Creditors want to know more about you before they offer you credit.</p>	<p><input checked="" type="checkbox"/> Fact</p> <p><input type="checkbox"/> Fake out</p>

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<p>7. A credit report contains three categories of information.</p> <p>Actually it contains five categories – your identity, public records, your history of making payments on existing credit accounts, information about collections on past due accounts, and a list of those who have recently requested a copy of your report.</p>	<p><input type="checkbox"/> Fact</p> <p><input checked="" type="checkbox"/> Fake out</p>
<p>8. Even employers and landlords may request your credit report.</p> <p>The information contained in your credit report helps them decide if you are a good credit risk or not. After all, you are asking to use their money or services.</p>	<p><input checked="" type="checkbox"/> Fact</p> <p><input type="checkbox"/> Fake out</p>
<p>9. You may request a free copy of your credit report every 2 years.</p> <p>You can get a free credit report every 12 months by submitting a request to <a href="https://www.annualcreditreport.com/index.action">https://www.annualcreditreport.com/index.action</a>.</p>	<p><input type="checkbox"/> Fact</p> <p><input checked="" type="checkbox"/> Fake out</p>
<p>10. Credit bureaus advise lenders on credit decisions about you.</p> <p>Credit bureaus do not make decisions; they only provide information to potential lenders, landlords, or employers.</p>	<p><input type="checkbox"/> Fact</p> <p><input checked="" type="checkbox"/> Fake out</p>
<p>11. Negative information stays on a credit report for seven years.</p> <p>Negative information, such as past due accounts, are purged after seven years. However, bankruptcies stay on a credit report for 10 years, and criminal convictions could stay on a credit report forever.</p>	<p><input checked="" type="checkbox"/> Fact</p> <p><input type="checkbox"/> Fake out</p>
<p>12. Your Critical Report Score is created by applying an algorithm to your credit report.</p> <p>This three-digit number is called a credit score. This number helps lenders determine how likely you are to pay your debts.</p>	<p><input type="checkbox"/> Fact</p> <p><input checked="" type="checkbox"/> Fake out</p>
<p>13. FICO creates algorithms that generate credit score models for specific purposes.</p> <p>FICO® scores are the most frequently used models.</p>	<p><input checked="" type="checkbox"/> Fact</p> <p><input type="checkbox"/> Fake out</p>
<p>14. You can have several different credit scores.</p> <p>Scores can differ depending on the credit reporting agency, the scoring model, the type of loan product, and even the day it was calculated.</p>	<p><input checked="" type="checkbox"/> Fact</p> <p><input type="checkbox"/> Fake out</p>

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<p>15. A credit score is updated monthly.</p> <p>Changes to a credit report may cause the credit score to change, so it depends on the data reported by lenders. Records are continuously being updated.</p>	<p><input type="checkbox"/> Fact</p> <p><input checked="" type="checkbox"/> Fake out</p>
<p>16. A higher credit score may result in a lender offering better terms.</p> <p>Both interest rates and loan terms, as well as credit card terms, can be positively impacted by a good credit score. The better your score, the less risk you pose for a bank or other financial institution.</p>	<p><input checked="" type="checkbox"/> Fact</p> <p><input type="checkbox"/> Fake out</p>
<p>17. Post-secondary education loans are exempt from your credit history.</p> <p>Each time you receive loan funds for school it appears on your credit report as a new account. Your payments will be recorded, too.</p>	<p><input type="checkbox"/> Fact</p> <p><input checked="" type="checkbox"/> Fake out</p>
<p>18. Employers review your credit history as a gauge of your character.</p> <p>Employers also want to know how you manage debts and money. A high utilization of credit, or past due payments, could be red flags to an employer.</p>	<p><input checked="" type="checkbox"/> Fact</p> <p><input type="checkbox"/> Fake out</p>
<p>19. The Fair Credit Billing Act ensures accuracy in credit reports.</p> <p>Almost, The Fair Credit Reporting Act is the law that regulates the way credit reporting agencies can collect, access, use and share the data they collect.</p>	<p><input type="checkbox"/> Fact</p> <p><input checked="" type="checkbox"/> Fake out</p>
<p>20. The Federal Trade Commission enforces the Fair Credit Reporting Act.</p> <p>The Federal Trade Commission, the Consumer Financial Protection Bureau, and state attorneys general all have roles regulating credit reporting agencies and enforcing the Fair Credit Reporting Act.</p>	<p><input checked="" type="checkbox"/> Fact</p> <p><input type="checkbox"/> Fake out</p>