LifeSmarts
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LifeSmarts U Personal Finance
Content Vocabulary: Credit Reports and Credit Scores

Authorized user – Secondary account holder on a credit card, may make purchases, but is not responsible for payment
Cash advance – Short term loan offered by your credit card issuer
Collection – Past-due bill that has been sent to a third-party debt collector
Co-signer – A person who agrees to repay the loan in the event the primary borrower does not; a co-signer is considered a co-borrower and is equally responsible for repayment of the loan
Credit bureau – For-profit company that is in the business of accumulating, storing, and distributing credit information
Credit history – Record of how a consumer has repaid credit obligations in the past
Credit report – Written report, issued by a credit bureau, containing relevant information about a person's creditworthiness
Credit score – A number generated by a statistical model used to objectively evaluate information pertaining to a credit decision, with FICO® Scores being the most widely used
Creditor – Lender or someone to whom you are financially indebted
Default – Failure to make payments or to meet the terms and conditions of the loan or other debt
Delinquent – Failure to make an on-time minimum payment on a loan or other debt
FCRA – Fair Credit Reporting Act; Federal law governing how credit bureaus collect and share information about consumers, who may lawfully access credit reports, and providing consumers with access to their own reports
FICO® Scores – Three-digit number based on the information in your credit report; helps lenders determine how likely you are to repay a loan
Inquiry – Item on a consumer's credit report that shows someone with a "permissible purpose" has requested a copy; hard inquiries, such as applying for a credit card or loan, can affect your credit score; soft inquiries, such as checking your report yourself, do not
I**nterest rate** – The amount charged, expressed as a percentage of principal, by a lender to a borrower for the use of money
Minimum payment – The smallest payment you can make to maintain a credit account on current status
Secured credit card – A credit card backed by a cash deposit or other collateral; the credit limit is based on the amount of collateral
Utilization – Amount of money borrowed compared with the amount of credit extended