

12-2014

# Downeaster Common Sense Guide to Credit Reports and Credit Scores 2014

Maine Bureau of Consumer Credit Protection

Maine Department of Professional & Financial Regulation

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## Recommended Citation

Maine Bureau of Consumer Credit Protection and Maine Department of Professional & Financial Regulation, "Downeaster Common Sense Guide to Credit Reports and Credit Scores 2014" (2014). *Consumer Credit Protection Documents*. Paper 3.  
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# CREDIT REPORTS AND CREDIT SCORES

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STATE OF MAINE ♦ BUREAU OF CONSUMER CREDIT PROTECTION  
DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION

# Maine Bureau of Consumer Credit Protection

## **Toll-free Maine Consumer Assistance    Maine Foreclosure Prevention Hotline**

1-800-332-8529 (1-800-DEBT-LAW)

1-888-NO-4-CLÖZ

TTY users call Maine relay 711

(1-888-664-2569)

[www.Credit.Maine.gov](http://www.Credit.Maine.gov)

The Maine Bureau of Consumer Credit Protection was established in 1975 to enforce a wide variety of consumer financial protection laws, including:

- Consumer Credit Code
- Truth-in-Lending Act
- Fair Credit Billing Act
- Truth-in-Leasing Act
- Fair Credit Reporting Act
- Fair Debt Collection Practices Act
- “Plain Language” Contract Law

The Bureau conducts periodic examinations of creditors to determine compliance with these laws; responds to consumer complaints and inquiries; and operates the state’s foreclosure prevention hotline and housing counselor referral program. The Bureau also conducts educational seminars and provides speakers to advise consumers and creditors of their legal rights and responsibilities.

William N. Lund  
*Superintendent*  
December 2014

### **DOWNEASTER COMMON SENSE GUIDE: CREDIT REPORTS AND CREDIT SCORES**

By David Leach, MPA and Abigail Pratico

Editing and Production Assistance by Steven Lemieux, MBA

Cover Image by Edward Myslik & Steven Lemieux, MBA

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Maine residents can obtain additional free copies of this booklet by contacting the Bureau of Consumer Credit Protection at 207-624-8527 or toll-free at 1-800-332-8529. Non-Maine residents may purchase the publication for \$6 per copy, or at a volume discount of \$4 per copy on orders of 50 or more. Shipping fees are included in the prices listed.

Dear Maine Consumers,

This State of Maine publication presents “must know” information on consumer credit reports and credit scores. Creditors, insurance companies, banks, employers and landlords routinely use credit report information when they make decisions on loan approval or denial, insurance premium costs, hiring decisions and approval for housing. This guide describes the basic facts of credit bureau reports and credit scores: how they work, steps for obtaining copies of your reports, how you can challenge inaccurate items, and strategies to ensure that your credit report and score present the most accurate representation of your credit-worthiness.

As authors of this guide, we hope to expand your knowledge of how credit reports and credit scores work, and to empower you to quickly and efficiently correct errors and omissions in your reports!

David Leach, MPA  
Principal Consumer Credit Examiner

Abigail Pratico  
Margaret Chase Smith Summer Intern, 2014



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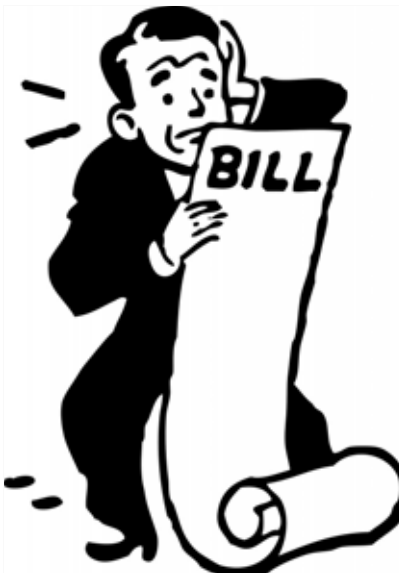
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# Part 1:

## Credit Reports and Credit Scores

A **credit report** is like an academic transcript; however, rather than listing course grades, credit reports list a person's debts. Lenders believe the best indicator of future loan performance is past loan performance. Essentially, a credit report shows a person's financial reliability, allowing potential creditors to assess the fiscal risk presented by doing business with that person.

Credit reports are produced by **credit reporting agencies** (a.k.a. **credit bureaus**) — for-profit companies that specialize in compiling data for use by creditors and other authorized users. Creditors voluntarily report data to these businesses, where it is collated into credit reports. There are three major credit bureaus in the United States: Experian, TransUnion and Equifax.

Credit bureaus compete with each other to compile the most comprehensive and accurate information possible. Businesses that need to see consumers' credit reports (*e.g.*, mortgage companies, landlords or auto dealers) pay credit bureaus for access to the information. The credit bureaus that consistently offer the most complete and accurate files to creditors attract more business. Because of this, credit bureaus seldom share information with other credit reporting agencies. As such, credit reports produced by different companies often contain slightly different information.

### Tradelines

A credit report contains seven to ten years' worth of information, presented in the form of **tradelines** — records of a person's current and past monetary obligations, including the names of companies with which the applicant has had accounts, dates accounts were opened, credit limits, types of accounts, balances owed and payment histories. Common types of tradelines include auto loans, credit cards, mortgages and student loans. Your credit report will show most if not all of your open accounts, in addition to some that may be paid and/or closed.

While lenders like to see **positive tradelines** on your report showing consistent on-time repayment of debts, many reports also include **negative tradelines** (generally credit accounts that are 30 or more days delinquent) that may make potential creditors hesitate to lend to you, or may even affect your ability to get a job or rent an apartment. Most tradelines, positive or negative, remain on a person's credit report for up to seven years.

Common negative tradelines include:

- **Repossessions:** Repossessions and “deficiency balances” that result when the sale price of a repossessed item does not cover the total amount owed are both

major negative tradeline items that can severely affect a person's credit history. If money is still owed to a creditor after a repossession has occurred and the remaining balance is sent to collections, a collection account, separate from the original debt and repossession, will appear on the borrower's credit report.

- **Foreclosures:** A foreclosure is one of the harshest trade lines that can appear in a credit report. Foreclosure-related tradelines may cause a consumer's credit score to drop by as much as 300 points, drastically raising the cost of credit available to a borrower.
- **Bankruptcies:** While filing for bankruptcy can help consumers to discharge overwhelming unsecured debts, it can also make it difficult for a consumer to establish new credit. Unlike other negative tradelines, bankruptcies can remain on a person's credit report for up to 10 years. Tradelines that have been affected by a bankruptcy will not be deleted from a credit report. Rather, they will be listed with a status, "included in bankruptcy."



- **Tax Liens:** A tax lien occurs when the local, county, state, or federal government claims ownership interest in a person's property (*e.g.*, land or other possessions), salary or tax refund to secure money for unpaid debts. If left unpaid, tax liens may threaten ownership of your property. The three big credit bureaus state that they will remove unpaid tax liens 15 years after their filing date. However, removal of unpaid tax liens is not required by law. As such, unpaid tax liens could potentially remain on your credit report forever.

## Credit Scores

Credit reports and **credit scores** are closely related, and are of *vital importance* to understanding and enhancing one's ability to obtain loans with the best terms and rates available. Unlike credit reports, which you can obtain, for free, once each year, you will be charged a fee for access to your credit score.

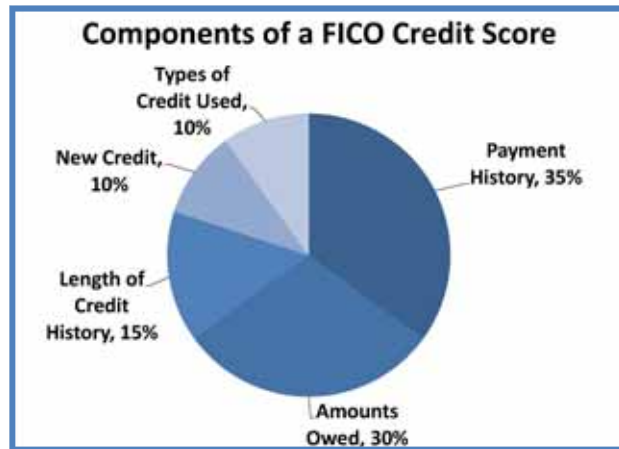
Credit scores are numerical representations of a person's financial responsibility, and are calculated using the information recorded on credit reports. There are several different models used to determine a person's credit score. The most widespread credit scoring model in the United States is the proprietary

### Grace Periods

There is generally a grace period of 29 days on delinquent credit accounts, during which most creditors do not report a borrower to the three major credit reporting agencies (Experian, Equifax and Transunion) as being late on their payments.

algorithm developed by Fair Isaac Corporation (“FICO”). FICO scores range between 300 and 850 — the higher the score, (presumably) the greater a borrower’s creditworthiness.

The FICO model takes several different factors into consideration when calculating a person’s credit score, each of which is weighted differently for different groups of people (*i.e.*, an established homeowner’s information is weighted differently than that of a recent high school graduate). For *most* people:



- **35% of their FICO score represents payment history**, including payment information on accounts, public records (bankruptcies, liens, judgments, etc.) and debt collection actions. This information includes delinquencies (including how severe the delinquency was), amounts and time past due on debt obligations, the number of times that accounts or other items were past due and the number of accounts that were paid on time.
- **30% represents amounts owed**: total amounts owed, amounts owed on specific types of accounts, the number of accounts with balances, the ratio of credit lines used

to total credit limits, and the proportion of amounts currently owed on installment accounts.

- **15% represents the length of the person’s credit history**, including the amount of time since accounts were opened and how much time has passed since the most recent account activity.
- **10% represents new credit**, including the numbers and types of recently-opened accounts, the number of recent credit inquiries (see pg. 6), the time elapsed since any new credit inquiries and, if there were payment problems in the past, how long it has been since a person has re-established a positive credit history.

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## Co-signing

Consumers unable to qualify for loans on their own are often told that they must find a co-signer to act as a guarantor — generally someone more credit-worthy than themselves. The co-signer will undergo the same loan underwriting review process as the applicant, including a **hard pull** on their credit report.

If you are considering co-signing on a loan, be cautious. If the primary borrower fails to make payments, the delinquency will appear on your credit report and you will be held 100% responsible, and your ability to obtain new credit will be negatively affected.

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## What is a Good Credit Score?

Excellent	740 or Greater
Good	680-739
Fair	620-679
Poor	550-619
Very Poor	Less Than 550

- **10% represents the types of credit used by a borrower.**

Credit scores have proven to be a reliable way for lenders to determine the risk of a borrower becoming delinquent or defaulting on a loan. The lower the credit score, the higher the risk to the lender (and the higher the interest rate charged to the borrower). Students who choose to enter the work force immediately after graduating often begin their lives with relatively low credit scores. Over time, the addition of positive trade lines such as auto loans, student loans, personal loans and credit cards leads to higher credit scores and easier access to financing.

To improve your credit score:

- Pay your loans on or before their due date – set up payment reminders or automatic payments to stay current
- Keep your credit card balances at no more than 1/3<sup>rd</sup> of the credit limit amount
- Limit yourself to three or fewer credit cards
- Try to maintain your oldest credit card accounts indefinitely, if the terms (APRs, annual fees) of those accounts are favorable
- Reduce debt (credit balances) on other loans as much as possible
- Check your credit report at least annually for any signs of identity theft, errors or omissions

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## Authorized Users

An authorized user is someone who has been given permission to use a credit card for which they did not apply. Authorized users can receive and use credit cards with their names on them, but are not legally responsible to the lender for repaying the credit card's balance.

Not all creditors report authorized user accounts to credit bureaus; however, if these accounts are reported to a credit bureau they can affect the authorized user's credit score. Generally, credit bureaus remove delinquent authorized user tradelines from credit reports since authorized users are not legally responsible for the balances of these types of accounts. If an authorized user account is not automatically removed from your credit report following a delinquency, contact the lender to be removed from the account or file a dispute with the credit bureau (see **Correcting Your Credit Reports**, pg. 8).

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## Too Many Tradelines?

Some time ago, a recent college grad reported she was denied a loan for a car. The woman was shocked! She had “good credit” and had earned an advanced degree from a prestigious university. The woman had opened eight credit card accounts, under the assumption that the more accounts she had, the better her chances for loan approval. The cards were active, with no charges.

The lender that reviewed her application noticed that the woman’s lines of credit amounted to more than \$70,000 of potential debt. While the woman hadn’t used the credit cards, there was the potential that she could “max out” each card’s credit limit, resulting in debt equal to a medium-sized mortgage with an annual percentage rate (APR) of 18% or higher.

The Bureau advised the woman to close out all but two or three of the oldest credit card accounts, and to reduce the limit on the remaining cards to around \$2,000. She was also advised to contact the car dealer prior to doing this to see if closing the credit card accounts would make a difference in approving her loan application. A week later, the auto loan was approved!

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“Too many people spend money they haven’t earned, to buy things they don’t want, to impress people they don’t like”

Will Rogers

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## Opting Out: Stop or Reduce Pre-Approved Credit Offers

Under the Fair Credit Reporting Act (“FCRA”), you have the right to opt out of receiving prescreened and preapproved credit and insurance offers permanently, or for five years. Opting out will remove your name from lists supplied by the major consumer reporting agencies to businesses that may perform soft pulls on your credit (see pg. 8).

To opt out of preapproved credit offer, visit [www.OptOutPrescreen.com](http://www.OptOutPrescreen.com), or call **1-888-5-OPT-OUT (1-888-567-8688)**. Be prepared to provide personal information, including your full name, Social Security number, date of birth, and address. If you choose to opt out permanently, you will need to confirm your request in writing by submitting a signed permanent opt out form, which will be provided after submitting your online request.

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## Part 2:

# Ordering and Reviewing Your Credit Report

Under the **Fair Credit Reporting Act (FCRA)**, all consumers can request one free credit report from each of the three major credit bureaus every 12 months. Additionally, the FCRA allows consumers who are denied credit the opportunity to order a copy of the credit report utilized by the lender, for free, if part of the reason for denial was based on the information contained in that report.

To access your free credit reports, you will need to provide personal identification, including your name, Social Security number, date of birth and address. Our agency recommends that you order a single credit report from Experian, Equifax or TransUnion once every four months, switching credit bureaus each time. This interval will allow you to keep a close eye on your credit reports and tradelines, letting you catch errors, omissions or other issues quickly, since major tradeline errors or omissions will likely appear on credit reports from all three companies.

### Reviewing Your Credit Report

A credit report does not make for easy reading; they are technical by nature and include codes that require interpretation to be understood. A key code is typically located on the first page of your report, as well as a brief description of the type of information contained in each field. Refer to this key if you become confused while examining your credit report. Credit bureaus use similar codes, however the credit reports supplied by each credit bureau are formatted differently.

Some of the first information you will encounter while looking over your credit report is your **personal information**. Personal information is used to identify and differentiate you from other people who may share your name. This information includes your name, address, Social Security number, date of birth and other information reported by creditors and employers. You may also find a

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To order your free annual credit report:

Order by Phone:  
1-877-322-8228

Order Online:  
[www.AnnualCreditReport.com](http://www.AnnualCreditReport.com)

Order by Mail:  
Annual Credit Report Request Service  
P.O. Box 105281  
Atlanta, GA 30348-5281  
(see pg. 17 for a request form)

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**confirmation number** or **report number** on the first page of your credit report. Take special note of it; you may need that number to correct any errors you find on your report.

As you delve further into your credit report you will begin to encounter tradelines - entries supplied by a creditor to your report describing your account status, payment history and other details specific to the account. Tradelines are usually arranged by lender, in alphabetical order. Beneath the current information about your account will be a summary of that tradeline's historical information - a record of your payments (or lack thereof) dating back up to seven years. Pay close attention to the information recorded for each tradeline. According to the Federal Trade Commission (FTC), one in four consumers has an error on their credit report that may affect their credit score.

After the final tradeline, there will be a list of "inquiries" - requests by persons or companies who have recently checked your credit. Some, but not all, inquiries have an effect on your credit score.

**Hard inquiries ("hard pulls")** can only occur after you authorize them in writing such as when you apply for credit by filling out an application or authorization form. Hard inquiries also occur if a business reviews your credit, with your authorization, as part of a transaction that may affect your finances, such as renting an apartment or leasing a vehicle. Each individual hard inquiry that occurs without the extension of credit may lower your credit score between one and five points. Multiple hard pulls can occur if you shop around for rates and terms on consumer loans (*e.g.*, auto loan) or mortgages. If credit is extended within 30 days for a consumer loan or 45 days for a mortgage loan, these hard pulls

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## Your Fair Credit Reporting Act Rights

- You have the right to be notified if information in your file has been used to increase cost to you, or deny you a benefit.
  - You have the right to know what's in your file
  - You have the right to dispute incorrect or incomplete file information
  - You can opt out of "pre-screened" offers (see pg. 6)
  - You may seek damages from violators of your FCRA rights
  - Consumer reporting agencies must correct or delete inaccurate information upon request
  - Consumer agencies must not report outdated, negative information
  - Access to your file is limited to authorized users to whom you have given permission
  - You must give consent for reports to be provided to employers
-

will count as a single inquiry on your credit report. If credit is not extended, your credit score could be damaged. The algorithms used to create credit scores treat each individual credit inquiry without the extension of credit as a declination by the lender. Some consumers report having credit scores drop by 30 or more points if credit is not extended after their loan applications have been “shotgunned” (sent out to several potential lenders at once).

**Soft inquiries (“soft pulls”)** are not considered to be complete reviews of your credit, but rather a peek at your credit score and your personal profile. They may be initiated by marketing companies that have an existing relationship with a creditor with which you have accounts, or businesses trying to find potential customers for goods and services (*e.g.*, preapproved credit cards or insurance). Soft pulls do not have a negative impact on your credit score.

## Correcting Your Credit Reports

About one-quarter of all credit reports contain at least one error. If you find errors on your credit report, there are steps you can take to resolve the issues. The Bureau of Consumer Credit Protection enforces the federal and Maine **Fair Credit Reporting Act (FCRA)** in the state of Maine. The FCRA allows

consumers to challenge errors or omissions on their credit reports, empowering consumers to petition the major credit reporting agencies to investigate claims of misreported tradelines, failure to report credit accounts and other issues.

To have a credit bureau begin an investigation into errors on your credit report, you must file a written request with the company. In addition to noting the disputed or missing tradelines you wish to have investigated, you must include information needed to identify yourself (full name, date of birth, Social Security number, copy of your driver’s license, and a copy of a utility bill containing your street address). Be sure to sign your name before submitting your request to the credit bureau.

Within five days of receiving your request, the credit bureau must send a notice to the company whose tradelines you are disputing. The credit bureau must investigate your claim within 30 days, although it can extend the investigation for up to 15 days beyond the initial 30 if the investigation is ongoing.

Upon completion of its investigation, the credit bureau will provide the results of the investigation to you, as well as free copy of your amended credit report (if the investigation led to an update). At your request, the credit

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## Frivolous FCRA Requests

Some consumers have items on their credit reports which require investigation. The FCRA does not allow you the right to challenge every trade line on your credit report as being inaccurate for the purpose of overwhelming the credit bureau, causing the credit bureaus to miss their mandated correction deadline. The exception to this “frivolous” rule is when identity theft occurs and there may be dozens of incorrect fraud-related items, all of which must be investigated.

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bureau must send notices of credit report corrections to anyone who received your report in the last 6 months.

If your request for correction is a result of a recent credit application where the error was discovered, provide the creditor with a copy of your amended credit report. That creditor may then re-access your credit to validate the change.

### **Telling Your Side of the Story**

The results of an investigation into tradelines on a credit report do not always change the reporting of the items in question. The FCRA allows a consumer to write up to a one hundred-word explanation for a trade line that remains in dispute, which will be attached to the credit report. This provision provides consumers the ability to explain the dispute, in writing, in their own words.

While you can challenge items on your credit report yourself for free, there are businesses that will perform this service for a fee. The Bureau recommends that consumers exercise

their FCRA rights themselves, at least initially, by attempting to correct errors in their credit reports. Our agency can also help Maine consumers challenge any remaining items that are in dispute, without cost.



**“I’ve always advocated doing everything possible to pay off credit card balances. It’s good financial management, and the ticket to a strong credit score”**

**Suze Orman**

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### **Non-Public Information**

Every year, financial institutions send their clients written notices allowing consumers to opt out of sharing consumers’ non-public information (NPI) with “non-affiliated third parties” who may seek to purchase this information. NPI consists of data about that is not freely available to the public. This information can be quite specific, including your full name, date of birth, Social Security number, income level, account numbers, credit and debit card purchases or payment history on loans. The Gramm-Leach-Bliley Act, enacted November 1999, mandates that all financial institutions send this notice each year. Alternatively, some financial institutions may post privacy notices online, so long as they include information on where to find the notice in regular communications (e.g., billing statements), along with information on how to request a paper copy of the notice.

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## Part 3:

# Scams and Identity Theft

Unfortunately, the Internet is full of scammers posing as legitimate credit repair organizations, with two intentions: to steal the victim's identity through disclosure of personal financial information and to take consumers' money without providing any services. Victims of debt relief and credit repair scams often lose hundreds or thousands of dollars before seeking help from authorities.

There are a number of credit repair agencies licensed by the Bureau of Consumer Credit Protection to work with Maine consumers to amend their credit reports. If you need assistance finding a legitimate credit repair agency, contact the Bureau at 1-800-332-8529.

### Identity Theft

The FBI estimates that **13.1 million** U.S. residents have their identities stolen every year, for a combined annual loss of over **\$24 billion**. That means every year each of us has roughly a

1 in 24 chance of having our identity stolen. Don't take chances!

If you believe your identity has been stolen:

- Contact your financial institution(s) and freeze, place a fraud alert or request closure on any accounts that may be affected. If you disclosed banking information to an unknown caller, **act immediately** — every second counts!
- File a report with law enforcement (local police department, county sheriff, or the Maine State Police). Be sure to keep a copy of the police report — it's important for correcting your credit report and for stopping debt collectors calling about debts you don't owe.
- Place a **fraud alert** on your credit reports to tip off anyone who requests your credit history that you may be a victim of fraud.

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### How to Spot a Credit Repair Scam

The **Credit Repair Organization Act (CROA)** prohibits upfront or advance fees for credit repair services. Legitimate licensed credit repair agencies will never ask for upfront or advance fees before starting their services. Scammers, however, often demand immediate wire transfers, electronic access to consumers' bank accounts or bank or postal money orders to "get things started." They will also try to get consumers to disclose Social Security number, date of birth, full name, street address, and bank account number and transit and routing number. Trust your instincts. If something feels wrong, it probably is. If you think you've encountered an unlicensed or scam credit repair company, contact the Bureau of Consumer Credit Protection at 1-800-332-8529.

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- Place **file freezes** on your credit reports. A file freeze locks down your credit report, preventing consumer reporting agencies from releasing your information to a third party without your authorization. If you are a victim of identity theft and have filed a police report, this process is free of charge.

See pg. 15 for a file freeze form (or contact the Maine Bureau of Consumer Credit Protection at 1-800-332-8529).

- Contact the Federal Trade Commission's Identity Theft Hotline at 1-877-438-4338 (dial "0" to reach a live customer service representative).

For more information on identity theft and financial scams, order a free copy of the Downeaster Common Sense Guide: Gone Phishing — Identifying and Avoiding Consumer Scams by contacting the Bureau at 1-800-332-8529, or ordering through our website at [www.maine.gov/pfr/consumercredit/publications.htm](http://www.maine.gov/pfr/consumercredit/publications.htm).

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## Identity Theft Protection and Credit Monitoring Services

Many businesses offer identity theft protection and credit monitoring services. If you chose to have a business monitor your credit, you will be notified of irregularities in your accounts and, in some cases, be provided with continual credit report access, identity theft insurance coverage and/or other services – for a fee.

When making your decision, remember that FCRA allows you free access to your reports from each of the major credit reporting agencies (Experian, Equifax, Trans Union) once every 12 months (see pg. 6), allowing you to monitor your credit at no cost. Additionally, the **Truth in Lending Act** limits your liability on credit card loss or theft to \$50 per card, and most card issuers will charge you nothing for unauthorized charges if you are the victim of loss or theft due to fraud, identity theft, or most other criminal acts. If you suspect that there are unauthorized charges on your credit card, notify your credit card issuer immediately.

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The three major credit reporting agencies (Equifax, Trans Union, Experian) have divisions that investigate allegations of identity theft and fraud.

### Equifax Information Services

P.O. Box 105069  
Atlanta, GA 30348  
1-800-525-6285

[https://www.ai.equifax.com/  
CreditInvestigation](https://www.ai.equifax.com/CreditInvestigation)

### Experian

P.O. Box 4500  
Allen, TX 75013  
1-888-397-3742

[www.experian.com/fraud](http://www.experian.com/fraud)

### TransUnion LLC

P.O. Box 2000  
Chester, PA 19022  
1-800-680-7289

[fraud.transunion.com](http://fraud.transunion.com)

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# Glossary of Common Terms Found on Credit Reports

**Account Closed by Consumer:** Frequently associated with credit card accounts, reflects an action taken by the consumer cardholder to pay off then close their credit card account.

**Account in Good Standing:** The trade line/credit account is active and is being paid “as agreed” or current / on-time.

**Account Number:** The account number as reported by the creditor.

**Actual Payment Amount:** The amount the consumer last paid on this trade line account.

**Amount Past Due:** The delinquent amount, expressed in dollars, as of the last date of reporting.

**Balance Amount:** The total amount owed on that trade line account at the date of the last reporting period.

**Bankruptcy:** A legal status of a person who has applied to federal court to discharge debts they cannot pay.

**Charge-off:** Frequently associated with credit card accounts, the original lender/creditor has given up trying to collect this debt, and has taken a loss by charging this account off their “books”. Charge-off amounts are still owed, and are frequently sold to debt buyers or debt collectors.

**Civil Action:** A court action against a consumer.

**Collection Account:** Loans, utility bills, or medical bills that have been written/charged off by the original creditor or company, and referred to a third-party debt collector.

**Credit Limit:** Typically associated with a credit card or home equity line of credit, the highest balance allowed by the creditor.

**Creditor Class:** The type of company (bank, credit union, IRS, etc.) reporting the trade line account.

**Current (Account) Status:** Whether the trade line/credit account is open, closed, in collection, or in charge-off status.

**Date of First Delinquency:** The date this account was first reporting as being delinquent.

**Date of Major Delinquency:** The first date this account reported a major delinquency (60 or more days late)

**Date Opened/Closed:** The date the credit account was established or terminated.

**Default:** A loan or mortgage is in default when a consumer has failed to make payments when due, but the account has not yet been sent to collections.

**Deferred Payment Date:** When a lender agrees to let the consumer make a payment (mortgage, auto, credit card) after the standard payment deadline date.

**Deficiency Balance:** After a vehicle or other collateral is repossessed and sold, the negative balance which exists if the sale price of the collateral (at auction) is not sufficiently large enough to pay off the loan's balance, plus all the repossession fees (towing, storage, and auctioneer's fees).

**Discharge:** Often associated with bankruptcy, a court action excusing a consumer from additional payments on a debt.

**Dismissed:** When the federal courts do not allow the consumer to continue with his or her bankruptcy petition.

**Foreclosure:** The legal process required for the lender to take ownership of a home pledged as collateral on a residential mortgage loan.

**Generation Identifier:** Jr., Sr., II, III, etc.

**High Credit:** The highest amount charged or borrowed.

**Inquiry (Hard Pull):** When an authorized creditor (e.g., after you sign on a loan application) accesses your credit history. Each "hard pull" results in an approximate 2-point deduction of your credit score – for a limited period of time.

**Inquiry (Soft Pull):** When a creditor reviews

your credit history in order to offer you a pre-screened offer (credit card / instant loan check) that you have not ordered. Soft pull inquiries have no positive or negative effect on your credit scores.

**Installment Loan:** Unlike revolving loans, an installment loan (mortgage or auto loan, for example) has a fixed term (12, 24, 36, 48 months or more) and (if the interest rate is fixed, not variable) a fixed monthly payment.

**Judgment:** A court decision against a debtor.

**Last Reported:** The last month or year the creditor on a trade line/account sent data to the credit reporting agency.

**Lien:** A legal claim filed against a property owned by a consumer for failure to repay a loan or tax obligation. After judgment in court, some credit card lenders place liens on consumers' homes or vehicles – requiring moneys from the sale of a home or car be applied to the outstanding debt before the new owner of the home or vehicle can assume legal title or ownership of that item. Liens also commonly result from an unpaid federal, state, or municipal tax obligations.

**Months Reviewed:** The time period an account/trade line has been reported to a credit bureau agency.

**Original amount:** The original balance of the credit extension. Generally associated with installment loans (auto, home, or personal).

**"Paid as Agreed":** The borrower made (or is

making) all their loan payments on or before the due dates.

**“Paid Less Than Full Amount”:** A formerly over-due loan account (credit card, car loan) whose final balance was “settled” for less than the full amount owed. Potential lenders who find these items on a credit report consider this to be a negative factor.

**“Paid in Full”:** The trade line/loan account has a \$0 balance.

**Payment Status:** How the trade line or loan account is being paid back – on time, or late.

**REPO:** Repossession (voluntary – you turn in the vehicle, or involuntary – the lender or repossession agent acquires it). A “repo” trade line remains on a consumer’s credit history for up to 7 years.

**Reported Since:** The original date the account started reporting to the credit bureau/credit reporting agency.

**Revolving:** An open-end loan (revolving) plan such as a credit card or a home equity line of credit. The consumer draws down on a line amount, and makes open-end (non-installment) payments on the amount outstanding, plus finance charges. Revolving loans have no end date.

**Satisfied:** A court ordered payment on a debt which has been paid off by the consumer in an amount that is deemed to be acceptable.

**Scheduled Payment Amount:** The minimum amount last requested for payment.

**Security Alert:** Consumers, who believe their identities may have been stolen due to a recent scam or file-breach, may initiate a “security” or “fraud” alert with the major credit reporting agencies. This notation will appear on their file.

**Status:** The repayment condition of the account.

**Term Duration:** The total number of payments on an installment loan.

**Vacated:** A civil court judgment that is voided.

**Wage Garnishment:** A court action directing the consumer debtor’s employer to set aside a percentage of his or her wages to satisfy a judgment on a delinquent debt.

**Writ of Replevin:** Court ordered repossession of an item offered by the borrower as security on a loan.

**“3 over 30, 2 over 60, 1 over 90...”:** A trade line, such as a credit card, has been late 30 days three times, 60 days twice, and was once 90 days overdue.

**“It is thrifty to prepare today for the wants of tomorrow”**

**-Aesop**

## Maine Residents — Credit Report "File Freeze" Request Form

Use this form to request a freeze your credit reports under the provisions of the Maine Fair Credit Reporting Act, 10 Maine Revised Statutes, §1310

Complete and mail by CERTIFIED MAIL to:

**Equifax:**

Equifax Security Freeze  
P.O. Box 105788

**Experian:**

Experian  
P.O. Box 9554

**Trans Union:**

Fraud Victim Assistance Department  
P.O. Box 6790

Please place a security freeze on my credit report under the provisions of 10 Maine Revised Statutes Annotated, section §1310.

SELECT ONE:       I am the victim of ID theft, so I am not required to pay for this freeze.  
Attached is a copy of a report to law enforcement (police report).  
 I am not a victim of ID theft. Enclosed is \$10 for each freeze request.

Full name (including middle name, Jr., III, etc.):

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Address (including zip code):

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Social Security number:

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Date of birth:

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Former addresses for the past 5 years (if any):

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(See Next Page for Signature Line)

*I certify that I am the Maine consumer identified above.*

Signature: \_\_\_\_\_

(Each request must contain an original signature)

Note:

1. Do not make a joint request with someone else, since each person has his or her individual credit file. For example, if spouses both want their credit files frozen, each must make a separate request.
2. If you have not obtained credit while living at your current address, or if you have been the victim of a severely mixed file or identity theft, then a credit reporting agency may legally request additional proof of your identity showing your current address, such as a photocopy of your driver's license, an insurance or bank statement, or a utility bill. In these cases, it will save time to include that additional information with this initial request form.

**DO NOT attempt to affect someone else's credit report.**

**Doing so is a serious crime.**



# PUBLICATIONS

Be sure to check out other free booklets from the  
Bureau of Consumer Credit Protection:

- **Downeaster Guide to Auto Buying and Financing** — From calculating “how much vehicle” you can afford, to vehicle research, shopping for the best APR and deciding on the best loan term for your needs, this booklet is a comprehensive guide to vehicle purchasing and financing.
- **Downeaster Common Sense Guide: Gone Phishing**— This guide teaches consumers how to identify and avoid consumer scams. This book discusses detecting scams, and how to avoid and fight back against a variety of today’s most notorious financial scams.
- **Downeaster Common Sense Guide: Finding, Buying and Keeping Your Maine Home** — This guide is a resource for first time homebuyers, and provides an overview of the mortgage lending process, types of mortgage lenders and loans, and other related topics.
- **Downeaster Common Sense Guide to Student Loans** — A comprehensive guide for the prospective college student on the world of educational loans. This book covers loan types, the FAFSA process, how to apply for scholarships and grants, and the rights of a student debtor in the repayment/collection process.
- **Downeaster Guide to Elder Financial Protection** — The “how-to” guide for Maine seniors who are interested in stopping unwanted telemarketing calls, pre-approved credit offers, and junk mail. This guide has sections on how to stop identity theft and how to recognize and stop elder financial exploitation.
- **Downeaster Guide: Consumer Credit 101** — This comprehensive booklet explains the “ins and outs” of: auto-buying and financing, credit cards, mortgage loans, buying land, debt collection rights, credit reports and credit histories, plus a partial listing of Maine and federal consumer credit laws and regulations.

These guides are free to Maine residents. Out-of-state orders are \$6.00 each, or at a volume discount of \$4.00/copy on orders of 50 or more (shipping included).

**To order, call 1-800-332-8529 (in-state) or 1-207-624-8527 (outside of Maine).**

# Consumer Protection Resources

Maine Bureau of Consumer Credit Protection	1-800-332-8529 TTY Maine Relay 711
Maine Bureau of Insurance	1-800-300-5000 TTY Maine Relay 711
Maine Bureau of Financial Institutions	1-800-965-5235 TTY Maine Relay 711
Maine Office of Aging and Disability Services	1-800-262-2232 TTY Maine Relay 711
Maine Office of the Attorney General (Consumer Hotline)	1-800-436-2131 TTY 1-207-626-8865
Maine Office of Professional and Occupational Regulation	1-207-624-8603 TTY Maine Relay 711
Maine Office of Securities	1-877-624-8551 TTY Maine Relay 711
Maine Public Utilities Commission (Consumer Assistance Division)	1-800-452-4699 TTY 1-800-437-1220
Maine Real Estate Commission	1-207-624-8524 TTY Maine Relay 711
Consumer Financial Protection Bureau (CFPB) (Federal)	1-855-411-2372 TTY 1-202-435-9742
Federal Reserve Consumer Hotline	1-888-851-1920
Federal Trade Commission Consumer Response Center	1-877-382-4357
Federal Trade Commission ID Theft Hotline <i>(after dialing, press "0" to reach a live operator)</i>	1-877-438-4338
Internet Crime Complaint Center (IC <sup>3</sup> )	<a href="http://www.ic3.gov">www.ic3.gov</a>
National Credit Union Administration (NCUA)	1-800-755-1030
U.S. Postal Inspection Office (Ask for the Portland, Maine Field Office)	1-877-876-2455





**Bureau of Consumer Credit Protection**

35 State House Station  
Augusta, ME 04333-0035  
[www.Credit.Maine.gov](http://www.Credit.Maine.gov)