

MANAGING DEBT & UNDERSTANDING YOUR CREDIT REPORT

The Housing Authority of Cook County

5 Easy Steps to Managing Debt

1. Obtain copies of your credit report from all 3 major reporting agencies.
 1. Equifax
 2. Experian
 3. Trans Union
2. Review every detail carefully
 1. Previous employers
 2. Previous addresses
 3. All credit items
3. File a dispute for items that are incomplete
4. Contact creditors to negotiate balances and payoffs
5. Pay off debt as agreed



Credit Bureaus

Equifax

- ▶ Report Order: 800.685.1111
- ▶ Fraud Hotline: 888.766.0008
- ▶ Website: www.equifax.com

Experian

- ▶ Report Order: 888.397.3742
- ▶ Fraud Hotline: 888.397.3742
- ▶ Website: www.experian.com

Trans Union

- ▶ Report Order: 877.322.8228
- ▶ Fraud Hotline: 800.680.7289
- ▶ Website: www.tuc.com

Mail Order

Annual Credit Report Request Service
P.O. Box 105281
Atlanta, GA 30348-5281



4 Steps to Correct Error

1. Write a letter to credit bureaus indicating the error and provide proof of the correct information
 2. Write to the appropriate creditor to inform them that you are disputing the information that was provided.
 3. Wait up to 30 days for the credit bureaus to review the dispute and inform you of the decision.
 4. Follow up to ensure the information has been corrected on your credit report.
- 

Why Your Score Matters

- The FICO Score, commonly called your credit score, is a number that summarizes your credit risk. Lenders use it to make credit decisions, such as the interest rate they will charge you for a loan.
- Obtain a **FREE** report:
www.annualcreditreport.com
- Also, obtain your **FREE** score:
www.creditkarma.com

How a FICO Score Breaks Down:

Components of a Credit Score



- Paying Your Bills on Time 35%
- How Much Money You Owe 30%
- Length of Credit History 15%
- New Request for Credit 10%
- Other Factors—Types of Debt 10%

Negotiating With Creditors

1. Decide what payments or settlement you can afford according to your budget.
2. Contact creditor to discuss your plan
 - Via phone, online or letter
 - Be prepared to provide documents if necessary
3. Be prepared to negotiate and compromise.
4. Stick with the agreed payment or settlement plan.
5. To have the item removed from your credit report, contact the credit bureaus with proof of payment when your debt is paid .



Budgeting for Debt Reduction

1. How much do you currently contribute to debt reduction?
2. How much is your Personal Allowance?
3. What are the total debts you have to pay off?

<u>Creditor</u>	<u>Amount</u>	<u>Negotiated Amount</u>	<u>Payment Terms</u>	<u>Payoff Date</u>	<u>Updated on Credit Report</u>
1.					
2.					
3.					
4.					
5.					
Total Debts: \$_____		\$_____			

4. How much will you be contributing to debt reduction now?
5. Is this still within 20% of your income?

Tips to Improve Your Credit Score

- ❑ Make all payments on time or get current and stay current
 - ❑ Keep balances low on credit cards and other “revolving credit”
 - ❑ Don’t close unused cards. They keep your debt-to-limit ratio lower.
 - ❑ Don’t open accounts you don’t need.
 - ❑ Closing accounts does not make them disappear.
- 