

Ask the Budget Guy

Submitted by Allen Gunter

Getting Credit Where Credit Is Due

To much of the world, you are nothing more than a three-digit number – your credit score. Your credit score may be used to determine:

- ⇒ Whether or not you get the loan
- ⇒ How much interest you pay if you do
- ⇒ Whether or not you get the job
- ⇒ Whether or not you get car and homeowner's insurance
- ⇒ How much your premium will be if you do.

You may teach Sunday School, sing in the church choir, provide disaster relief, build houses in Mexico or do mission work in Africa. In the earthly world of credit, it doesn't matter – about all that counts is your credit score. And to top it off...

...there's a good chance your credit score is wrong!

Credit scores are based on data from the three credit bureaus (Equifax, Experian and Transunion). A study last year by the U.S. Public Interest Research Group, a public interest watchdog, found errors in **79%** of the reports they sampled – that's nearly **4 out of 5!!**

A full **25%** of the reports contained serious errors such as incorrectly showing an account as delinquent or in collection. That kind of error could cause you to be denied credit, or make it difficult to buy a home or even get that next job. And you won't know it until it's too late. So next Sunday morning, take a look at three people sitting around you – one of you probably is sitting on a credit report "time bomb" (tick, tick, tick.....)

Other findings from the study:

- ⇒ 54% of the credit reports sampled contained errors in basic personal information, in some cases involving data for another person.
- ⇒ 33% showed credit accounts that had been closed by the consumer but were still listed as open, and 22% had the same mortgage or loan listed twice. These kinds of errors make it look like you're over-extended or maybe even delinquent.

Why so many errors? Because nobody really cares about the accuracy of your credit reports except you. The credit bureaus are paid the same amount by lenders regardless of whether the data is good or bad. In fact, if it's bad and your credit rating is understated, you'll probably just end up with a higher interest rate and the lender makes even more money! So why should they care?!

Now for the good news. Starting June 1, you can get a copy of your credit report from each of the three credit bureaus for free once every 12 months. So mark your calendar, and in June call 1-877-322-8228 or go to www.annualcreditreport.com and get copies of your reports. And continue to get copies each and every year from now on.

Your reports will not be easy to read. Each credit bureau has its own format. And although they're supposed to be "consumer friendly," they're filled with abbreviations and jargon. However, current law requires the bureaus to explain their reports to you and there should be an address and/or toll-free number on each report for any questions you have.

To correct errors in your reports, follow the procedures established by the Fair Credit Reporting Act. The process is spelled out by the Federal Trade Commission at www.ftc.gov/bcp/conline/pubs/credit/crdtdis.htm, and they've even got a sample letter for you to use. Since the credit bureaus do not share data, you will have to correct your file at each bureau separately, even if the same error is in all three reports.

Once the data on you is accurate at all three credit bureaus, it's time to get your credit score. So next month we'll take a look at credit scores – what they mean, how they're calculated and how to improve them.

Want some help getting out of debt or starting a savings plan? Try one of these:

- Crown Financial Ministries small study group classes (Margaret Fetty, 288-9034)
- Finding Financial Peace (Sundays at 9:45am in the church library)
- Personal budget counseling (free and confidential; Allen Gunter, 292-

Flowers for Those You Love

Flower arrangements for the Sunday morning service are a thoughtful way to celebrate or memorialize an event in your life or the life of the church. The church will purchase arrangements on your behalf for display in the sanctuary any Sunday other than the first Sunday of the month and church holidays. The minimum charge is \$45.00. A sign up sheet is located in the church office. Please sign up at least one week in advance. You may take the flowers with you after the 11:00 a.m. service or leave them to be distributed to residents of area nursing homes. Please contact the church office or Maria Tissing (mt0804@yahoo.com or 736-2249) if you have questions).

