

CREDIT-REPORTING AGENCIES

Equifax

www.credit.equifax.com

800-997-2493

You can order a copy of your Equifax Credit Profile by mail, phone, or over the Internet. A fee of \$8.50 may apply depending on your circumstances.

Order by Mail

You can order by writing to: Equifax Inc.
P.O. Box 105496
Atlanta, GA 30348-5496

Please include the following:

- Full name (including Jr., Sr., II)
- Social Security Number
- Current and previous address within last 5 years
- Date of Birth
- Signature
- Current Employer
- Telephone number (Home)
- Payment (check or money order per fee schedule)

Order by Phone

If you have a touch-tone phone, you can order by phone by calling the Equifax interactive voice response system at 800-997-2493. Your Equifax Credit Profile will be mailed within 72 hours.

Order by Internet

You may order a copy of your personal Equifax Credit Profile at www.credit.equifax.com. Your personal profile will be available for immediate online viewing. A fee of \$8.50 may apply.

Experian

www.experian.com

800-311-4769

If you have been denied either credit, insurance, employment or suffered adverse action within the last 60 days as a result of information contained in a personal credit report from Experian, you are entitled to a complimentary copy of your personal credit report. Otherwise, you may order a copy of your personal credit report by mail or over the Internet for \$8.50 plus tax (fee applies to most states).

Order by Mail

You can order by writing to: Experian
P.O. Box 9600
Allen, TX 75013

Please include the following:

- Name
- Address
- Two proofs of current mailing address (such as copies of your driver's license, utility bills or insurance statement, etc.)
- Social Security number
- Date of Birth
- Spouse
- Home Telephone
- Driver's License Number

Order by Internet

You may view your credit report online at www.experian.com/consumer. A fee of \$8.50 applies in most states.

TRANS UNION Corporation

www.transunion.com/CreditReport

800-888-4213

If you have been denied credit, employment, or insurance in the last 60 days, and the company used a Trans Union credit report, you are eligible for a free copy of your credit report through the Trans Union interactive voice response system. You may order your free report by calling 800-888-4213.

If you are not eligible for a free report, you may order a copy of your credit report by mail or over the Internet.

Order by Mail

Mail your request to: Trans Union LLC
Consumer Disclosure Center
P.O. Box 1000
Chester, PA 19022

Requests should include the following:

- First, middle and last name (including Jr., Sr., III)
- Current Address
- Previous addresses in the past two years, if any
- Social Security number
- Date of Birth
- Current Employer
- Phone Number
- Signature
- Applicable fee (\$8.50 in most states)

Order by Internet

You may purchase your personal Trans Union credit report at www.transunion.com/CreditReport using a Visa or MasterCard. Due to the confidential nature of the information, you will not be able to view the contents of your report online. After a thorough verification process to ensure confidentiality, your report will be mailed to you.



CREDIT

AN OPERATOR'S MANUAL

In today's world, you can't live without credit. It's a powerful tool – and it may just completely replace cash in the future. But as with all power tools, credit can be extremely dangerous in the hands of those who do not appreciate its power. Maybe an operator's manual for credit isn't such a bad idea?

WHEN IT MAKES SENSE TO USE CREDIT

Using credit or credit cards can be a good financial move. In this day and age, it's nearly impossible to get by without it! Use credit:

When you are building equity. A mortgage is a good example of using debt to build equity. Most people could not afford to buy a home by paying cash. Yet a home is often the largest and most important investment many people will make, and the profits they realize after the house has appreciated will likely far exceed the amount of interest they paid to purchase it.

When the interest is tax deductible. Borrowing may make sense in this case. Mortgages and home equity loans remain two of the last types of tax-deductible consumer loans.

To take advantage of sales. But ask yourself the following questions before you purchase a sale item with a credit card:

- Do I really need it?
- Will the amount of interest I pay on the amount I borrow plus the sale price of the item, still be significantly less than if you paid full price for the item with cash?

(People use credit cards to take advantage of bargains, but then find they have run up large balances they can't pay off right away. By the time they do pay them off, they have paid so much interest that they might as well have paid full price in the first place.)

When you are financing a business or venture. Few people who start businesses have the financial means to begin without borrowing. In many cases, they find the convenience of using credit cards preferable to begging their banker for loans.

To take advantage of "The Float." If you are disciplined enough to pay off your credit card bills in full each month, you can use your credit cards as an interest-free loan. If you time your purchases right (make purchases right after the closing date or cutoff date on your statement), you will have as many as 50 days to pay back the amount borrowed.

To shop by mail. Sending cash or a check to an out-of-town company you've never dealt with before can be dangerous. If you pay by credit card, you are protected under the Fair Credit Billing Act if it turns out to be different than what you ordered.

To pay for car repairs and other services. The Truth in Lending Act also provides protection against shoddy goods or services paid with a credit card.

46 Payment status comments reflect the payment history of the account as of the balance date.

47 Consumer's payment history during the past 25 months beginning with the month represented by the balance date. The codes reflect the status of the account for each month and are displayed for balance reporting subscribers only.

- C Current
- N Current account/zero balance - no update tape received
- 0 Current account/zero balance - reported on update tape
- 1 30 days past the due date
- 2 60 days past the due date
- 3 90 days past the due date
- 4 120 days past the due date
- 5 150 days past the due date
- 6 180 days past the due date

- 7 Chapter 13 Bankruptcy (Petitioned, Discharged, Reaffirmation of debt rescinded)
- 8 Derogatory, e.g. foreclosure proceeding, deed in lieu
- 9 Chapter 7, 11 or 12 Bankruptcy (Petitioned, Discharged, Reaffirmation of debt rescinded)
- G Collection
- H Foreclosure
- J Voluntary surrender
- K Repossession
- L Charge-off
- B Account condition change, payment code not applicable

-(dash) No history reported for that month

Blank No history maintained; see payment status comment

48 Two amounts may display. Indicates the account has a \$10,000 (L)imit and the (H)ighest balance was \$7,108.

49 Actual monthly payment is indicated by the "-A" directly after the monthly payment amount, represents the actual payment amount received by the lender for that reporting period.

Scheduled monthly payment is indicated if there is no "-A" or "-E"

Estimated monthly payment is indicated by the "-E" directly after the monthly payment amount, calculated by Experian based on reporters formula.

I INQUIRIES

Inquiries indicate that a Credit Profile report was received on that date by the subscriber listed. Inquiring subscriber name, number and KOB are shown. Type, terms and amount may display and are from the subscriber's inquiry input.

J MESSAGES

The messages section may include general consumer statements, informational or other special messages. Consumer statements relating to a tradeline or public record item appear directly after the item.

50 Name, address and telephone number of Experian Consumer Assistance office or Credit Bureau nearest to the consumer's current address.

TCA1 RTS 3122250 CONSUMER,JONATHAN QUINCY 999999990; CONSUMER,NANCY CHRISTINE

PAGE 4 DATE 5-15-00 TIME 10:37:16 PHP26 V306 TCA1

SUBSCRIBER SUB#	KOB	TYP	TRM	ECOA	OPEN BALDATE LAST PD	AMT-TYP1 BALANCE MONTH PAY	AMT-TYP2 PYMT LEVEL PAST DUE	ACCTCOND MOS REV MAXIMUM	PYMT STATUS PYMT HISTORY BY MONTH
* BAY COMPANY 2390446 525556601	DC	CHG	REV	2	1-68 5-31-96	\$1,400 -L	5-96	BK13PET (99)	DELINQ 180 7654321CCCC00 CCCCCCCCCCC
EMPLOYEES CREDIT UNION 1220855 5396258022578	BC	CRC	REV	2	2-85 1-15-98 1-98	\$10,000 -L \$6,029 \$180 -A	\$7,108 -H 2-85	48 OPEN (99)	CURR ACCT CCCCCCCCCCCC 00000000CCCC
HOME FINANCIAL 5935250 24000098500012 c. MIN: 123456789012345678	FM	R/E	30Y	2	5-90 1-12-98 12-97	\$400,000 -O \$234,000 \$3,128	5-90	OPEN (92)	CURR ACCT CCCCCCCCCCCC CCCC0000CCCC
STATE BANK 1299987 4271008232 d. PURCHASED PORTFOLIO FROM: SOUTHWEST BANK	BC	CRC	REV	1	1-90 6-15-96 5-96	\$10,000 -L \$8,628 \$255 -E	\$9,612 -H 1-90	OPEN (85)	CURR ACCT CCCCCCCCCCCC CCCC0000CCCC
TRAVEL CHARGE USA 3488520 4271008232	N	CRC	001	1	3-95 12-20-97	\$4,000 -H \$0	\$3,612 -H 12-97	PAID (34)	CURR ACCT BCCCCCCCCCCC CCCC0000CCCC

I INQUIRIES

HEMLOCKS	12-05-98	2313849 DC
BAY COMPANY	12-03-98	2390446 DC \$1,500 CHG REV
HILLSIDE BANK	10-21-97	2240679 BC

J MESSAGES

CONSUMER ASSISTANCE CONTACT: EXPERIAN **50**
PO BOX 9595, ALLEN, TX 75013-0036 888 397 3742

THIS PUBLICATION IS PROUDLY SPONSORED BY MGIC, THE NATION'S LEADING PROVIDER OF MORTGAGE INSURANCE

Since its inception, MGIC has helped over six million families achieve their goal of homeownership. We remain committed to helping potential home buyers to better understand the mortgage process and to overcome the single greatest hurdle in homeownership, the down payment. MGIC has recently led the charge toward reducing down payments to an all-time low - 0% down. When you are ready to buy a home, be sure to ask your lender how you can reduce or even eliminate the required down payment with mortgage insurance from MGIC.

H TRADELINES

Any or all of the following information may appear if provided by a subscriber.

- a. Original credit grantor name/creditor classification for third party collection agency tradelines
- b. Balloon payment information (date and amount) or deferred payment start date for deferred loans
- c. Mortgage Identification Number (MIN) for mortgage tradelines
- d. Portfolio "Sold To:" or "Purchased From:" name

23 Special comments reported by a subscriber or consumer to distinguish accounts which may require special handling

24 Compliance condition code reported by a subscriber to distinguish accounts that are "Closed by Consumer" and/or "Disputed Accounts."

25 'D' indicates the terms of the loan have been deferred to a future date.

26 An asterisk preceding public record information or a tradeline indicates that information may need further review.

27 Reporting subscriber's name.

28 Reporting subscriber's number.

29 KOB (Kind of Business Code) describes a subscriber's business. The first letter designates an industry. The second character more narrowly defines a subscriber's business.

30 Type of account.

31 Terms of account.

32 Code describing consumer's association to the account per the Equal Credit Opportunity Act.

33 Consumer's account number.

34 Date the account was opened.

35 Balance date is the date of the subscriber's accounts receivable tape for open accounts; the date of the last reporter update tape for accounts with a zero balance that were not provided by a

reporter on each update tape; and the date paid for paid accounts.

36 Date of consumer's last payment on the account.

37 Amount of the loan or credit established.

38 Indicates if the amount is an original loan (O), credit limit (L), high balance (H), initial charge-off (C) or unknown (blank).

39 Current balance on the account.

40 Payment amount the consumer is scheduled to pay on the account.

41 Payment level date is the date the account first reached the present status level.

42 The amount past due for the account.

43 The account condition indicates the state of the account.

44 Months reviewed indicates the total number of months history has been maintained for the account.

45 Maximum delinquency and payment code are the most recent date and code of the worst status beyond the 25-month payment history.

TCA1 RTS 3122250 CONSUMER,JONATHAN QUINCY 999999990; CONSUMER,NANCY CHRISTINE

PAGE 3 DATE 5-15-00 TIME 10:37:16 PHP26 V306 TCA1

TRADES										
SUBSCRIBER	KOB	TYP	TRM	ECOA	OPEN BALDATE	AMT-TYP1 BALANCE	AMT-TYP2 PYMT LEVEL	ACCTCOND MOS REV	PYMT STATUS	PYMT HISTORY
ACCOUNT #					LAST PD	MONTH PAY	PAST DUE	MAXIMUM	BY MONTH	
* CREDIT AND COLLECTION					9-94	\$500-O				COLLACCT
3980999	YC	UNK	UNK	2	4-05-96	\$250	9-94	(20)	GGGGGGGGGGGG	GGGGGGGG
98E543182136							\$250			
a. ORIGINAL CREDITOR: DR. JOHN KILDARE/MEDICAL-HEALTH CARE										
ACCOUNT INFORMATION DISPUTED BY CONSUMER 24										
DEBT BEING PAID THROUGH INSURANCE 23										
* ISLAND SAVINGS					5-96	\$7,000-L	\$5,700-H	CLOSED	CURR ACCT	
1211248	BC	CRC	REV	2	10-1-97	\$0	10-97	(18)	B0CCCCCCCCCCC	CCCCC
405855254820										
**ACCOUNT CLOSED AT CONSUMER'S REQUEST **										
HEMLOCKS					2-95	\$1,000-O		OPEN	CURR ACCT	
2313849	DV	ISC	024-D	3	6-01-96	\$1,000	2-95	(17)	NNNNNNNNNNNNN	NNNN
8285103111261										
b. DEFERRED PAYMENT START DATE: 07-30-1999										
CENTRAL BANK					12-93	\$22,350-O		OPEN	DELINQ 30	
1132912	BI	AUT	48	1	6-15-96	\$11,050	6-96	(31)	1CCCCCCCCCCCC	CCCCCCCCCCCC
23802654388					5-96	\$465	\$465			46
* MOUNTAIN BK					3-93	\$43,225-O		OPEN	43	30 3 TIMES
1119999	3I	SEC	60	2	12-17-96	\$19,330	12-96	41	44 (39)	1CCCCC1CCCCC
3562A0197325346R12345>					11-96	\$956	\$956	42	9-94/1	CCCCCCCCCCCC
>3562A019732534								45		47

++++ MORE

GIVE YOURSELF SOME CREDIT

Deanna was showing her new sweater to Sam as they waited at the restaurant for their friend Isabella.

"Look at this! There's a big sale at Mason's and I got this for only \$49! Plus, I got another 10% off when I paid with my credit card," Deanna said.

Sam shook his head. "You should have used cash."

Deanna said, "Hey, my credit card really saved me this week! My car radiator blew up on Tuesday, and I only have \$35 in my checking account. I don't get paid until next week, so I paid for the new radiator with my credit card. It was only \$400. I'll pay it off eventually. Plus, I know that I have great credit. I bet I get 3 offers a week for new credit cards."

Sam kept shaking his head. He explained that he used to use credit cards the same way. It started when he and his wife bought a house. They bought \$2,000 worth of furniture with a credit card. Unfortunately, they never paid off that \$2,000 and continued with their normal use of credit cards. Next, they put on a new roof (\$4,000), a new TV (\$900), a vacation to Hawaii (\$3,000) and then a new computer (\$2,500). And so it continued until five years after that first cash advance, they were nearly \$30,000 in credit card debt.

Sam said, "A financial counselor took one look at our situation and advised us to file Chapter 13 bankruptcy. We agreed to pay back every dollar of debt at \$1,500 a month. We were able to keep our car, home and pride. But we'll still feel the pain long after the debt is gone. We don't know if we'll ever qualify for another mortgage. And there's no money set aside for retirement or our son's college tuition."

Just then, Isabella appeared. "Sorry I'm late. Hey, what's the matter? Did they run out of dessert? You two look upset."

Sam and Deanna explained their discussion. Isabella nodded and said, "I was lucky. A few months after I graduated from college, a friend convinced me to attend a home-buyer education seminar sponsored by a local lender. I had no intention of buying a home at the time, but the things I learned about credit and budgeting really paid off. I bought my first house just two years after that seminar! My parents were amazed that I could afford a home just down the block from them – and I was only 24!"

How did she do it? The first step is to understand credit.





Fig. 1
Open-end credit which is extended on an ongoing basis, but usually with a limit on how much you may borrow.

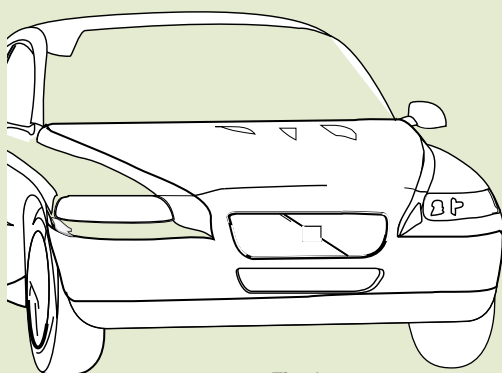


Fig. 2
Closed-end credit is credit that is extended on a one-time, limited basis, such as a car loan or personal loan.

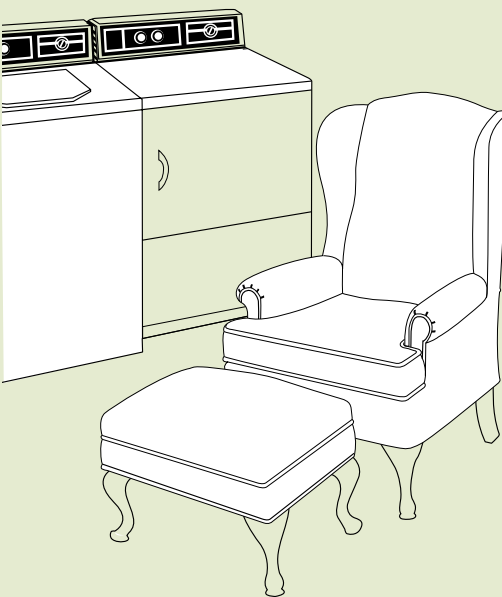


Fig. 3
A creditor also considers the collateral you are purchasing with the credit. Items such as furniture and appliances are easy for a creditor to repossess if you fail to make the credit payments.

BUY NOW, PAY LATER

Credit permits you to obtain something now for little or no money out of your pocket, and pay for it over a specific period of time. Today, almost everyone uses credit in one form or another. Mortgages, credit cards, personal loans and car loans are all types of credit.

Types of credit include *open-end credit* and *closed-end credit*.

Open-end credit is credit which is extended on an ongoing basis, but usually with a limit on how much you may borrow (See Fig. 1). It is often referred to as revolving credit in that as you repay the balance due, credit up to a specified limit is then available to you again to use at anytime in the future. The most common forms of open-end credit are credit cards, such as VISA and MasterCard.

Closed-end credit is credit that is extended on a one-time, limited basis, such as a car loan or a personal loan (See Fig. 2). Although you may still have a positive relationship with the lender after paying off the obligation, you still must requalify each and every time you want another loan.

WHERE DOES CREDIT COME FROM?

Credit is most frequently extended by department stores, finance companies, oil companies, credit unions, commercial banks and credit card companies. Those who extend credit are called *creditors*.

HOW DO YOU GET CREDIT?

For credit to be extended to you, a creditor looks at two things: you and the collateral.

A creditor evaluates you as a credit risk by reviewing various factors such as income, length of employment, how long you've lived at one residence, previous credit history, amount of outstanding debts, stability of your checking and savings account, number of dependents, and so on. Each creditor has different ways of evaluating applications for credit. These factors reveal, to a certain degree, whether you will repay the amount borrowed over a certain period of time.

A creditor also considers the collateral you are purchasing with the credit. Items such as furniture and appliances are easy for a creditor to repossess if you fail to make the credit payments (See Fig. 3). Therefore, since a creditor has less to lose in the long run, credit may be extended to even those with a questionable ability to pay when it comes to purchases like refrigerators and stereo systems.

On the other hand, a home where no collateral has been posted is more difficult or even impossible to repossess. A creditor is going to evaluate you and your credit history more carefully when you're trying to buy a house. Unfortunately, this is where most people learn their first real credit lesson — when credit is really important. Because they are stunned and surprised when denied, based on their credit card use.

D

PROFILE SUMMARY

Profile Summary contains 17 significant calculations from the Credit Profile report.

F

SCORE SUMMARY

Risk model scores are generated if you use Experian's credit risk models.

G

PUBLIC RECORDS

Public record information consists of bankruptcies, liens and civil actions against a consumer.

- 11 Reporting court's name
- 12 Original filing date with court
- 13 Status date if status is satisfied, released, vacated, discharged or dismissed
- 14 Reporting court's number
- 15 Amount of public record
- 16 Type of public record
- 17 Certificate or docket number
- 18 Code describing the consumer's association to the public record item per the Equal Credit Opportunity Act
- 19 Book and page number
- 20 Plaintiff's name
- 21 Liability and asset amounts for bankruptcies only
- 22 Voluntary indicator only; may display as VOLUN if consumer voluntarily dismissed bankruptcy

E

CREDIT TRENDS SUMMARY

Credit Trends summary provides up to 24 months of historical balance and credit utilization on a consumer's revolving, installment and mortgage accounts.

E

CREDIT TRENDS SUMMARY

TOTAL REVOLVING ACCOUNTS						
MTH	TLBALANCE	TAVGBALNC	%UTL	#BN	#RE	#TB
3M	\$19122	\$4778	75%	3	1	4
6M	\$16508	\$3302	71%	3	2	5
9M	\$11550	\$2310	52%	3	2	5
12M	\$6350	\$1270	31%	3	2	2
15M	\$9700	\$1617	35%	4	2	3
* 18M	\$6150	\$1538	24%	4	1	2
21M	\$5625	\$1125	22%	4	1	3
24M	\$4553	\$1138	24%	3	1	3

TOTAL BANK AND T&E CARDS					
MTH	TLBALANCE	TAVGBALNC	%UTL	#TD	#TB
3M	\$18712	\$6237	78%	3	3
6M	\$15308	\$5103	73%	3	3
9M	\$10050	\$3350	50%	3	3
12M	\$6350	\$2117	34%	3	2
15M	\$9400	\$2350	37%	4	2
* 18M	\$5700	\$1900	23%	4	1
21M	\$5500	\$1375	22%	4	2
24M	\$4453	\$1484	25%	3	2

TOTAL RETAIL CARDS					
MTH	TLBALANCE	TAVGBALNC	%UTL	#TD	#TB
- 3M	N/A	N/A	N/A	N/A	N/A
6M	\$1200	\$600	52%	2	2
9M	\$1500	\$750	65%	2	2
12M	\$0	\$0	0%	2	0
15M	\$300	\$150	16%	2	1
- 18M	N/A	N/A	N/A	N/A	N/A

TOTAL INSTALLMENT ACCOUNTS				
MTH	TLBALANCE	%BTL	#TD	#TB
3M	\$21242	49%	1	1
6M	\$37625	57%	2	2
9M	\$41888	64%	2	2
12M	\$46151	70%	2	2
15M	\$50414	77%	2	2
18M	\$54677	83%	2	2
21M	\$58940	90%	2	2
24M	\$63023	96%	2	2

TOTAL MORTGAGE ACCOUNTS				
MTH	TLBALANCE	%BTL	#TD	#TB
3M	\$238000	60%	1	1
6M	\$244000	61%	1	1
9M	\$250000	63%	1	1
12M	\$256000	64%	1	1
15M	\$262000	66%	1	1
18M	\$268000	67%	1	1
21M	\$274000	69%	1	1
24M	\$280000	70%	1	1

F

SCORE SUMMARY

NEW NATIONAL RISK SCORE	= 502	SCORE FACTORS:	19, 35, 1, 8
EXPERIAN/FAIR ISAAC SCORE	= 561	SCORE FACTORS:	22, 13, 18, 10
BANKRUPTCY MODEL	= 925	SCORE FACTORS:	K, C, H, B

G

PUBLIC RECORDS

SO CALIF DISTRICT COURT C#: 45078321	11	6-20-94 18	12	7-01-95 BP: B476P2109	13	3011111 19	14	\$12,450	15	CO LIEN REL	16
* COUNTY SPR CT SANTA ANA D#: 7505853 BP: B1234P50987		9-19-93		3019999				\$1,200		CIV CL JUDG	20
* U S BANKRUPTCY COURT D#: 35054539906234561		2-10-93 2		3009999				\$100,000-L \$8,500-A	21	BK 13-PETIT VOLUN	22

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A SAMPLE CREDIT REPORT

Once you have your credit report in hand, use the following list to decipher what it reveals.

Experian, a leading credit-reporting agency, provided the following credit report, descriptions and codes. The following is reprinted with their permission. Experian maintains files on nearly 200 million credit active consumers nationwide.

A

CONSUMER IDENTIFYING INFORMATION

- 1 A code which identifies the **Experian or Credit Bureau office** nearest to the consumer's current address. Use for consumer referrals.
- 2 Consumer's **name and address** including time frame reported and source. Number of subscribers reporting the address via update tape.
U = Update tape, I = Inquiry, M = Manual data and P = PDS-Experian Proprietary Data Source
- 3 **Last subscriber** reporting the consumer at his/her current address

- 4 Consumer's **previous address** with source, in order by reliability of source. Up to two may display.
- 5 An **asterisk** preceding any address indicates the address was not entered on inquiry.

- 6 Consumer's **Social Security number and other Social Security numbers** reported on the consumer's file in descending order based on number of occurrences reported; asterisk denotes any SSN not matching on inquiry.

- 7 Consumer's **year of birth or date of birth**.

- 8 **Employer's name and address** with time frame reported and source.
U = Update tape
I = Inquiry

- 9 **Previous employer's name and address** with time frame reported and source.

- 10 **Alternate names** such as aliases, maiden, previous surnames or nicknames associated with the consumer's file.

B

DEMOGRAPHICS

Demographics contains the consumer's telephone number (including source and phone type: R = Residential, B = Business, C = Cellular, P = Pager, T = Pay telephone, F = Fax, I = Institution), driver's license number, home ownership status and the GEO code of the current address.

C

FRAUD SHIELD SUMMARY

Fraud Shield summary contains messages related to the Fraud Shield fraud prevention services.

A

TCA1 RTS 3122250 CONSUMER,JONATHAN QUINCY 999999990; CONSUMER,NANCY CHRISTINE

PAGE 1 DATE 5-15-00 TIME 10:37:16 PHP26 V306 TCA1 **1**

JONATHAN QUINCY CONSUMER **2** SS: 999-99-9990 **6** E: AJAX HARDWARE **8**
10655 N BIRCH ST 234-56-7891*
BURBANK CA 91502-1234 123-45-6789* SUITE 300
RPTD: 6-95 TO 1-98 U 3X DOB: 1/10/1951 **7** LOS ANGELES CA 90019-1234
LAST SUB: 1220855 **3** RPTD: 12-98 I

1314 SOPHIA LN APT 3 E: BELL AUTOMOTIVE
SANTA ANA CA 92708-5678 **4** 111 MAIN STREET
RPTD: 2-95 U 1X BURBANK CA 91503 **9**
RPTD: 5-91 TO 9-91 I

*2600 BOWSER ST #312
LOS ANGELES CA 90017-9876
RPTD: 9-93 I

* JACK CONSUMER, JOHN SMITH, JONATHAN SMITH JONES JR **10**

B

DEMOGRAPHICS

PH: 818.555.1111 UR PH: 706.432.9876 IB PH: 213.876.1234 UB
DL: CA N2345678901234567890 HM: OWNER
GEO: 35 123 456789 0 1234

C

FRAUD SHIELD SUMMARY

INPUT SSN RECORDED AS DECEASED INQ: PHONE ANSWERING SERVICE:
DOB: 1-10-1951 DOD: 3-30-1996 ABC ANSWER-ALL
INPUT SSN ISSUED 1965-1966 10655 N BIRCH ST
TELEPHONE NUMBER INCONSISTENT W/ADDRESS BURBANK CA 91502
DRIVER'S LICENSE INCONSISTENT W/ONFILE 818.555.1212
FROM 10-01-97 INQ COUNT FOR SSN=8
FROM 10-01-97 INQ COUNT FOR ADDRESS=15
FILE: COMMERCIAL BUSINESS ADDRESS:
J&J INVESTMENTS
2600 BOWSER ST #312
LOS ANGELES CA 90017
213.111.2222

D

PROFILE SUMMARY

PUBLIC RECORDS ----- 3 PAST DUE AMT ---\$1,421 INQUIRIES --- 3 CNT 05/01/04/21
INSTALL BAL -----\$45,037 SCH/EST PAY -----\$1,865 INQS/6 MO --- 0 SATIS ACCTS ----- 6
R ESTATE BAL ---\$234,000 R ESTATE PAY---\$3,128 TRADELINE - 10 NOW DEL/DRG----- 3
REVOLVNG BAL ---\$14,657 REVOLVNG AVAIL --- 27% PAID ACCT --- 2 WAS DEL/DRG----- 0
OLD TRADE----- 1-68

HOW TO ESTABLISH A GOOD CREDIT HISTORY

Establishing a good credit history is actually pretty simple. Open a checking account or savings account (or both). Then apply for credit gradually through retail store credit cards, a major bank credit card or a gasoline credit card, if you believe your budget can handle the financial load. Don't apply for more credit that you can manage. A credit card establishes you with credit as soon as your application has been approved.

Now, make regular payments for the products or services you purchase. Every time you make a payment as agreed to a creditor, you are building a *favorable credit history*. If you consistently repay your debts, your positive credit history will build.

Failure to repay the credit extended as agreed is where most people get in trouble. Even late payments affect your credit history. It doesn't matter that the credit card balance is only \$5.00, or that the payment is only one day late, or that you pay the late fee. Failure to pay *on time* will put a black mark on your credit history; a black mark that will last for a year or more.

Another trouble spot is the minimum payment, which is generally about 2% - 3% of the outstanding balance. While making the minimum payment is acceptable, it does very little — if anything — to reduce your outstanding debt. It is easy with continued credit usage to go deeper and deeper in debt. Let's say that you buy a \$2,500 computer using a credit card, and you make the minimum payment of \$50 per month. Assuming you don't make any additional purchases using that credit card, how long do you think it will take you to pay for that computer? Would you believe EIGHT YEARS?! It's true. By the time you've paid for the computer, you'll probably be using it as a doorstop.

You can make credit work to your advantage. First of all, don't assume that you, like Deanna, have a great credit history because of the continuous offers for revolving credit you receive in the mail (See Fig. 4). Make sure that you have credit when you need it for a mortgage or a personal loan. You don't want to be denied due to poor history or overextension of credit cards. What is more valuable — a house or a sweater? It's up to you.

To use credit effectively, first determine how much credit you can afford. How? By developing a household budget — a detailed list of your income and expenses. If you find that you cannot afford credit purchases, considering your current income and expenses, you should still concentrate on establishing good credit, but continue making most of your purchases using cash. Most credit purchases should generally be limited to those that can be paid off at the end of the month. Larger purchases should be evaluated based on a usable life (remember the computer) and a payment schedule established to assure retirement of the debt.

! WARNING!

A CREDIT CARD ESTABLISHES YOU WITH CREDIT AS SOON AS YOUR APPLICATION HAS BEEN APPROVED. FAILURE TO REPAY THE CREDIT EXTENDED AS AGREED IS WHERE MOST PEOPLE GET IN TROUBLE.

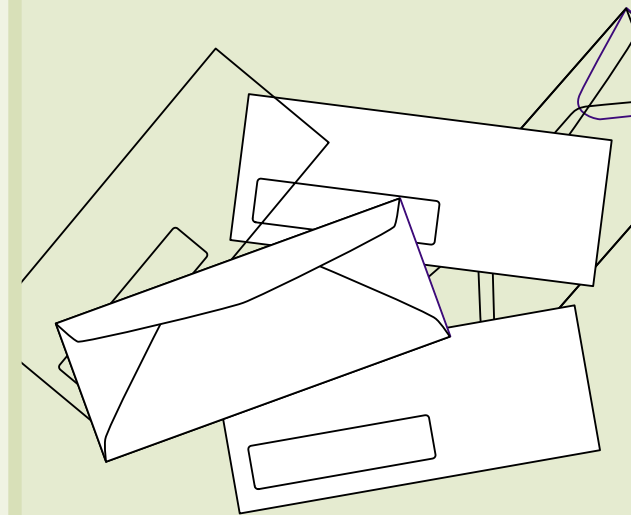


Fig. 4
Don't assume that you have a great credit history because of the continuous offers for revolving credit you receive in the mail.

! WARNING!

FAILURE TO USE CREDIT WISELY MAY RESULT IN SHOCK OR SURPRISE WHEN APPLYING FOR A MORTGAGE OR PERSONAL LOAN.

THE CREDIT REPORT

The credit report's purpose is to help a creditor decide whether to grant you credit. It typically includes four types of information:

- Identifying information:** your name, nicknames, current and previous addresses, Social Security number, year of birth, current and previous employers, and if applicable, your spouse's name.
- Credit Information:** the credit accounts you have with banks, retailers, credit card issuers and other lenders. For each account, your credit report will list the type of loan (revolving credit, student loan, mortgage, etc.), the date you opened the account, your credit limit or loan amount, the account balance, and your payment pattern during the past two years. The report also states whether anyone else besides you (your spouse or co-signer, for example) is responsible for paying the account.
- Public record information:** state and county court records related to bankruptcies, tax liens or monetary judgments. In some states, credit reports list overdue child support payments.
- Inquiries:** the names of all credit grantors and potential employers who obtained a copy of your credit report for any reason. The inquiries section of your report contains a list of anyone who accessed your report for up to two years. (Federal law requires the two-year retention for employer inquiries but only six months for credit grantor inquiries.) These time periods protect you as a consumer or job applicant.

A sample credit report appears on pages 6-9.

WHAT'S NOT IN A CREDIT REPORT

Almost as important as what is in your credit report is what isn't: no information about your race, religious preference, medical history, personal lifestyle, personal background, political preference or criminal record.

INFORMATION, PLEASE

One thing to keep in mind: the credit report just provides information. It's up to the creditor to use this information to determine if you are a good or bad credit risk. And each creditor will analyze the information differently when deciding whether to extend credit to you.

What does your credit report say about you? It doesn't have to be a mystery! To obtain a copy of your credit report, contact the credit-reporting agencies listed on the back of this brochure.

HELP! I'VE FOUND AN ERROR!

To correct any errors on your credit report, you must write to the credit card company and explain the error. If the creditor concurs that an error has occurred, the credit card company must report and correct the error to the credit-reporting agency.

OKAY, I HAVE A BAD CREDIT HISTORY. NOW WHAT?

It may take some time, but it can be fixed. If you need help developing a budget/debt reduction plan, you can contact a professional financial counselor or the agency listed in **Fig. 5**. The good news is that if you work to reduce your debt by regularly making payments **ON TIME** for at least a year, then your credit history will be much better looking to future creditors (**See Fig. 6**). Although establishing good credit may take a couple of years, once you start making on-time payments, your credit history begins to improve immediately.

PLEASE PASS THE DESSERT

The three friends were just finishing dessert, when Isabella said, "You know, it's funny. I had to take shop classes in high school and learn how to safely and wisely use all the power tools. But no one ever taught me how to use credit! I never realized how powerful it is and how it affects my life."

Sam nodded. "Unfortunately, some of us don't understand the value and power of credit until it's too late," he said sadly (**See Fig. 7**).

Deanna said, "Well, I've gotta go. I'm going to return this sweater! Maybe I'll buy it next week – when I have cash!" □

Consumer Credit Counseling Service
 800-388-CCCS
 www.cccsatl.org
 To locate the nearest CCCS agency, contact:
 National Foundation for Consumer Credit
 8611 2nd Ave., Suite 100
 Silver Spring, MD 20910
 Phone: (301) 589-5600
 www.nfcc.org

Fig. 5
 You can contact a professional financial counselor if you need help developing a budget/debt reduction plan.

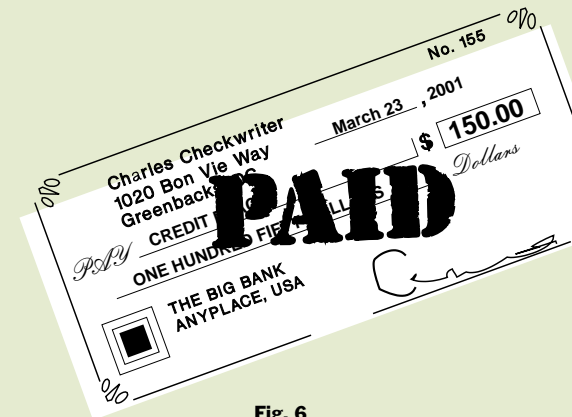


Fig. 6
 If you work to reduce your debt by regularly making payments **ON TIME** for at least a year, then your credit history will be much better looking to future creditors.



Fig. 7
 Understand the power of credit before it's too late. Use it wisely – and you can have your cake – and pay for it, too.