

What You Need To Know About Ordering Credit Reports.

If you are interested in your credit, you'll eventually come upon the idea of ordering your credit report. That's a great idea, but there's some information you should know first. The first thing you need to learn is that there are 3 major credit reporting agencies (We'll call them CRAs from here out) and they are: Equifax, TransUnion, and Experian, in no particular

order of importance. Each one of these companies is largely responsible for your credit and whether your credit applications are approved or not, depending on the type of credit you desire. You want to have an excellent record with all three of the major CRAs.

Your credit report is made up of all the information that has been collected on you over the years concerning how you open and maintain credit accounts. A credit report will have basic information such as your name and address, your social security number, and any jobs you've reported to companies you applied for credit with. They also have a detailed record of your payment history, as reported by any companies that you've dealt with over the years. Your account history, your age, employment, and the like are entered into an algorithm, which determines a "credit score". This score is extremely important to you as a consumer, because companies use this score to determine if you're credit worthy, and at what rate you'll pay interest. More companies than ever rely on credit scores, and don't even have human loan managers look at credit applications by individuals with low credit scores.

Credit scoring has been widespread since the late 1970s. Invented in 1956 by Bill Fair and Earl Isaac, credit scoring was conceived as an impartial formula that could generally guess the outcome of lending money to an individual. For better or for worse, the credit world has embraced the concept of scoring with both arms, and there is no end in sight. Your credit is scored basically on these principles:

- 1) Your payment history
- 2) How long you have had a credit history
- 3) Amount you owe
- 4) How recently you've applied for credit
- 5) The types of credit you have

These are the most important scoring factors, but there are many more. Credit scores take into account all data found in your credit reports, and for that reason it's abundantly important that you check your credit score with all three of the CRAs and make sure the report is entirely accurate. Any inaccuracies can hurt your credit score, so you will need to follow the dispute process with each of the individual companies, and follow it to the letter. Each credit reporting agency will have its own credit report and credit score. You need to examine and understand the legend on each report to understand the differences, if any, between the three. Different companies use different CRAs to pull credit reports, so any agency that has a low score for you can end with you being denied credit.

If you haven't ordered your credit report in a while, don't be surprised to find erroneous information on it. With a bit of patience you can get the info removed or corrected. If you plan a major purchase, especially a car or home, you should look at all 3 of your credit reports as soon as possible, and before you apply. This way you can dispute and correct information, before you finalize your deal. This could save you some unhappy moments in the end. Good luck with ordering your reports.

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About the Author

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