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Credit – Lesson – Your Credit Report

Instructor Instructions

Welcome to Wells Fargo's Hands on Banking® Program!

The Hands on Banking® program is an easy and enjoyable way to teach and learn the essentials of financial education. Whether it's opening a checking account, paying for college, buying a home, or starting a small business, the *Hands on Banking* program provides real-world skills and knowledge everyone can use.

Using the Instructor Guides

These instructor guides can be used to present financial education to your audience. Additional resources are available at <https://handsonbanking.org>. We encourage you to review these materials prior to presenting. Doing so will allow you to present the materials more effectively and confidently.

Each Instructor Guide Includes:

The lesson includes:

- Lesson Overview
- Learning Objectives
- Starting a discussion questions
- The basics
- Tips
- Activities (Instructor and Participant copies)
- Lesson Summary

Printing Instructions

Please print one copy of the Instructor information and multiple copies of the Participant information located at the end of this instructor guide.

How to Access the Online Program

The *Hands on Banking* program is available free of charge at <https://handsonbanking.org> in both [English](#) and [Spanish](#).

Thank you for sharing these valuable financial education programs with students and adults in our communities. As an instructor, your training and guidance will provide others with the knowledge and skills they need for a brighter financial future. Please contact us via email with any comments or success stories at HOBinfo@wellsfargo.com.

Lesson Overview

In this lesson, participants will learn that a credit report is a document that describes their history of borrowing money and repaying what they owe. They will learn how to obtain a credit report, how to read it, and how to correct it if there is a mistake.

Learning Objectives

After completing this lesson, participants will be able to:

- Obtain their credit reports
- Read their credit reports
- Correct their credit reports if there is a mistake
- Describe who else might have access to their credit reports and why

Start the Discussion

To start a discussion with your participants, ask some open-ended questions. Here are some examples you could use:

- When is the last time you looked at your credit report? Describe how you obtained it. Any surprises?
- Why should you check your credit report?
- Why would an employer or a landlord check your credit report?
- How many times a year should you check your credit report?

The Basics

- Your credit report is the complete written version of your credit history.
- You can review your own credit report and you give others permission to look at it when you apply for a loan or fill out a credit card application.
- Employers can also check your credit report.
- Review your credit report at least once a year to check for errors or fraud.
- If you need assistance, consider contacting a credit counselor—an experienced credit professional.

Discussion – How to Obtain Your Credit Report (Instructor Copy)

Instructor Note

Use the questions below to facilitate a group discussion about obtaining the credit reports. Use the information below each question to guide the discussion.

Where can I get my credit report?

The three largest credit bureaus in the United States are Equifax, Experian, and TransUnion.

How often can I receive a copy of my credit report?

A federal law called the Fair Credit Reporting Act allows you to receive one free copy of your credit report from each of these three companies once a year.

Can I request my credit report online?

To get a free report online, go to www.annualcreditreport.com and follow the directions. This is the website that provides your free annual report. It is run jointly by Equifax, Experian, and TransUnion.

What about all these Web sites advertising free credit reports?

Be wary of the many Web sites that advertise free credit reports! Many consumers get tricked into paying for reports and services they don't really need.

What should I look for when I receive my credit report?

When you receive your report, check for mistakes in your name, social security number, former addresses, accounts you didn't open, and errors in your history.

Activity #1 – How to Read Your Credit Report (Instructor Copy)

Instructor Note

Discuss each section of the credit report.

Sample Credit Report

Sample Credit Report

Credit Reporting Agency
P.O. Box 1234
City, State Zip

Personal Sample Credit File

Personal Identifiable Information
Your Name Social Security #: 000-00-0000
Current Address Date of Birth: May 2, 1977
City, State Zip

Previous Address(es)
1234 Oak St., Anytown CA 92111
4567 Grand Ave., Hometown, IL 65432

Last Reported Employment: Uber Driver

Public Record Information
Bankruptcy filed 3/2020; Any District Court: Case or other ID number – 000AB0000;
Liabilities: \$35,955; Personal; Individual; Discharged; Assets \$1,500

Collection Agency Account Information
Any Collection Agency 06/20; Assigned 8/20 to Any Collection Agency; Client –
Top Department Store; Amount - \$933; Paid Collection Account

Credit Account Information

1	2	3	4	5	6	7	8	9	10	11	12
Company Name	Account Number	Whose Account	Date Opened	Monthly Review	Date of Last Activity	High Credit	Terms	Items as of Balance	Date Reported Past Due	States	Date Requested
Car Dealer	00015	J	05/18	24	9/18	\$5200	\$400	\$1,000	\$250	14	
Department Store	12345	J	06/19	45	10/19	\$3,000		\$0		R1	

Previous Payment History: 2 Times 30 Days Late: 3 Times 60 Days Late

Companies that Requested Your Credit File
02/21/19 – Department Store
01/16/20 – Credit Card Company

Section A – shows information about you—your name, current and previous address, Social Security number, date of birth, and other information to identify you.

Section B – is called Public Record Information. In this area, you'll see any information that is listed about you in the records of local, state, or federal courts. In this example you see a bankruptcy.

Section C – shows collection agency account information. If you fail to pay back one of your creditors, they may hire a collection agency to contact you. This is a company that specializes in collecting money to pay off debts.

Section D – shows your credit history. This is a list of all the places where you have credit—or used to have credit. These are called your accounts. The credit history section is divided into twelve columns.

Section E – the last section of the credit report, is called Inquiries. This is a list of the companies that have requested a copy of your credit report for their review.

Activity #2 – Details of Your History (Instructor Copy)

Instructor Note

Discuss each column.

Details of Your History

1	2	3	4	5	6	7	8	9	10	11	12
Company Name	Account Number	Whose Account	Date Opened	Monthly Review	Date of Last Activity	High Credit	Terms	Items as of Balance	Date Reported Past Due	States	Date Requested
Car Dealer	00015	J	05/18	24	9/18	\$5200	\$400	\$1,000	\$250	I4	
Department Store	12345	J	06/19	45	10/19	\$3,000		\$0		R1	

The credit history section of the credit report is divided into twelve columns.

Reading Your Credit History

Column	Description
1	The names of your lenders
2	Your account numbers.
3	Person responsible for payment. An “I” means an individual is responsible. A “J” means joint responsibility—you and another person.
4	Month and year the account was opened.
5	Number of months the payment history for the account has been reported.
6	Date that the last payment, change, or other activity was made.
7	The highest amount that has been charged to this account, or the credit limit.
8	The amount of your monthly payments— if this is an installment loan.
9	The amount you still owe as of the date of the report.
10	Any amount that is past due (money that you’re late in paying to your lender).
11	The Status column contains a letter and a number. The letter describes what kind of account it is. “I” means installment (loan payment every month for a certain period). “R” means revolving credit (credit card). “O” means open (the lender decides to give you credit and then bills you for what you borrow).
12	Column 12 shows the date on which the information for this account was last updated.

TIP!

What do the numbers in Column 11 mean?

1= account paid as agreed

2 = account 30 or more days past due

3 = account 60 or more days past due

4 = account 90 or more days past due

Activity #3 – Finding an Error (Instructor Copy)

Instructor Note

Ask participants to choose the best possible option, and then, for each option, instruct them to write a few sentences about why it was right or wrong for the situation. After participants finish, lead a group discussion about their choices, using the consequences and feedback provided below.

Instructions

Have participants read Rafael's story. Have them choose the best possible option. Then, for each option, have them write a few sentences about why the option was right or wrong for Rafael's situation.

Rafael's Story

Two months from now, Rafael plans to move out of his brother's house and rent an apartment of his own. He realizes that any potential landlord will probably review a copy of his credit report. So Rafael requests a free copy to review himself. As he studies the report, he sees that it contains a major error. It says that he's 120 days late in paying \$1,275 to a national chain clothing store... where he's never shopped!

1. Don't worry about it. The credit bureau will fix it. Meanwhile, he can explain it.

Consequences: Rafael thought the credit bureau would fix this on their own, but they didn't. He should have taken more responsibility because now the landlord thinks he can't pay his bills.

Feedback: It was a good idea for Rafael to request the credit report, and it was smart to review it carefully. But when he found an error, he needed to take personal responsibility for getting the mistake corrected by contacting the credit bureau and the creditor right away.

2. Contact the manager of the local clothing store. Ask for a letter to show potential landlords.

Consequences: It took Rafael two weeks to track down the local store manager in-person. Although she agreed she'd never seen Rafael shop there, a letter from her won't solve anything. Rafael could have saved time by just calling the credit bureau first.

Feedback: Sorry, this wasn't the best advice. It was great for Rafael to take personal responsibility for correcting the error, but the best choice when you discover a mistake is to contact the credit bureau and the creditor in question. Consequently, Rafael has to track down the local store manager who said a letter from her would mean nothing. So he should just contact the credit bureau immediately.

3. Contact the credit bureau immediately! Call the billing department of the clothing company.

Consequences: Rafael called the credit bureau and filled out the dispute form on their site. He called the national customer service number for the store and it turned out they had his account confused with someone else by the same name. Everything is straightened out now.

Feedback: Great decision! Rafael took personal responsibility for correcting the error and took action right away. He solved the problem and protected his good credit history. As we explained earlier, having good credit is very helpful in many ways. If you need assistance, consider contacting a credit counselor—an experienced credit professional.

Lesson Summary

Instructor Note

Summarize this lesson by reviewing these key points with your participants.

Key points from the Your Credit Report lesson:

- Your credit report is the complete written version of your credit history.
- You can review your own credit report and you give others permission to look at it when you apply for a loan or fill out a credit card application.
- Employers can also check your credit report.
- Review your credit report at least once a year to check for errors or fraud.
- If you need assistance, consider contacting a credit counselor—an experienced credit professional.

Instructor Note

At this point in the class, consider using these recommended Topics like Credit Cards, What is Credit? and Your Credit Score as a discussion resource or a takeaway for your participants. You can find them and other Topics on <https://handsonbanking.org>.

PARTICIPANT HANDOUT

Activity #1 – How to Read Your Credit Report

Sample Credit Report

Sample Credit Report

Credit Reporting Agency
P.O. Box 1234
City, State Zip

Personal Sample Credit File

Personal Identifiable Information
Your Name Social Security #: 000-00-0000
Current Address Date of Birth: May 2, 1977
City, State Zip

Previous Address(es)
1234 Oak St., Anytown CA 92111
4567 Grand Ave., Hometown, IL 65432

Last Reported Employment: Uber Driver

Public Record Information
Bankruptcy filed 3/2020: Any District Court: Case or other ID number – 000AB0000;
Liabilities: \$35,955: Personal; Individual; Discharged; Assets \$1,500

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Any Collection Agency 06/20; Assigned 8/20 to Any Collection Agency; Client –
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Activity #2 – Details of Your History

Details of Your History

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What should Rafael do?

1. Don't worry about it. The credit bureau will fix it. Meanwhile, he can explain it.
Should he choose this option? Why or why not?

2. Contact the manager of the local clothing store. Ask for a letter to show potential landlords.
Should he choose this option? Why or why not?

3. Contact the credit bureau immediately! Call the billing department of the clothing company.
Should he choose this option? Why or why not?