

## What factors could negatively impact my credit report?

Having a good credit report is important when it comes to personal finance, because most lenders use credit reports to evaluate the creditworthiness of a potential borrower. Borrowers with good credit are presumed to be more creditworthy and may find it easier to obtain a loan, often at a lower interest rate.

**A number of factors could negatively impact your credit report, including:**

### A HISTORY OF LATE PAYMENTS

Your credit report provides information to lenders regarding your payment history over the previous 12 to 24 months. For the most part, a lender may assume that you can be trusted to make timely monthly debt payments in the future if you have done so in the past. Consequently, if you have a history of late payments and/or unpaid debts, a lender may consider you to be a high credit risk and turn you down for a loan.

### TOO MANY CREDIT INQUIRIES

Each time you apply for credit, the lender will request a copy of your credit history. The lender's request then appears as an inquiry on your credit report. Too many inquiries in a short amount of time could be viewed negatively by a potential lender, since it may indicate that the borrower has a history of being turned down for loans or has access to too much credit.

### NOT ENOUGH GOOD CREDIT

You may have good credit, but not enough of it. As a result, you may need to build up more of your credit history before a lender deems you worthy to take on any additional debt.

### UNCORRECTED ERRORS ON YOUR REPORT

Uncorrected errors on a credit report could make it difficult for a lender to accurately evaluate creditworthiness, and could result in a loan denial. If you have errors on your credit report, it's important to take steps to correct your report, even if it doesn't contain derogatory information.

Finally, if you are ever turned down for a loan, there is a way to find out the reason behind it. Under federal law, you are entitled to a free copy of your credit report as long as you request it within 60 days of receiving notice of a company's adverse action against you.

*For more information, visit the Federal Trade Commission's website at:*

<http://www.consumer.ftc.gov/>

