



## Common Question and Answers about Your Credit

### What information is on a credit file?

Credit reports can contain personal information that a person supplies a lender when they apply for credit. This information could include name, spouse's name, address, previous addresses, employment, previous employment, Social Security number and year of birth (or date of birth).

The credit file will also contain information on organizations and creditors, with whom that person has done business, regularly supply information on paid accounts, open accounts, mortgages, bank loans, credit cards and student loans, etc. This information may include the name of the creditor, the account number, who is responsible for making the payment, the date the account was opened and the date the information was reported. Other information may include the high credit amount, the current balance, the amount of the payment, the type of account, the status of the account including historical information on number of days delinquent and possible comments. This information reflects payment patterns on how promptly that person has paid their debts.

Public record information such as bankruptcies, court judgments, disposition of lawsuits and tax liens may also appear on a credit file.

### How long does information stay on a credit file and criminal record?

As a general rule, information remains in the credit file for 7 years from the date of last activity or the date the document was filed with the courts. \* Some of these items are:

- Closed or Paid accounts.
- Accounts sent to collection or charged to profit and loss (charged off).
- Legal records such as judgments and paid tax liens (this includes child support judgments).
- Bankruptcy Chapter 13 will remain in the file for 7 years.

Items that remain in the file for different periods of time are:

- Derogatory accounts remain in the file for 7 years from the date of delinquency.
- Bankruptcy Chapters 7, 11 and 12 will remain in the file for 10 years from the date filed.
- Open charge accounts will remain in the file indefinitely or 7 years from the date the account is closed.
- TransUnion retains "As Agreed/Closed" accounts in the file for 10 years.
- Inquiries will remain in the file for 2 years.
- Felonies will stay on your record indefinitely.

When accounts reach the time limit listed above, they are automatically purged from the credit file.

\* New York state residents only: satisfied judgments remain in the credit file for 5 years from the date filed: paid collections will remain on file for 5 years from the date of last activity with the original creditor.

## **Who can look at a credit file?**

Section 604 of the Fair Credit Reporting Act (FCRA) sets forth requirements, called "permissible purposes," that must be met before anyone can inquire a credit file. A few of the most common permissible purposes are:

- In accordance with the written instructions of the consumer to whom it relates.
- In response to the order of a court or a Federal grand jury subpoena.
- For the extension of credit or insurance.
- To review or collection of an account
- For employment purposes or to grant a license.
- To establish eligibility for a government benefit.
- For any legitimate business need.
- In response to a request by the head of a state or local child support enforcement agency.

The complete text of the FCRA, 15 U.S.C. §§ 1681-1681u, can be found at the Federal Trade Commission's web site (<http://www.ftc.gov>).

## **Can my employees or I pull our personal credit file, if I am a customer of Merchants Information Solutions?**

No, anyone pulling a credit file must have a permissible purpose to access a credit file. If you would like a copy of your own credit file, Merchants Information Solutions does have a department that you may order your personal credit file. You may order this through our website at [www.merchantsinfo.com](http://www.merchantsinfo.com) or you may contact your service representative for more information.

## **What happens when a person pays a collection, charge off, judgment or tax lien?**

When a collection, judgment or tax lien is paid it will not be removed from the credit file. It will be updated to show it has been paid. It will have the word "Satisfied", "Released" or "Paid" beside it. It will remain on file for 7 years from the date of delinquency.

## **What is a credit score?**

A credit score can affect the decision to give an applicant a credit extension. A credit score should be used as a tool to help creditors make good credit decisions. Using a credit score as a tool can help take any discrimination out of the equation. There are several different scoring models. Most credit scores determine how likely the applicant will go delinquent in the next two years. A credit score is only a snapshot in time and can change anytime anything is changed, added or deleted to a persons credit file.

**UPDATE:** July 21, 2011, the Dodd-Frank Wall Street Reform and Consumer Protection Act went into effect. This affects any End User that uses the National Risk Score or the FICO (Fair Isaac) Score in their adverse action decision making. Additional paperwork is required when you provide an Adverse Action Notice. Contact our Customer Support Center for more information.