

CONSUMER CORNER

What's Your Number?

Landlords, judges and employers peek at credit scores

By Teresa Dixon Murray
Newhouse News Service

When Mary Pelley gets telemarketing calls about refinancing her home loan, she quickly announces she has an A++ credit score of 776.

"I say, 'Here are my terms: I want a low rate and low fees,'" said Pelley, a mother of three preschoolers in Cleveland. "It might sound cocky, but I tell them I know what I can get."

Pelley is part of a small but growing group of consumers who know their score — specifically, the number that results when their entire credit history is squeezed through a complicated formula and boiled down to three digits between 300 and 900.

It has been two years since credit organizations started allowing consumers to find out their scores when they get copies of their credit reports.

These scores are being used in ways beyond their original intent of deciding who qualifies for a loan or a credit card and at what rates. Scores are also being used by:

- Landlords to pick tenants.
- Employers to evaluate prospective workers.
- Utilities to determine if a customer should pay a deposit.
- Insurers to set property and auto insurance premiums.
- Judges to determine the character of people in court.

Half of the nation's 200 million people in court. Fair Isaac, which long had argued consumers wouldn't understand their scores, said it

Keeping score

You can buy your credit report and score from three national credit bureaus and Fair Isaac Corp., whose scoring model is most often used. Each company charges about \$15. You can also get a free copy if you think your file contains fraudulently inaccurate information. The request also blocks your files from being accessed without your permission.

TransUnion
Phone: (800) 888-4213
For fraud: (800) 680-7289
Web site: www.transunion.com

Experian
Phone: (888) 397-3742
For fraud: (888) 397-3742
Web site: www.experian.com

Fair Isaac
Web site: www.myfico.com

Equifax
Phone: (800) 525-6285
For fraud: (800) 525-6285
Web site: www.equifax.com

was bombarded with requests for credit scores in the first half of 2001.

"We thought the volume might ebb," said Craig Watts, speaking for the company. "What we found was that within word of mouth, there's been a steady rise month after month."

Watts declined to provide the number of customers who first state to require the bureau to disclose the scores and the way in which the numbers are calculated. California was the first state to require the bureau to disclose the scores and the way in which the numbers are calculated.

Equifax said 5 million consumers have purchased products relating to credit histories and scores in the past two years, with revenue from consumers skyrocketing to \$40 million in 2002 from \$8 million in 2000.

Watts said two-thirds of consumers who obtain their credit scores plan to buy a house or car.

"They're trying to get their ship in shape," Watts said. "Some people have moved scores from the 500s to the high 600s."

That's the difference between buying a house at great rates and getting laughed at. The credit grade is being examined more widely, he said.

More apartment managers and utilities are checking a potential customer's credit. Utilities don't generally turn customers away but "use it to determine whether a deposit is required and how large," Watts said. "Telephone companies especially are starting to use it more."

Dan Kelson, president of the Ohio Insurance Institute, which represents property insurers, said nearly all insurance companies evaluate scores before accepting customers and setting premiums. Some judges are reviewing people's credit scores before allowing them to be executors

How people can shift their credit scores

card bills before paying utilities and medical bills. The last two don't hurt your credit unless they go to collection.

- Do consider shifting a credit card balance to a home-equity line or loan if it doesn't put your balances in both spouses' names. If you have two cards with balances, have one in each partner's name, and don't make the other an authorized user.
- Don't close a credit card account with a negative payment history and think it will disappear. It will stay on your history for seven years regardless, if you use it and pay the bills promptly.
- Don't think paying cash for cars or having off-the-book home loans is good for you.

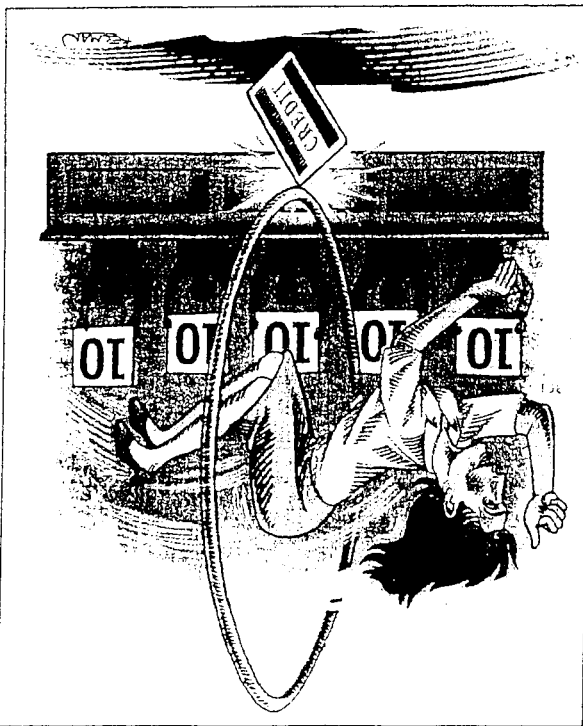
Don't pay your bills on time, if you have to choose, pay your mortgage, car loan and credit occasionally, especially if you don't have a home loan. Do use a credit card at least one card, you'll owe \$9,000 on a card with a \$10,000 limit and be nearly maxed out. Don't close unused credit cards with \$3,000 each on three cards with \$10,000 caps, you're using less than a third of your limits. But if you put all three on one card, you'll owe \$9,000 on a card with a \$10,000 limit and be nearly maxed out.

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of deceased relatives' estates. There is still much that isn't disclosed about credit scores. Consumers are put in 10 categories based on things such as the length of their credit history (but not their age) and whether they own a home (but not if it's in an affluent or run-down area). Fair Isaac won't discuss details, but it says factors such as gender, race, age and income don't count.

Brad Scher of the Consumer Federation of America said the bureau and Fair Isaac need to be more accountable, such as explaining why consumers can be rated an A by one bureau and a C by another.

A federation analysis released in December found that scores from the three bureaus for a sample of 502,623 consumers had an average range of 41 points.

"If you're a 780, it's not a big deal, but if you're at 680, it is," said Scher.