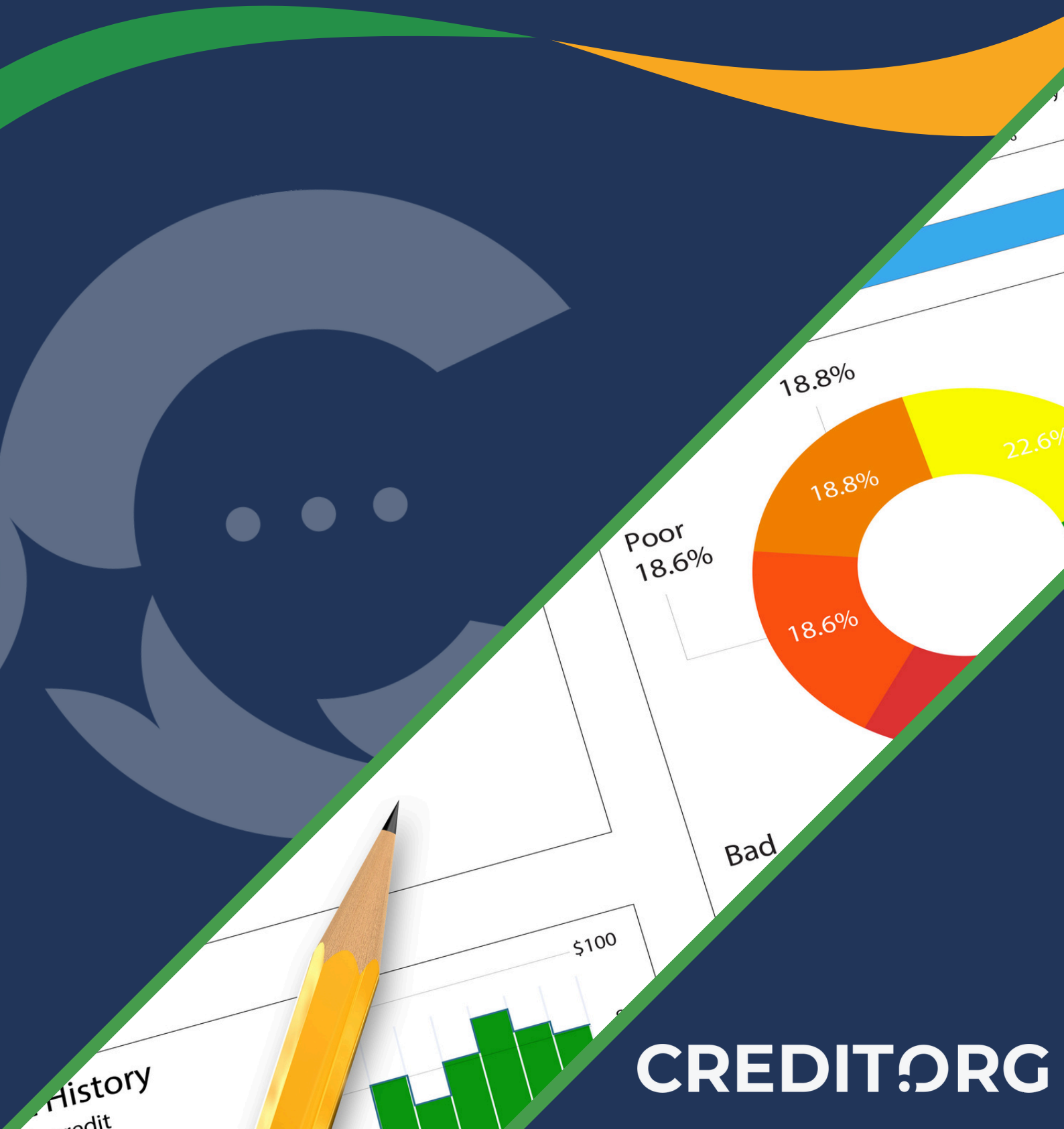


Credit DNA

Build It. Improve It. Own It.



CREDIT.ORG

Table of Content

About Credit.org	1
Our Services	2
Welcome	3
Your Credit History = Your Financial DNA	4
How Credit Is Born	5
Understanding Your Credit Report	6
Get Your Credit Report for FREE	8
Credit Scores – FICO vs. Vantage	9
What Impacts Your Score	11
Getting Your Credit Score	13
Credit Myths	14
Improve Your Credit	15
Know Your Rights	16
Disputing Errors	17
Sending a Dispute Letter	18
Wrap-Up	19

Copyright © 2026 by Credit.org. This material is copyrighted. All rights reserved.

No part of this curriculum may be used or reproduced in any manner whatsoever without prior permission of Credit.org.

Legal Disclaimer: Liability claims regarding damage caused by the use of any information provided will be rejected. Information presented is to the best knowledge of the author and editors correct; however, if the reader intends to make use of any of the information presented in this publication, please verify information selected. No information provided here, or materials referenced, is intended to constitute legal or tax advice. You should not rely on our statements (or materials referenced) for legal or tax advice and should always confirm such information with your lawyers or tax professionals, who should be responsible for taking whatever steps are necessary to check all information and personally ensuring that the advice these professionals provide is based on accurate and complete information and research from any available sources.



About Credit.org



Credit.org is a Nonprofit Consumer Credit Counseling Agency Formed in 1974

Our mission is to empower individuals and communities to achieve a brighter financial future through trusted counseling and education, turning goals into action. Our vision is to bridge the financial health gap by expanding access to education, counseling, and partnerships that guide individuals and families toward stability to build strong, thriving communities.



Legal Disclaimer: Liability claims regarding damage caused by the use of any information provided will be rejected. Information presented is to the best knowledge of the author and editors correct; however, if the reader intends to make use of any of the information presented in this publication, please verify information selected. No information provided here, or materials referenced, is intended to constitute legal or tax advice. You should not rely on our statements (or materials referenced) for legal or tax advice and should always confirm such information with your lawyers or tax professionals, who should be responsible for taking whatever steps are necessary to check all information and personally ensuring that the advice these professionals provide is based on accurate and complete information and research from any available sources.

Our Services

Financial Education Programs

We offer seminars, workshops, and educational materials on topics such as budgeting and money management, identity theft, and understanding credit.

Debt Management Programs

If you choose this option, we can work with your creditors to reduce costs and repay debt through one monthly payment.

Confidential Debt Counseling

Our certified consumer credit counselors will discuss your financial situation with you, help you understand what may cause financial stress, and help you create a personalized budget, an action plan and give you options to help manage your finances more effectively.

Credit Report Review

Our certified counselors work with you to break down your credit report, answer questions, and give guidance for improving your credit score over time.

Housing Counseling

We are a HUD-approved housing counseling agency. We provide homebuyer education seminars, mortgage counseling, foreclosure prevention assistance, landlord/ tenant counseling, post-homebuyer education, and reverse mortgage counseling (please call ahead for reverse mortgage appointments).

Bankruptcy Pre-petition Credit Counseling

We provide counseling (and a certificate of completion as mandated by the bankruptcy reform law) for those considering bankruptcy. We also provide financial education (and a certificate of completion as mandated by the bankruptcy reform law) for those completing their bankruptcy discharge.

Welcome

WHY CREDIT MATTERS

Let's start with a simple question. Have you ever applied for a loan, credit card, apartment, or even a job and been told "no"? Or were you approved but offered a high interest rate?

That may have had something to do with your credit.

Your credit can affect:

- Whether you get approved
- How much interest you pay
- Whether you can rent certain apartments
- And, in some cases, whether your credit history is reviewed for a job

Credit is a major part of the U.S. financial system. It can open doors, but it can also make things more expensive when your credit needs work.

Real-Life Example:

Two people apply for the same car loan.

One person has strong credit and gets a lower interest rate.

The other person has lower credit and gets a higher interest rate.

They both buy the same car, but the person with the higher interest rate will pay thousands more over time.

But here's the good news: Your credit is not permanent.

Credit can change. Credit can improve. And in this course, we'll show you the steps to understand your credit, read your credit report, and build stronger credit over time.

Your Credit History = Your Financial DNA

Think of your credit history like your financial DNA.

It tells part of your financial story:

- How you borrow money
- How you repay what you owe
- How you manage bills over time

You can also think of your credit report as an adult report card.

In school, turning in assignments on time helps your grade. Turning them in late can hurt your grade.

Credit works in a similar way.

Paying on time helps build trust. Missing payments or paying late can lower trust.

Your credit history is not based on a single day or a single bill. It looks at your patterns over time.

From your first credit card to your most recent loan, your credit activity becomes part of your credit story. And sometimes, your credit history may not say much yet.

If you have no credit or only a few accounts, this is called having a “thin credit file.” That does not mean you have bad credit. It simply means there may not be enough information yet to show lenders your full financial DNA.

A thin credit file can make it harder to get approved, but it can also be built over time with the right steps.

Engagement Prompt:

- If your credit report told a story today, what would it say?

How Credit Is Born

Credit is born when you first use a financial account that gets reported to the credit bureaus.

That could be:

- A credit card
- A student loan
- A car loan
- A personal loan
- Or another type of reported account

Once that account is opened, your activity begins to tell a story.

Are payments made on time?

Is the balance growing or shrinking?

Is the account being managed responsibly?

Lenders may report this activity to credit bureaus. Credit bureaus are companies that collect and organize credit information.

Over time, this information becomes your credit history.

As mentioned, some people have no credit history or only a thin credit file. That can make it harder to rent an apartment, get approved for a loan, or qualify for better interest rates.

The good news is that there are more ways to build credit today.

Some tools may allow people to build credit by reporting:

- Rent payments
- Utility payments
- Cell phone payments
- Other alternative credit data

Building credit early matters because your credit history takes time to grow.

The sooner you start building it the right way, the stronger your credit story can become.



Understanding Your Credit Report

Your credit report may not show everything about your financial life, but it does show how you have managed certain accounts over time. Let's break it down.

Personal Information

This section may include:

- Your name
- Current and past addresses
- Date of birth
- Employer information (*can be outdated due to infrequent updates*)

This section helps identify you. It is not used to calculate your credit score.

Account History

This is one of the most important parts of your credit report.

It may show:

- Credit cards
- Auto loans
- Student loans
- Personal loans
- Mortgages
- Payment history
- Balances
- Credit limits
- Whether accounts are open or closed

For example, a credit card with a low balance and on-time payments can help your credit story. But a credit card with a high balance and missed payments can hurt your credit story.

Collections and Public Records

This section may show serious negative items, such as:

- Bankruptcies (Chapter 7 or 13)
- Wage garnishments
- Tax liens
- Civil judgments

Understanding Your Credit Report *cont.*

These items can stay on your credit report for years, so it is important to understand what they mean and whether they are accurate.

Inquiries

This section shows who has checked your credit.

There are two main types:

Hard inquiries happen when you apply for credit, like a loan or a credit card. These may affect your score.

Soft inquiries happen when you check your own credit, or when a company checks your credit for pre-approval. These do not affect your score.

Important Insight

Credit reports can have errors.

An account may not belong to you. A payment may be marked late by mistake. A balance may be wrong.

That is why reviewing your credit report matters.

When you know what is on your report, you can catch errors, understand what lenders may see, and take steps to improve your credit over time.

Get Your Credit Report for FREE

You have the right to check your credit report for free.

The official website is: AnnualCreditReport.com

This is the authorized site for free credit reports from the three major credit bureaus:

- Equifax
- Experian
- TransUnion

You can now get free online credit reports every week from each of the three bureaus.

That means you do not have to wait a full year to check your report.

Checking your credit report can help you:

- See what lenders may see
- Check for mistakes
- Watch for identity theft
- Understand what may be helping or hurting your credit

Important Tip:

Your free credit report does not always include your credit score. Your report shows the information used to help calculate your score.

Safety Tip:

Always type AnnualCreditReport.com directly into your browser.

Be careful with fake or lookalike websites that offer “free” credit reports but may try to sell you something or collect your personal information.

Credit Scores – FICO vs. Vantage

Your credit score is a number that helps predict how likely you are to repay a loan. Think of it as a quick snapshot of your credit health. Most credit scores range from about 300 to 850.

In general:

- Higher scores = lower risk to lenders
- Lower scores = higher risk to lenders

Two Main Types of Scores

There are two common scoring models:

- FICO Score — used by most lenders when making real lending decisions
- VantageScore — often used by free apps and credit monitoring tools

Both look at similar information, but they may calculate your score a little differently.

What's Changing (Modern Insight)

Credit scoring is evolving. Newer models like VantageScore 4.0 are starting to be used in major areas like mortgage lending.

These newer models may look at more than just credit cards and loans. They can include:

- Rent payments
- Utility payments
- Trends over time (not just one snapshot)

This means more people - especially those with little or no credit - may be able to show a stronger credit profile.

Credit Scores – FICO vs. Vantage *cont.*

Why Your Score Can Be Different

It is normal to have more than one credit score. Your score can vary based on:

- Which credit bureau is used (Equifax, Experian, or TransUnion)
- Which scoring model is used (FICO or VantageScore)
- When the score was pulled

For example, one lender may check your FICO Score from Experian, while a free app may show your VantageScore from TransUnion.

What Your Score Is Based On

Even though the models are slightly different, most scores look at the same core behaviors:

- Do you pay on time?
- How much of your credit are you using?
- How long have you had credit?
- How often do you apply for new credit?

The key takeaway:

Do not focus on one exact number. Focus on building strong habits.

When your habits improve, your scores usually follow.

What Impacts Your Score

Your credit score is based on five main factors. Think of these as the main ingredients that make up your score.

Payment History — 35%

Do you pay your bills on time? Late payments can hurt your score, especially if they are 30 days or more late.

Credit Usage — 30%

How much of your available credit are you carrying? For example, if your credit card limit is \$1,000 and your balance is \$900, you are using 90% of your available credit. That can hurt your score.

A lower balance is better; however, paying it off in full saves you from paying finance costs. Carrying a balance on your credit card, even a small one, leads to daily interest accrual and does not improve your credit score more than paying it in full.

Length of Credit History — 15%

How long have you had credit accounts open? Older accounts can help because they show more history over time.

Credit Mix — 10%

What types of credit do you have? This may include credit cards, auto loans, student loans, or a mortgage. You do not need every type of credit. The goal is to manage your accounts responsibly.

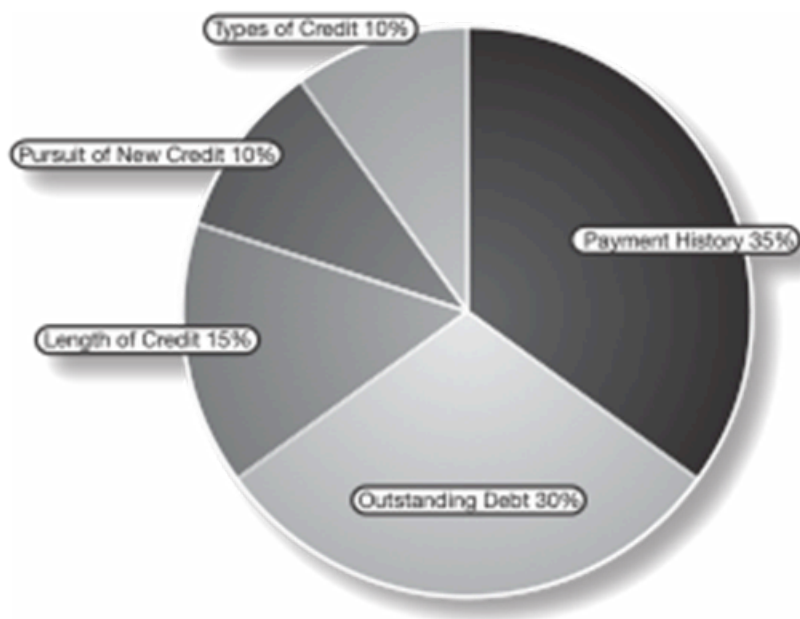
New Credit — 10%

How often do you apply for new credit? Applying for several new accounts in a short period can make you appear risky to lenders.

What Impacts Your Score *cont.*

Simple Rule:

Apply for new credit only when you need it. Applying for multiple credit accounts quickly may signal high risk, as lenders fear you are overextending, which often leads to lower scores due to multiple hard inquiries. However, shopping for automobile or mortgage loans is generally treated as a single inquiry if done within a 14–45-day window. This is called the "bundle" rule, so you may do comparison shopping. Mortgage, auto, and student loan inquiries are typically grouped together over a period of 14 to 45 days. This allows you to rate-shop without multiple hits to your score.



Getting Your Credit Score

You can check your credit score in several easy ways. Many people already have access without realizing it. You may be able to see your score through:

- Your bank or credit union
- Your credit card account
- Free credit monitoring services

Some common tools include:

- Credit Karma
- Credit Sesame
- MyFICO

These tools often show your score, track changes over time, and explain what may be helping or hurting your credit.

It's important to understand:

You don't have just one credit score - you have multiple. Each of the three major credit bureaus - Experian, Equifax, and TransUnion - may have slightly different information about you. Because of that, you may have a different score from each bureau.

On top of that, there are different scoring models:

- Free apps often show a VantageScore
- Many lenders use a FICO Score

So, your score can vary based on:

- Which credit bureau is used
- Which scoring model is used
- When the score is checked

That means the number you see may not match exactly - but it should usually be in a similar range.

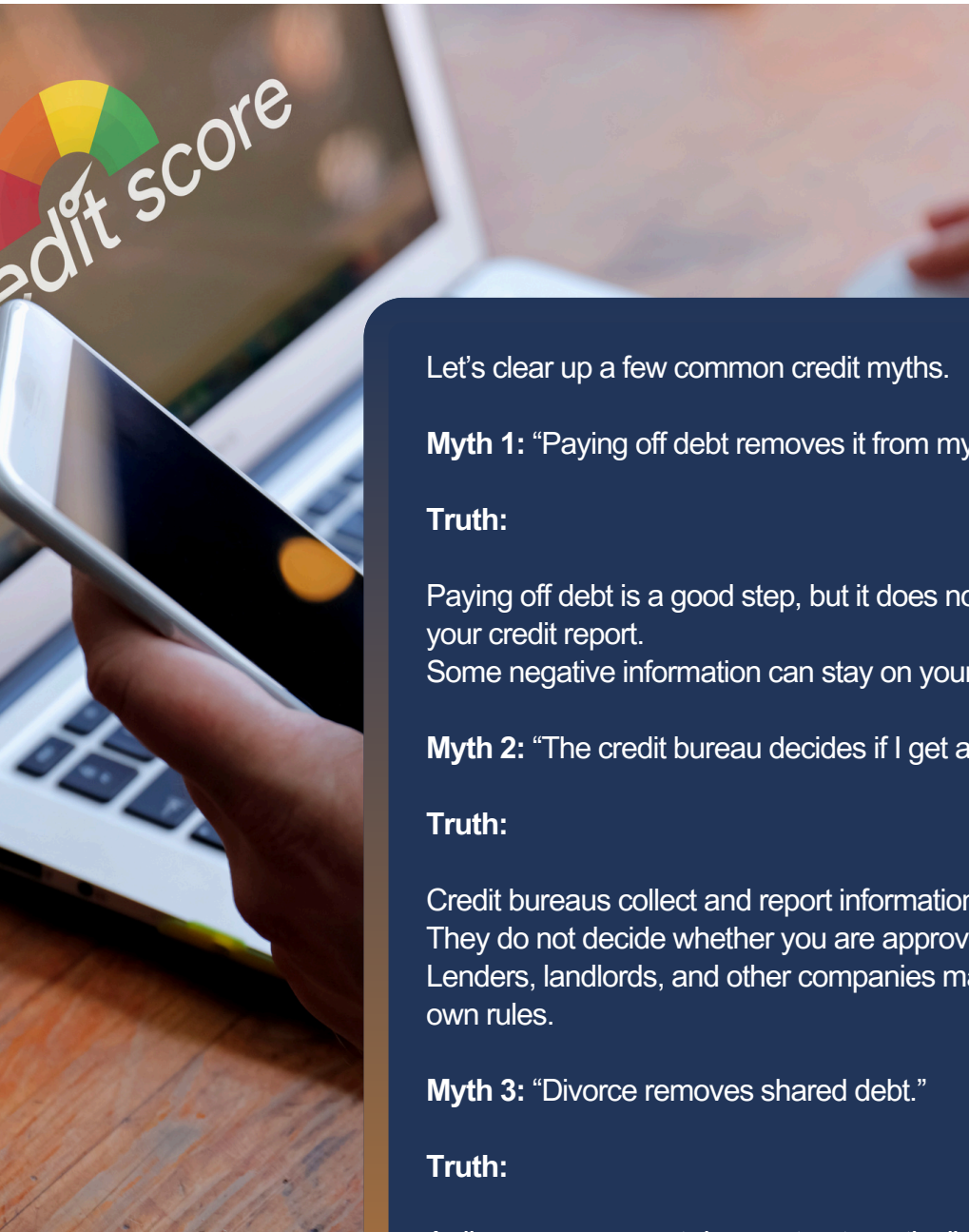
Good to Know:

Some services update your score regularly, such as weekly or monthly. This allows you to track progress as you build better habits.

Important:

Checking your own credit score is considered a "soft inquiry," or soft pull. It does not hurt your credit. You can check your score as often as you like without any negative impact. The more you check and understand your score, the more control you have over improving it. When you request your credit report directly from a credit bureau, it is called a consumer disclosure, or personal credit report.

Credit Myths



Let's clear up a few common credit myths.

Myth 1: "Paying off debt removes it from my credit report."

Truth:

Paying off debt is a good step, but it does not always remove the account from your credit report.

Some negative information can stay on your report for up to 7 years.

Myth 2: "The credit bureau decides if I get approved."

Truth:

Credit bureaus collect and report information.

They do not decide whether you are approved.

Lenders, landlords, and other companies make that decision based on their own rules.

Myth 3: "Divorce removes shared debt."

Truth:

A divorce agreement does not automatically remove your name from shared debt.

If your name is still on the account, you may still be responsible for it.

Shared accounts may need to be closed, refinanced, or changed directly with the lender.

The key takeaway:

Credit myths can lead to costly mistakes. The more you understand how credit really works, the better decisions you can make.

Improve Your Credit



Improving your credit does not happen overnight, but small steps can make a big difference over time. Here are some of the best ways to improve your credit.

Pay on Time

Payment history is the biggest part of your credit score. Even one missed payment can hurt, especially if it is 30 days or more late.

Lower Your Balances

Try to use less of your available credit on your revolving credit cards. A good goal is to keep credit card balances at or below 30% of your credit limit.

For example, if your limit is \$1,000, try to keep your balance under \$300 and, preferably, pay it off in full to avoid accruing unnecessary finance charges.

Installment loans (e.g., auto loans, personal loans) do not count toward the "amount of available credit" formula that revolves like credit cards. However, paying down an installment loan to under 9.5% of its original balance can still boost your score, acting as a form of "installment utilization". Lower balances can help show lenders that you are managing credit responsibly.

Keep Older Accounts Open

Older accounts can help your credit history. If an older account is in good standing, keeping it open may help your score because it shows a longer credit history.

Limit New Applications

Applying for too much credit in a short period of time can lower your score. Only apply for new credit when you need it.

Real-Life Example:

If you lower your credit card balance by \$500, your score may improve within a few months.

The key takeaway:

Pay on time. Keep revolving credit card balances low. Be patient. Credit improves when your habits improve.

Know Your Rights



When it comes to credit, you have rights. Federal laws help protect you and give you access to important information.

Two important laws are:

- Fair Credit Reporting Act — protects how your credit information is collected, used, and shared
- Fair Debt Collection Practices Act — protects you from unfair or abusive debt collection practices

Your Rights Include:

- The right to see your credit report
- The right to dispute errors
- The right to know who accessed your credit
- The right to add a short statement to your credit report
- The right to be treated fairly by debt collectors

The key takeaway:

Your credit report is about you. You have the right to review it, question it, and correct any incorrect information.

Disputing Errors

If you find a mistake on your credit report, you have the right to dispute it.

A dispute means you are asking the credit bureau to review and correct information you believe is wrong.

Common Errors May Include:

- Accounts that do not belong to you
- Incorrect balances
- Payments marked late by mistake
- Duplicate accounts
- Old information that should no longer be listed

Steps to Dispute an Error:

1. Identify the mistake
2. Gather proof, such as statements, letters, or payment records
3. Submit a dispute to the credit bureau
4. Keep copies of everything you send
5. Follow up and review the response

The key takeaway:

Do not ignore mistakes.

Even small errors can affect your credit, so it is important to review your report and take action when something is wrong.

Sending a Dispute Letter

When you dispute an error, you may need to send a dispute letter to the credit bureau.

Your letter should clearly state what is incorrect and how you want it corrected.

Include:

- A copy of your ID
- Proof of your address
- A copy of the credit report page with the error marked
- Copies of any documents that support your dispute

Do not send original documents. Send copies only.

If mailing your dispute, consider using certified mail so you have proof it was sent and received.

Organization Tip:

Keep a separate file for each credit bureau: Equifax, Experian, and TransUnion.

Save copies of:

- Your dispute letter
- Supporting documents
- Mailing receipts
- Any response you receive

The key takeaway:

Stay clear. Stay organized. Keep records of everything.

Wrap-Up

You've now learned the basics of credit, credit reports, and credit scores.

You learned that credit could affect:

- Whether you get approved
- How much interest you pay
- Where you may be able to live
- And sometimes, even whether your credit history is reviewed for certain jobs

You also learned how to:

- Read your credit report
- Understand your credit score
- Spot common credit myths
- Build better credit habits
- Know your rights
- Dispute errors

The most important thing to remember is this:

Your credit is not permanent. It can change. It can improve. And you have more control than you may think.

Start with the basics:

- Pay on time.
- Keep balances low.
- Check your credit report.
- Dispute mistakes.
- Ask questions when something does not look right.

Final Thought:

Your credit report tells part of your financial story - but it does not define your future. With the right steps, you can keep writing a stronger credit story from here.

Closing:

If you need help, certified counselors are here to guide you—every step of the way.



Credit DNA

Build It. Improve It. Own It.

Credit.org

1825 Chicago Avenue
Suite 240
Riverside, CA 92507

PO Box 5438
Riverside, CA 92517-5438

1-800-WISE-PLAN (800.947.3752)

www.credit.org

