

### Accelerated payment

Scheduled payment plus additional monthly payment. Leads to quicker payoff of debt and less interest paid over life of loan.

### Account condition

Each account on your Experian credit report has an "Account Condition." It indicates the present state of the account (current, past due, etc.), but does not indicate the payment history of the account.

### Account monitoring

Once lenders make a "yes" decision, they might want to review your credit report on a regular basis as they continue to manage their financial risk. This monitoring, called account monitoring, scans credit reports for certain risk characteristics as defined by the lender. Federal law specifically permits lenders to monitor their accounts. When you signed your credit application, you gave the lender permission to access your credit report from time to time.

### Accounts in good standing

Lists credit items that are positive and should help your creditworthiness. Account information includes the creditor's name and address, your account number, the status (current, paid, closed, etc.), type and terms of the account, and additional information as reported to us by your creditors. Some creditors may not report to us, so all of your accounts may not be listed.

### Acquisition fee

Refers to the price to purchase another company or property.

### Additional monthly payment

The amount of your extra payment per month. This amount is in addition to your minimum required payment. This payment will be used to reduce your principal balance more quickly than if you only made your regular payment.

### Adjustable rate mortgage

A mortgage where the interest rate is liable to change over the term of the loan and which is dependent on influences such as interest rates on Treasury securities.

### Adjustment

The percentage of debt to be repaid to credit grantors in a Chapter 13 bankruptcy.

### Affiliate bureau

A bureau or credit reporting agency in partnership with Experian.

### Affinity card

A card that is offered jointly by two organizations. One is a credit card issuer and the other is a professional association, special interest group or other non-bank company. For example, Citibank and American Airlines sponsor the Citibank AAdvantage card.

## AKA

Also Known As

## Amortization

The process of fully paying off your debt by installments of principal and earned interest over a fixed time.

## Amount past due

Current amount delinquent on a loan.

## Annual fee

The once-a-year cost of owning a credit card. Some credit card providers offer cards with no annual fee. The annual fee, with interest and other fees are part of the total cost of credit.

## Annual income

Your yearly income. For married couples this is your total combined yearly income.

## Annual interest rate

The amount of interest you will pay over one year, expressed as a percentage of your balance. Maximum interest rate is 20%.

## Annual Percentage Rate (APR)

A measure of how much interest credit will cost you, expressed as an annual percentage.

## Annual rate of return

The pretax rate of return on the amount you earn on savings and investments. For example, the long-term rate of return for investments in the stocks that make up the S&P 500 is about 11%. A savings account earns 2% to 5%.

## Appraisal

An expert judgment or estimate of the quality or value of real estate, made by an appraiser, as of a given date.

## Appraisal fee

The charge for estimating the value of property offered as security.

## Asset

Anything owned by an individual that has a cash value. This includes property, goods, savings or investments.

## Association code

Describes the consumer's relationship to an account (primary responsibility, authorized users, etc.).

### Authorized user

Person permitted by a credit cardholder to charge goods and services on the cardholder's account. The card holder is responsible for charges made by an authorized user.

### Average daily balance

The average daily balance is a method used to calculate finance charges on an account. It is calculated by adding the outstanding balance on each day in the billing period, and dividing that total by the number of days in the billing period. The calculation includes new purchases and payments. The daily interest rate is then applied to the daily balance to calculate the finance charge.

### Bad debt

A debt that a lender has determined the borrower is not going to repay.

### Balance

The total amount of money owed on a loan or credit account, or the total amount of money in a checking or savings account. In the case of a credit card, it includes any unpaid balance from the previous month, new purchases, cash advances, and any charges such as an annual fee, late fee or interest.

### Balance transfer

Moving a balance from one account to another. In the case of a credit account, the balance (debt) is moved from one credit card to another. This is often done with special checks or forms, or may be offered as an option on some credit card applications. Some credit card issuers may offer temporary special lower rates for balance transfers.

### Balloon loan

A short term fixed rate loan which involves small payments for a certain period of time and one large payment for the remaining amount of the principal at a time specified in the contract.

### Balloon payment

Balloon loans require a single, lump sum payment at the end of the loan term. This is usually a larger amount and the borrower often takes another loan to make the payment.

### Bank

An institution that accepts funds for deposits, lends money and may offer other financial services such as insurance, brokerage or trust accounts.

### Bankcard

A credit or debit card issued by a bank or other financial institution.

### Bankruptcy - Chapter 11

A chapter of the Bankruptcy Code that provides a type of bankruptcy where certain assets of the

business or individual are sold to pay off a portion of all existing debts.

### Bankruptcy - Chapter 13

A type of bankruptcy usually used by businesses rather than individuals. Used as an alternative to liquidation under Chapter 7.

### Bankruptcy - Chapter 7

A type of bankruptcy where debtors repay debts according to a plan accepted by the debtor, the creditors and the court. Plan payments usually come from the debtor's future income and are paid to creditors through the court systems and the bankruptcy trustee.

### Bankruptcy code

Federal laws governing the conditions and procedures under which persons and businesses that are unable to repay their debts can seek relief.

### Better Business Bureau

A voluntary, nonprofit group established by businesses to improve the code of business practices and to define fair standards and ethics in the conduct of the business. The Better Business Bureau is neither a government agency nor a consumer group.

### Big 3

The three largest credit reporting companies: Experian, Equifax and TransUnion.

### Bill

A list of charges for goods sold, work performed or services provided to the person who has agreed to pay the costs.

### Billing cycle

The number of days between statements (bills). This is generally about 25 days.

### Budget

A financial plan itemizing income and expense during a projected time period.

### Buydown

A lump sum payment made to the creditor by the borrower or by a third party to reduce some or all of the consumer's debt. A buydown will reduce the amount of remaining periodic payments to repay the indebtedness.

### Capitalized cost

Recorded in asset accounts and then depreciated or amortized, as is appropriate for expenditures for items with useful lives greater than one year.

### Cash advances

Cash withdrawn on your credit card at a bank office or ATM. Cash advances usually carry fees

and a higher APR than other charges.

#### Cash down

Total amount of cash used in a purchase.

#### Cash on hand

Cash you have for the down payment and all closing costs.

#### Chapter

In bankruptcy, this term refers to a section of the Bankruptcy Code.

#### Charge off

Action of transferring accounts deemed uncollectible to a category such as "bad debt" or "loss." Such accounts will usually continue to be pursued by collectors, but are no longer considered part of a company's receivable or profit picture because they are unlikely to be repaid in full.

#### Civil action

In the credit world, this is any court action against a consumer to regain money for someone else. If successful, the civil action will usually result in a wage assignment, child support judgment, small claims judgment or civil judgment of money to be paid.

#### Closed date

The date the account was closed either at the request of the consumer or by the creditor.

#### Co-maker

A creditworthy co-maker is sometimes required in situations where an applicant's qualifications have not been established or are marginal. A co-maker is legally responsible to repay the charges in the joint account agreement if the other person defaults.

#### Cosigners

Person who pledges in writing as part of a credit contract to repay the debt if the borrower fails to do so.

#### Collection agency

A business service employed to collect creditors' unpaid or past due accounts. A collection agency is often compensated by receiving an agreed upon percentage of any amount collected.

#### Consolidation loans

A loan that pays off all of your existing debt, preferably at a lower average interest rate.

#### Consumer

A buyer of goods and services.

#### Consumer Credit Counseling Service

A nonprofit organization that helps consumers manage, and plan their use of debt.

### Consumer credit information

Also known as a credit report. This includes the account/payment history of your credit relationships for seven years and public record history for ten years. Name and address history is also included.

### Credit

The provision of funds by a lender for a promise of future payment.

### Credit accounts

Any loan or debt listed on your credit report is considered a credit account.

### Credit application

A form used by a lender to obtain personal, financial and credit information to appraise an applicant's credit worthiness.

### Credit availability

The amount of credit you have remaining on your credit account. It equals your credit limit minus your credit balance. This is also referred to as credit available and percentage of credit currently available.

### Credit bureau

An agency that gathers information about consumers' credit relationships and provides creditors with credit reports and scores on consumers.

### Credit card

A plastic payment card which allows the owner to obtain goods and services without the requirement to pay cash and on credit terms.

### Credit card rate

Annual interest rate you pay on outstanding credit card balances.

### Credit file

A file containing customer correspondence and statements, credit ratings, credit history and payment patterns.

### Credit history

A record of how a person has borrowed and repaid debts.

### Credit investigation

In terms of your credit report, an investigation is the process a consumer credit reporting agency goes through in order to verify credit report information disputed by a consumer. The credit grantor who supplied the information will be contacted to verify the disputed information. If the

information is verified, it remains on the report; if it is not, the information is deleted or corrected.

### **Credit limit**

The maximum amount an individual or business can borrow in connection with a specific loan.

### **Credit line**

The maximum dollar amount that can be charged on a specific card account.

### **Credit report**

A report containing information about a consumer's identity, credit relationships, some court actions, consumers statements and previous inquiries into that file.

### **Credit reporting agency**

Also known as a credit bureau. An agency that checks credit information and keeps files on people who apply for and use credit.

### **Credit scores**

A credit score summarizes your credit history into a number that lets lenders and others quickly know how responsible you have been with your past credit accounts and loans. Lenders use formulas to calculate your score based on information from your credit report. These scores help predict how likely you are to pay your loans or credit cards. While lenders may use different scoring models to determine how you rate, personal details such as race, gender or religion are not considered when determining your score. However, the various scoring models have been fairly well standardized so that credit bureau scores, including your PLUS Score developed by Experian, use similar information and are roughly comparable.

#### **PLUS Score**

A credit score developed by Experian, calculated based on information contained in an individual credit file PLUS Score can range from 330 to 830, with a higher score indicating lower credit risk. The formula used to calculate your PLUS Score is based on the most current consumer information available, using a similar formula to those used by lenders.

Your credit score can change daily as your credit file is updated, so it is calculated at the time a lender requests your credit report and reflects your current credit standing. The information in your credit files at the different credit bureaus may vary, which means that your scores may be different for each bureau, including your PLUS Score.

### **Credit union**

A mutual association formed by persons with a common affiliation such as employees, a union or a religious group in which pooled savings are made. The funds are invested for appreciation and members may borrow at competitive rates.

### **Creditor**

One who extends credit to borrowers.

### Debt

A specified sum of money that is legally owed from one to another.

### Debt consolidation

The act of paying off all outstanding debt with a single loan.

### Debt-to-income ratio

The ratio, expressed as a percentage, which results when a borrower's monthly payment obligation on long-term debts is divided by his or her gross monthly income.

### Default

Failure of a debtor to make loan repayments as agreed to in a loan contract.

### Delinquent/Derogatory accounts

Accounts classified according to the time past due. Common classifications are 30, 60, 90 and 120 days past due. Can also include accounts that have been charged off, gone to collectors, liens, bankruptcies or court judgment.

### Direct marketing

Direct marketing differs from general marketing in that the result of a promotion is measurable in terms of response. Direct marketing is also largely dependent upon the use of customer files and lists. Direct marketing is utilized by virtually every type of business and organization. However, the primary users are magazine publishers, catalog houses, political campaign organizations and financial institutions.

### Discharged

A debt that a court declares no longer needs to be repaid due to bankruptcy. Alimony, child support, liability for willful and malicious conduct and certain student loans cannot be discharged.

### Disclosure

A credit report provided to the consumer which shows the "nature or substance" of what is in his or her credit records as outlined by the FCRA (Fair Credit Reporting Act).

### Dismissed

When a consumer files for bankruptcy, the judge may decide to not allow the consumer to continue with the bankruptcy. If the judge rules against the petition, all debts are reinstated and the bankruptcy petition is "dismissed".

### Disposition fee

A charge by a car dealer to defray the cost of preparing and selling the vehicle at the end of the lease if the vehicle is not purchased by the consumer.

### Down payment

Amount paid up front when arranging credit. For leases, a down payment is often called a "capital



lost reduction".

### **Economic index**

Represents a consolidated average of a major economic component - such as wholesale prices, housing starts or inflation - that is used to measure economic health.

### **Economic indicator**

Key statistics of the economy that reveal the direction of the economy; for example, the unemployment rate and the inflation rate.

### **End-user**

The person or company who is the ultimate recipient of information. Sometimes information passes a number of different processes before reaching the "end user".

### **Equal Credit Opportunity Act (ECOA)**

Part of the Consumer Credit Protection Act, prohibiting creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age and receipt of public assistance.

### **Equifax**

One of the three credit reporting bureaus, headquartered in Atlanta, GA. The other two are Experian and TransUnion.

### **Escrow**

Property or money held by a third party until the agreed upon obligations of a contract are met.

### **Experian**

One of the three major credit reporting bureaus. The other two are Equifax and TransUnion.

### **Fair Credit and Charge Disclosure Act**

Part of the Truth In Lending Act requiring the disclosure of the costs involved in credit card plans that are offered by mail, telephone or applications distributed to the general public.

### **Fair Credit Billing Act (FCBA)**

A federal law that provides a specific error resolution procedure to protect credit card customers from making payments on inaccurate billings.

### **Fair Credit Reporting Act (FCRA)**

A federal law governing the actions of credit reporting agencies. Enacted by the US Congress in 1970 and amended in 1996, the FCRA protects consumer rights by limiting access to your credit report.

### **Fair Debt Collection Practices Act (FDCPA)**

A federal law prohibiting abusive and unfair debt collection practices.

### Federal tax withholding

Total amount of moneys withheld from your take-home pay for federal taxes. This amount will appear on your pay stub.

### Federal Trade Commission

A federal agency which administers and enforces rules to prevent unfair business practices.

### Fees

Any of a variety of charges.

### FICA

The amount withheld from your paycheck for Social Security taxes. You pay half of your FICA tax; your employer pays the other half.

### Finance charge

Amount of interest charged to you by a lender. Finance charges are usually included in the monthly payment total.

### Financial aid

A monetary aid to remove the cost barriers that may prevent a person from pursuing a higher education. Assistance is available from a variety of programs funded by federal, state, university and private sources. These can include: grants, scholarships, loans and employment opportunities.

### Financial institution

An enterprise such as a bank whose primary business and function is to collect money from the public and invest it in financial assets such as stocks, bonds, and loans to others.

### Fixed rate

An annual percentage interest rate that does not change during the term of the loan.

### Flagging an account

Identifying an account for a specific purpose or reason and temporarily suspending activity on the account until the problem that caused it to be flagged is resolved.

### Foreclosure

When a debtor fails to meet his obligations to pay back a loan, the lender can take back possession of any property (such as a house) used to secure repayment for the loan. Foreclosure refers to the lender's legal action to take possession of the property. Fraud

Any act or practice resulting in loss of someone's rights or property. Usually consists of making false and misleading representations with the intention of cheating another person.

### Generation identifier

An addition to someone's name which indicates there are others in the same family with the same

name. Examples: Sammy Davis, Jr., King George the III, Thomas Keating IV.

### Grace period

The period before interest begins to accrue on new purchases.

### Guarantor

The person ultimately responsible for paying a bill.

### Hearing impaired consumer service

A special phone number available for hearing impaired consumers who have a TDD. The number for Experian is 1-800-972-0322.

### High risk

High risk consumers have delinquencies, bankruptcies, charge-offs or public record items on their credit report. These are indications to lenders that a consumer has been an irresponsible user of credit, and will likely be so in the future. High risk consumers may only be able to get credit with very high interest rates, if at all.

### Home appreciated at:

Annual appreciation you estimate in the home you are purchasing. Not all homes appreciate at all times and can lose value (depreciate) as well.

### Home equity closing costs

Any costs other than interest added to the home equity loan. Costs can include any appraiser fees, points paid or other misc. fees. Costs can be paid up front or added to the loan balance.

### Home equity interest rate (APR)

Annual percentage rate for the home equity loan.

### Home equity line of credit (HELOC)

A mortgage loan that allows the borrower to obtain multiple advances of the loan proceeds at his or her discretion, up to an amount that represents a specified percentage of the borrower's equity in property.

### Identity theft

A form of fraud in which a consumer's financial information is illegally acquired for the purpose of making unauthorized purchases and transactions with their credit cards, or with funds from their checking or savings accounts.

### Income tax rate

This is your federal, state and local income tax rates combined. Your income tax rate is important in determining the amount you can save if you use a home equity loan to consolidate your debt.

### Index

A number indicating a change in quantity, as of prices, relative to the magnitude at some specified point usually taken as 100.

### **Inquiry**

There are two types of inquiry. A hard inquiry is when you have applied for credit, which gives a the lender permission to pull your credit report. All hard inquiries are available for all credit grantors to review. A soft inquiry is only available for you to see. It does not influence your credit score. This type of inquiry includes your request for your credit report or pre-screen inquiries for credit grantors.

### **Installment debt**

Credit accounts in which the debt is divided into amounts to be paid successively at specified intervals until the debt is paid off.

### **Installment loans**

Debt to be paid at regular times over a specified period.

### **Interest rates**

The percent, per unit of time, of the total sum borrowed that is charged by a bank or financial institution for the use of their money.

### **Investigative consumer reports**

These are consumer reports that are usually ordered by a prospective employer for sensitive jobs where background checks and security clearances are necessary. An investigative consumer report might contain information obtained from a credit report, but it is more comprehensive than a credit report. It contains subjective material on an individual's character, habits and mode of living, obtained through interviewing the associates and neighbors of the person being investigated. Experian does not provide investigative consumer reports.

### **Investment rate of return**

The amount you expect to earn on your investments. This is the return that you would make if you were to invest your down payment, security deposit or closing costs instead of using it in your purchase or lease of an auto or purchase of a home.

### **Involuntary bankruptcy**

A petition filed by certain credit grantors (instead of by the individual or business) to have a debtor judged bankrupt. If the bankruptcy is granted, it is known as an involuntary bankruptcy.

### **Issuer**

A company or public sector entity with shares, bonds or other securities listed on a stock exchange.

### **Item-specific statement**

On your credit report, you have the right to offer an explanation about a particular account or

public record item. Only one item-specific statement may be added per item. An item-specific statement is also known as a "consumer statement".

#### Joint accounts

Typically a bank account in the names of two (or more) persons. Arrangements can be made such that either individual or all signatures are required when drawing checks.

#### Judgment granted

A final determination issued by a court for the rights of the parties involved in a lawsuit.

#### KOBA code

A one or two alpha character code that defines or classifies what industry or type of service a given company offers.

#### Late payment

A delinquent payment; a failure to deliver a loan or debt payment on or before the time agreed.

#### Lender

A person or company that offers to lend money to a borrower for a given period of time. The borrower is obliged to repay the loan with installments or single payment together with specified interest.

#### Lien

Legal document used to create a security interest in another's property. A lien is often given as a security for the payment of a debt. A lien can also be placed against a consumer for failure to pay the city, county, state or federal government money that is owed.

#### Line of credit

A line of credit works like a credit card, except you don't charge purchases. Instead, a person with a line of credit would use checks to make purchases which are drawn on a line of credit rather than on an amount on deposit. A line of credit will have a maximum amount, like a credit limit.

#### Loan origination rate

The percentage the lending institution charges to cover some of its processing costs in making a loan in addition to the interest it will earn. Example: 1% for a \$100,000 home equals \$1,000.

#### Loan payment

The payment you make to your creditor on a loan. Also, the amount of your standard monthly payment.

#### Loan type

Home, auto, personal and home equity are all loan types. The two most common loans types, home equity and personal, differ in fees, rates and tax deductibility of interest. Home equity loans often have higher fees, but usually have lower rates and a tax deduction for interest paid. Personal

loans do not have a tax deduction for interest paid, and have a higher interest rate, but often have lower upfront fees. These are important considerations when choosing a loan.

### Low risk

Low risk consumers have paid their bills on time, held their credit accounts for several years, and do not have large outstanding balances. In general, they have proven to lenders that they are responsible, prudent users of credit. Low risk consumers are able to quickly obtain credit at the most favorable interest rates.

### Major purchase

A purchase for a substantial amount of money, like a car or refrigerator or home.

### Market value

How much something is worth in the marketplace. Market value can change based on supply and demand. In terms of automobiles, it is frequently the value of the automobile after a lease term is over.

### Medicare

A U.S. government program of hospital insurance and voluntary medical insurance for persons aged 65 and over, and for certain disabled persons under 65. A certain amount is withheld from your take-home pay to cover Medicare.

### Medium high-risk

Medium high-risk consumers may have had delinquencies, charge-offs or public record items, but not as many incidents as high-risk consumers. Although such consumers may still receive credit offers, they will most likely pay high interest rates because of their risk level.

### Medium low risk

Medium low risk consumers have generally exhibited responsible credit behavior, but most likely have one or two delinquencies on their credit report.

### Medium risk

Medium risk consumers most likely have credit reports that have one or more delinquencies, high outstanding debt or relatively new credit accounts. Such consumers are usually able to obtain credit, but at higher interest rates than medium low or low risk consumers.

### Member summary (record)

A subset of FreeCreditReport's membership file containing all relevant data about each individual member. A minimum amount of information is maintained on each member, including contact information.

### Monthly PMI payment

Monthly cost of Private Mortgage Insurance (PMI). For home loans secured with less than 20% down, PMI is commonly estimated at .5% of your loan balance each year and is used in this

calculator. Monthly PMI is calculated by multiplying your starting loan balance by your PMI percent and dividing by 12. When your equity exceeds 20% of the original purchase price, your PMI payment should drop to zero. However, you should contact your lender when this occurs, as it will often not be removed automatically.

### **Mortgage**

A written agreement to repay a loan. The agreement is secured by a mortgage, serves as proof of an indebtedness, and states the manner in which it shall be paid. The note states the actual amount of the debt that the mortgage secures and renders the mortgagor personally responsible for repayment.

### **Mortgage loan**

Short-term or long-term use of property or money with the consent of the owner of the property or money. Usually the loan of money has an agreed-to repayment schedule and an interest charge.

### **Most recent date**

The date your account information was most recently updated.

### **Net home price**

Selling price of your home after subtracting any sales commissions.

### **Net house payment**

Your house payment minus the value of the tax deduction and principal payment.

### **Notice of results**

If you've requested an investigation of information on your credit report, you're entitled to receive a Notice of Results if your information was updated or deleted. You may request that the credit bureau send the corrected information in your credit history to credit grantors and employers who reviewed your information within a specific period of time. If your investigation does not result in a change to your credit history, the results will not be sent.

### **Number of points paid**

The total number of points (prepaid interest) used to reduce the interest rate of your mortgage. Each point equals 1% of your mortgage balance.

### **Obsolescence**

The term used to describe how long negative information should stay in a credit file before it is no longer considered relevant to the credit granting decision. The FCRA has determined the obsolescence period to be 10 years in the case of bankruptcy and 7 years in all other instances.

### **Opt-out**

A consumer request for removal of his/her name from future targeted marketing solicitations by direct marketers, banks and credit reporting agencies. Consumers may opt-out by calling 1-888-5OPTOUT.

### Outstanding debt

The total amount of debt you owe to your creditors.

### Overdue

An outstanding bill or account not paid when due.

### Paid accounts

Total number of accounts that have been paid satisfactorily or paid after having been previously delinquent.

### Past due

An account reflecting late payments or payments received after an agreed upon time for settlement.

### Payment status

Reflects the history of payments on an account, including any delinquencies or late payments occurring during the previous seven years (current account, delinquent 30 days, current was 60 days past due, redeemed repossession, charge off - not paying, etc.).

### Permissible purposes

As defined by the Federal Fair Credit Reporting Act, and various state regulators, the circumstances under which a third party may obtain a consumer credit report. Permissible purposes include credit transactions, employment purposes, insurance underwriting, government financial responsibility laws, court orders, subpoenas, written instructions of the consumer or legitimate business needs.

### Personal information

The personal information section on your credit report includes your name (and any name variations), driver's license number, Social Security number, date and year of birth, spouse's name, employers, personal phone numbers and information about your residence. This information is reported to Experian by your, creditors or other sources. As part of a fraud prevention program, a notice with additional information may appear in this section.

### Personal statement

You can add a personal statement that will appear at the beginning of your credit report. Your personal statement may include a general explanation about the information on your report.

### Petition

If a consumer files for bankruptcy, but a judge has not yet ruled that it can proceed, the process is known as a bankruptcy petition.

### PITI percent of annual income

The percent of your annual income the financial institution will allow you to use for your



"Principal, Interest, Tax and Insurance" payment for your home. The customary amount of your income to be used for PITI is 28%, but will vary among lenders.

### PLUS Score

A credit score developed by Experian, calculated based on information contained in an individual credit file PLUS Score can range from 330 to 830, with a higher score indicating lower credit risk. The formula used to calculate your PLUS Score is based on the most current consumer information available, using a similar formula to those used by lenders.

Your credit score can change daily as your credit file is updated, so it is calculated at the time a lender requests your credit report and reflects your current credit standing. The information in your credit files at the different credit bureaus may vary, which means that your scores may be different for each bureau, including your PLUS Score.

### Point scoring

The assignment of values for characteristics identified as indicators of a person's creditworthiness. Point scoring is based on the same evaluation process used by a credit grantor in the analysis of an applicant's creditworthiness.

### Potentially negative items

Any information on your credit report that may have a negative impact on your ability to obtain credit. This may include your account information (type and terms), payment history, bankruptcy, lien or judgment information.

### Pre-approved credit card

Pre-approved offers are mailed to your home because you meet the risk criteria of the company making the offer. A pre-approved offer is not guaranteed. You can still be turned down when you apply.

### Pre-screen

A process where lenders review consumer's credit information for a guaranteed credit offer. See also pre-approved.

### Principal

The amount of debt, not including interest. The face value of a note, mortgage, etc.

### Principal payment

Total of principal paid per month on your mortgage.

### Privacy policy

A statement that discloses a company's practices related to their collection and used personal information, which the information may be shared with and for what purposes, what choices are available to the consumer regarding the collection and use of their data, what security procedure is used, and how a consumer can correct any inaccuracies.

### Property tax rate

The rate at which your property will be taxed per year. Example: 1% for a \$100,000 home equals \$100 per year in property taxes.

### Public record data

When included as part of the credit report, this information is limited to tax liens, lawsuits and judgments that relate to the consumer's debt obligations.

### Purchase price

The amount, before taxes, fees and closing costs that you pay for an item like a home or auto.

### Qualifying income

Minimum monthly income range required to qualify for a loan payment.

### Rate earned on savings

This is the rate you earn on short-term savings. For most people this is currently 4% to 5% annually.

### Rate of depreciation

The rate of depreciation gauges how fast your new purchase - automobile, computer, etc. - will lose its market value. High depreciation rate is about 20% per year, medium is 15% per year and low is 10% per year.

### Rate cap

The maximum amount that the interest rate on an adjustable rate mortgage can rise in a single year.

### Real estate secured debt

Any debt that has been used to buy a home or has been secured by your home. For example, a home equity loan can be a real estate secured debt.

### Released

This means that a lien has been satisfied and is no longer in effect.

### Report number

A 10-digit number that uniquely identifies each personal Experian credit report. This number should always be referenced when you contact us. Each new report you receive will have a different number.

### Repossession

After a borrower is significantly behind on payments, a creditor takes possession of property pledged as collateral on a loan contract to pay off the remaining loan amount.

### Request an investigation

If you believe that information on your report is inaccurate, you can request an investigation of the information. The credit bureaus will ask the sources of the information to check their records at no cost to you. Incorrect information will be corrected; information that cannot be verified will be deleted. Accurate information cannot be removed from your credit report. An investigation may take up to 30 days. When it is complete, the credit bureau will send you the results.

### Request for your credit history

This is a request for your personal credit report. Consumers' credit reports contain information credit grantor can't see such as a detailed history of when your credit information is viewed by credit grantors or employers.

### Residual percent

For leases, this is the remaining value of the property you're leasing at the end of the lease term. The higher this amount, the lower your lease payment will be.

### Retail card

A plastic payment card issued by a specific retailer or group of retailers for limited use at their own outlets.

### Revolving account

An account from which credit is automatically available up to a predetermined maximum limit as long as a customer makes regular payments.

### Revolving debt

Debt owned on an account that the borrower can repeatedly use and pay back without having to reapply every time credit is used. Credit cards are the most common type of revolving debt.

### Risk level

In determining credit scores, lenders place you in a risk category that compares you to a large number of consumers with similar credit histories. This allows lenders to compare "apple to apples," ensuring that your credit behavior is judged in a context that is relevant and fair.

### Risk score models

A tool used by credit grantors to predict future payment behavior of consumers.

### Sales price

Total price for an item, including taxes and fees.

### Sales tax

Total amount of sales tax on a purchase.

### Sales tax rate

Percentage sales tax to be charged on a purchase. Sales tax for buying is charged on the total sales

amount. In the case of a lease, sales tax is only due on the amount of the lease and is added to each lease payment.

### Satisfactory accounts

Accounts that are current or have been paid satisfactorily.

### Satisfied

If a consumer has paid all the money the court says he/she owes, the judgment is called "satisfied."

### Scheduled payment

Payment due at a scheduled time. In the case of a home, the monthly principal and interest payment is based on your original mortgage amount, term and interest rate.

### Scorex

Scorex is one of the world's leading decision solutions and business intelligence organizations. Scorex's experience in the credit industry validates it as the authority on the entire customer life cycle. Utilizing the latest data and technology, Scorex develops industry solutions through such services as data mining and analysis, scoring models, market analysis, and business intelligence. The company lists more than 800 major global clients representing a broad spectrum of consumer and business-to-business entities. Scorex has offices in 26 countries supporting clients in over 50 countries worldwide.

### Score factors

Score factors are elements from your credit report that drive your credit score. For example, such elements as your total debt, types of accounts, number of late payments and age of accounts are what determine your credit score. Score factors can have a positive or negative affect on your credit score.

### Secured credit

Loan for which some form of acceptable collateral, such as a house, car or deposit has been pledged.

### Security

Real or personal property that a borrower pledges as collateral for the term of a loan. Should the borrower fail to repay, the creditor may take ownership of the secured property by following legal procedures.

### Security alert

A statement that is added to one's credit report when a credit bureau is notified that the consumer may be a victim of fraud. It remains on file for 90 days. A Security Alert suggests that creditors should request proof of identification before granting credit in that person's name. Once a security alert has been added, your report will no longer be available for online viewing. You may still receive your report through the mail.

### Security interest

The creditor's right to take property or a portion of property offered as security (collateral) for a loan.

### Seller's points

A lump sum paid by the seller to the buyer's creditor to reduce the cost of the loan to the buyer. This payment is either required by the creditor or volunteered by the seller, usually in a loan to buy real estate. One point equals one percent of the loan amount.

### Service charge

A component of some finance charges, such as the fee for triggering an overdraft checking account into use.

### Settlement costs

This includes all fees paid to the lender and mortgage broker, and certain other fees paid to third parties for services that the lender requires the borrower to purchase. The remaining settlement costs involve payments to third parties, which lenders do not control and for which they cannot ordinarily provide accurate information until later in the origination process. As the borrower, you should shop around because the lender knows what they are.

### State tax withholding

Total amount withheld for state taxes.

### Statement

A bill summarizing all of the activity on an account within a specified period of time. A credit card statement is the monthly bill from a credit card issuer that describes and summarizes the activity on an account. Most credit card statements include the outstanding balance, purchases, payments, credits, finance charges and other transactions for the month.

### Statement date

The date on which a statement is created, and the date used to calculate finance charges (interest) for the statement period.

### Statistical models

Statistical models are used to generate credit scores. Modelers analyze credit reports from millions of consumers to identify the variable that most likely determine future creditworthiness, which is expressed in the form of a credit score.

### Stock index

A device that measures changes in the price of a basket of stocks, and represents the changes using a single figure.

### Surcharge

An extra fee for using a service. Surcharges are also referred to as convenience fees and are commonly presented when using ATMs.

### Target marketing

The process in which merchants solicit groups of consumers who are most likely to be interested in their product or service.

### Tax savings

Items that lower your taxable income. Also, the value of the tax deduction you receive by deducting interest payments to your mortgage and home property taxes. For example, if you have \$900 in interest and \$100 property taxes per month, the monthly value of the tax deduction would be \$280 with a tax rate of 28%.

### Taxable fees

Any fee that is subject to sales tax. When buying a home, this usually includes title transfer fees.

### Term

The length of time you have to pay back a loan.

### Term in months

Number of months you have to pay back a loan.

### Term in years

The number of years over which you have to pay back a loan. The most common mortgage terms are 15 and 30 years.

### Thin file

A credit report that has few if any credit accounts or inquiry history. Young adults, and people new to the United States will typically have thin files until they begin to establish credit relationships.

### Third-party collectors

Collectors who are under contract to collect debts for a credit department or credit company; collection agencies.

### Total closing costs

Total up front costs paid before your loan can be issued. This is the sum of the loan origination fee, amount paid for points and any additional closing costs.

### Total debt percent of annual income

The percentage of your annual income your financial institution will allow you to use for installment payments debt. Installment debt includes car payments, credit card payments, other loan payments and your "Principal, Interest, Tax and Insurance" payment for your home.

### Total down payment

Amount available as a down payment to be paid up front, rather than financed. In a car purchase, your down payment will be your cash available plus your trade-in, less any outstanding loan balance on your trade-in. In a home purchase, your down payment will be your available cash after closing costs.

#### Total interest

Sum of all interest paid. In the case of a mortgage, this total interest amount assumes that there are no prepayments of principal.

#### Total payments

Total of all monthly payments over the term of the loan. This total payment amount assumes that there are no prepayments of principal.

#### Trade allowance

Total dollar amount given on your trade-in vehicle during a car purchase.

#### Trade line

Each specific credit relationship with a business is tracked over time as a trade line on your credit report. This means that you can have multiple accounts with the same bank, but your payment history will be identified separately for each account. Trade line information on your credit report includes company, date account was opened, credit limit, type of account, balance owed and payment profile.

#### TransUnion

One of the three major credit reporting bureaus. The other two are Experian and Equifax.

#### Transaction fees

Fee charged for certain uses of your credit line, credit card or ATM card. Example: fees charged to get a cash advance from an ATM, or to buy theater tickets over the phone.

#### Truth in Lending Act

Title I of the Consumer Protection Act. Requires that most categories of lenders disclose the annual interest rate, the total dollar cost and other terms of loans and credit sales.

#### Unsecured credit

Credit for which no collateral has been pledged. Loans made under this arrangement are sometimes called signature loans. A loan granted only on the basis of a customer's written agreement that the loan amount will be paid.

#### Up front costs

Any fees you are required to pay in advance before you receive a loan. This could include appraisal fees, loan origination fees and document preparation fees, etc.

#### Vacated

Indicates a court judgment that was rendered void and set aside.

### Variable rate

A variable rate loan allows for an interest rate that may fluctuate over the life of the loan. The rate is often tied to an index that reflects changes in market rates of interest. A fluctuation in the rate causes changes in either the payments or the length of the loan term. Limits are often placed on the degree to which the interest rate or the payments can vary. A fixed rate loan, on the other hand, carries the same interest rate for the life of the loan.

### Verification

With regard to credit reports, verification is the process of checking the accuracy of information. Credit grantors or employers may use your credit report information to verify your application information is correct or you may verify your own credit information in case of inaccuracy. Credit bureaus will accept documentation from the consumer to help in the verification of data.

### Victim statement

A statement that can be added to a consumer's credit report to alert credit grantors that the consumer's identification has been used fraudulently to obtain credit. The statement requests the credit grantor verbally contact the consumer by telephone before issuing credit. It remains on file for seven years unless the consumer requests to have it removed.

### Withdrawn

When a decision is made to not pursue a bankruptcy, a lien, etc.

### Writ of replevin

Legal document issued by a court authorizing repossession of property used to secure a loan.

### Years to save

The number of years you have to save to meet your goal.