Rural Advancement Foundation International - USA

www.rafiusa.org

FACT SHEET: CREDIT BASICS

Credit History

Depending on your business plan and the loan you request, the lender may look at the credit history of the business, the individual borrower, and any co-signers, guarantors, or investors.

What you should know about consumer reporting:

- Consumer reporting agencies, usually referred to as ‘credit bureaus’ track, classify, and rank individuals according to proprietary formulas.
- There are three major credit rating institutions operating in the US— Equifax, Experian, and TransUnion. All lenders use one or more of these institutions when examining your credit history.
- Before you apply for a loan, get a copy of your credit reports from each of the three credit rating institutions.
- A negative entry on your credit record does not necessarily keep you from getting a loan. However, it is important that you have taken steps to address any negative entries on your credit record and that you can explain to your lender why you received them.
- By law you are entitled to one free copy of your credit reports from each of the institutions once a year. Take advantage of this to keep up with your credit record. Each of the three bureaus keep separate records.

Call 1-877-322-8228 or use this simple website to request all three reports at once: www.annualcreditreport.com.

FOR MORE INFORMATION, SEE THE FARMER’S GUIDE TO AGRICULTURAL CREDIT http://rafiusa.org/blog/the-farmers-guide-to-agricultural-credit/