

# DENVERPOST

## **Credit Index Aims to Educate**

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<http://www.denverpost.com/Stories/0,1413,36~33~2019742,00.html>

Titus Blackwood's credit score, decimated when a disability caused her to miss paying household bills, is now preventing her from refinancing her mortgage and saving thousands of dollars.

"I would like to know what the average (credit score) is, where I am and how to improve it," said the Avon resident.

For the first time, consumers can learn how their credit scores measure up against others, according to an online index from Experian, one of the big three credit rating agencies.

Experian has sampled 3 million of its 215 million credit files each month and displayed the state, regional and national averages at [www.nationalscore.com](http://www.nationalscore.com)

The average credit score in Colorado is 675, slightly below the national average of 678 and the Denver average of 676, according to the website.

Blackwood, currently unemployed, is struggling to bump her score of 614 to 620, which would allow her to refinance, according to her lenders.

Credit scores are critical. Besides determining a borrower's risk, they may be used to set insurance rates and even to sort out job candidates.

On Monday, the state Senate Business Affairs and Labor Committee passed a bill that would limit insurers from using insurance scores - which are derived from credit scores - to determine eligibility and premiums for homeowner's insurance in cases where divorce or medical bills have damaged a credit score.

An earlier version of House Bill 1292 sought to prohibit any use of credit scores by insurance companies. Another bill the committee approved requires insurance companies to notify applicants if credit-based scoring is used to determine eligibility or rates.

While the debate continues, almost all agree that consumers must be more aware.

"We are in a society where credit is such a big part of our lifestyle," said Charles Chung, a vice president with Experian in Costa Mesa, Calif.

Although they release individual scores, credit reporting agencies have, until recently, resisted publishing benchmarks.

"There has always been a fear in the industry that the more consumers knew, the more they could defraud the industry," Chung said.

The national credit score index, which runs from 330 to 830, is not only designed to help consumers learn about and improve their credit ratings, but it can provide economists with a reading over time on the health of consumer finances, Chung said.

But **Stephen Snyder, who has written the soon-to-be-released book "Do You Make These 38 Mistakes with Your Credit?"**, questions the motives of Experian.

He describes the index as a marketing tool designed to foster score envy and get consumers to buy Experian credit reports for \$14.95.

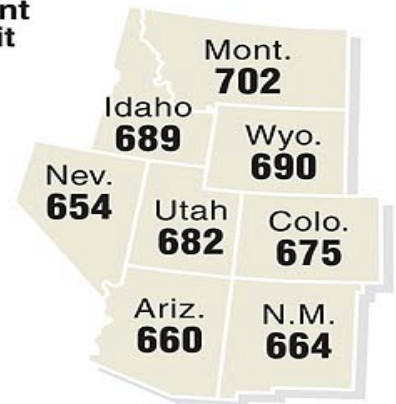
Colorado residents are allowed one free credit report per year by state law from Experian, Equifax and TransUnion, the big three credit reporting agencies. Those reports can be obtained via the Internet at [www.experian.com](http://www.experian.com) , [www.equifax.com](http://www.equifax.com) and [www.transunion.com](http://www.transunion.com)

Consumers should make sure the credit history is correct rather than focus only on the score, cautions George Shoemaker, director of education at Consumer Credit Counseling Services of Denver.

## How the numbers stack up

Coloradans have credit scores close to the national average, but they carry slightly more debt. The two greatest factors affecting your credit score are payment history and amounts owed. Credit rating agency Experian's scale ranges from 330 to 830, with above 680 considered a good rating.

	Credit score	Average consumer debt*	Percentage of credit limit used	Percentage delinquent on credit cards
U.S.	678	\$10,147	24.5	0.76
Mountain states	670	\$10,467	25.4	0.81
Colorado	675	\$10,718	24.0	0.77
Denver	676	\$11,030	23.9	0.74
Colorado Springs	669	\$9,826	25.5	0.87
Grand Junction	689	\$8,420	23.1	0.66



About 3 million accounts were used in the U.S. sample.

\*Per capita debt includes car loans but not mortgages.

Source: <http://www.nationalscore.com/USScore.aspx>

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