Protect Your Credit Score glossary.

When it comes to credit, there’s a lot to learn. Here are definitions of some common terms.

Chapter 13 bankruptcy: a process that enables a debtor with regular income to propose a repayment plan to make installments to creditors over three to five years; also called a wage earner’s plan.

Chapter 7 bankruptcy: liquidation proceeding in which the debtor’s non-exempt assets are sold to pay back the creditor.

Consumer reporting agency: a company or organization that collects and sells information about the creditworthiness of individuals to other lenders or those with legitimate business interests.

Co-signing: the act of signing for another person’s debt; a legal obligation to ensure another party’s debt does not default.

Credit bureau: a company that collects information relating to the credit ratings of individuals and makes it available to credit card companies, financial institutions, and others.

Credit utilization: the amount of a person’s outstanding balances divided by the sum of their credit limit as expressed by a percentage; generally should be less than 30%.

Debtor: a person or institution that owes a sum of money.

FICO (Fair Isaac Corp.): the largest and best known of several companies that provide the software and algorithm for calculating a person's credit score.

Hard inquiry: a type of credit check that may lower an individual's credit score. (Example: A credit card issuer will do a hard inquiry when you apply for a new account.)

Installment loan: a type of loan that is repaid over time with a set number of scheduled payments, like a mortgage.

Revolving credit: type of credit that is automatically renewed as debts are paid off, like a credit card.

Secured loan: a loan in which the borrower pledges some asset as collateral for the loan, such as a car.

Soft inquiry: a type of credit report check that typically does not lower an individual's credit score. (Example: when you check your own credit score.)

Subscriber: a company or organization that reports information to a credit bureau such as a landlord or municipality.

Tax lien: the government's claim on an individual's property imposed for delinquent taxes as a way to ensure the individual pays taxes owed; does not mean taxation authorities will seize your property, but gives them first right to the property over creditors.

Creditor: a person or company to whom money is owed.

Phone: Toll-free (855) 753.0317
Email: mymoney@stcu.org