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Sep. 26, 2017



Nowadays credit scores are important in countless instances. Applying for a mortgage, getting insurance or obtaining [a surety bond for your business](#) are all

instances where a higher credit score is beneficial. Which is why you will probably

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surety bond rate.

## Why are credit scores improving?

As of July 2017, the three big credit reporting companies have begun [removing tax liens and civil judgments from credit reports](#) that do not conform to newly accepted data standards requirements. As of July 1, in order for new tax liens or judgments to be part of a person's credit report, the Social Security number or birth date of the person must also be available to the credit bureau.

Since so many credit-related items end up on the wrong report or persist despite having been resolved long ago, this change is expected to improve the credit score of about 14 million Americans. The majority of these are expected to see an increase in their score between 1 to 19 points. A smaller group will see an increase between 20 and 39, and an even smaller group is expected to see as many as 40 to 60 points being added to their score.

## What else is changing about credit reports?

Apart from dropping tax liens and civil judgments from reports, credit reporting companies are now also required to update their records at least every 90 days to present more accurate information.

Along with credit reporting companies, collection agencies and debt buyers will also be required to comply with new requirements. Now, collection agencies will have to:

- Always report the original creditor name and classification code
- Exclude any debts that are not a result of a contract or agreement (court fines, traffic tickets and others)
- Issue full monthly reports

- Report accounts that need to be deleted due to currently being or having been

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## surety bond?

For some people, particularly the ones who have an improvement of 20 or more points in their credit score, this change may make a big difference. Such a change may mean that you are [moved into a higher credit tier](#).

Surety bond rates are strongly influenced by credit scores. Any increase of 20 or more points in your score may mean you can qualify for a better rate if you are getting a new bond or renewing your old one.

Some surety bonds (such as contract bonds for construction projects) are impossible to obtain with bad credit (650 or below), which means that an increase of a few points may make the difference between getting bonded or not.

And if your score goes above 700 FICO this may qualify you for some of the lowest possible rates on bonds.

While rates on bonds vary from one bond type to another, generally applicants with a high score can expect to have to a very small rate on their bond. For auto dealers, for example, this may result in a rate as low as 1%-3% on their auto dealer bond.

Other businesses or individuals who are frequently required to get bonded, such as contractors, mortgage or freight brokers, can similarly expect an improvement in their rates.

## How to know if your score has improved?

A large number of credit card issuers currently provide free access to the credit scores of their customers. If you knew your credit score previously, this is a way to quickly check if it has improved in any way. But you are also entitled to one free yearly copy of your credit report by any one of the three big credit reporting companies.

If you haven't requested one so far, now is the time to get it and see if any items that

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Accounting

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