

Credit for Farm Women



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Say you’re a married woman and you operate a dairy farm. You need a new washing machine, so you applied for a loan. Your application was denied because you have “no credit history.” You thought that with the farm you had established a sound credit history. What can you do?

You may have a complaint under the Equal Credit Opportunity Act, a federal law that prohibits discrimination against an applicant for credit on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or familial status. This publication describes the provisions of the Act that apply to sex and marital status and that affect you as a farm woman who wants credit from a bank. Just because you are a woman, or single, or married, a creditor may not turn you down for a loan. If you feel you’ve been unfairly denied credit, read this information carefully and contact one of the agencies listed.

What is creditworthiness?

Creditors use various criteria to rate you as a credit risk. They may ask about your finances: how much you earn, what kinds of savings and investments you have, what your other sources of income are. They may look for signs of reliability: your occupation, how long you’ve been employed, how long you’ve been farming, how long you’ve lived at the same address, whether you own or rent your home. They will also examine your credit record: how much you owe, how often you’ve borrowed, and how you’ve managed past debts.

The creditor wants to be assured of your credit worthiness – your ability to repay debt and your willingness to do so.

Establishing a credit history

Married women, especially farm women, often have had trouble establishing credit records because all debts were listed in their partner’s name. A rule of the Equal Credit Opportunity Act helps women build up their own credit records. The rule applies to information that creditors furnish to credit bureaus, credit-reporting agencies, or other creditors about any account used by either partner or for those

accounts for which both are liable. Such information must be reported in the names of each partner. Thus, if you sign the notes with your partner, you can ask creditors to report the farm loan information in both names. This is not automatically reported.

The Act also provides new guidelines for considering credit histories. It says that if your credit history is used in rating your application, a creditor must consider the following:

- The available credit history on any account you hold or use jointly with your partner.
- Any information you can offer to show that a favorable credit history on any account in your partner’s name reflects your own credit history accurately.

Some women have been denied credit simply because an ex-partner was a poor credit risk. The Act also says that a creditor must consider:

- Any information you can offer to show that an unfavorable credit history on any account you shared with your partner does not reflect your own credit history accurately.

Another federal law, the Fair Credit Reporting Act, gives you the right to get a summary of your credit history from a credit bureau or a credit-reporting agency and to correct any inaccurate information in it.

What a creditor can and cannot do

To make sure your application is treated fairly, there are certain other things that a creditor may not do in deciding whether you are creditworthy.

Specifically, a creditor may not do the following:

- Refuse to consider your income because you are a married woman, even if your income is from part-time employment.
- Ask about your birth control practices or your plans to have children; a creditor may not assume that you will have children or that your income will be interrupted to do so.
- Refuse to consider reliable alimony, child support, or separate maintenance payments; however, you don’t have to disclose such income unless you want to use it to improve

your chances of getting credit or increase the amount for which you can qualify.

- Consider whether you have a telephone listing in your own name, because this would discriminate against married women.

However, there are some closely related questions that are permitted. To estimate your expenses, a creditor may ask how many children you have, their ages, and the cost of caring for them, as well as about your obligations to pay alimony, child support, or maintenance. A creditor may ask how regularly you receive your alimony payments, or whether they are made under court order, to determine whether these payments are a dependable source of income. You may be asked whether there is a telephone in your home.

Extending credit – your own account

The Act says that a woman has a right to her own credit if she is creditworthy. If you are getting married, remember that you can keep your own credit accounts and credit record. Specifically, a creditor may not do the following:

- Refuse to grant you an individual account just because of your sex or marital status.
- Refuse to open or maintain an account in your first name and maiden name, or your first name and your partner's surname, or a combined surname.
- Ask for information about your partner or ex-partner, unless:
 - You're relying on your partner's income.
 - Your partner will use the account or be liable for it.
 - You're relying on income from alimony to support your application.
- Require a co-signer or the signature of your partner just because you are a woman or married.

If your marital status changes, a creditor *may not* require you to reapply for credit, change the terms of your account, or close your account, unless there is some indication that you are no longer willing or able to repay your debt. A creditor *may* ask you to reapply if your ex-partner's income was counted to support your credit.

The most important rules

- You can't be refused credit just because you're a woman.

- You can't be refused credit just because you're single, married, separated, divorced, or widowed.
- You can't be refused credit because a creditor decides you're of childbearing age and, as a consequence, won't count your income.
- You can't be refused credit because a creditor won't count income you receive regularly from alimony or child support.
- You can have credit in your own name if you're creditworthy.
- When you apply for your own credit and rely on your own income, information about your partner or your partner's co-signature can be required only under certain circumstances.
- You can keep your own accounts and your own credit history if your marital status changes.
- You can build up your own credit record because new accounts must be listed in the names of both partners if both use the account or are liable for it.
- If you are denied credit, you can find out why.

Agencies to contact for help

If you think you have been the victim of credit discrimination, for advice and help contact the Federal Trade Commission, Equal Credit Opportunity, Washington, DC 20580 or Comptroller of the Currency, Consumer Affairs Division, Washington, DC 20219. Complaints may also be referred to the Civil Rights Division of the Department of Justice, Washington, DC 20530.

This publication was adapted from *The Equal Credit Opportunity Act and Women*, produced by the Federal Reserve System, 1977.