

Fact Sheet

Credit for Entrepreneurs with Disabilities

5 reasons why a credit report is not a good indicator of someone's ability to be successfully self-employed

1. **DISCRIMINATION** – It makes sense that if a person had great credit and resources available to them, they would not likely be seeking assistance from a vocational rehabilitation agency; counselors are likely to have a relatively high concentration of individuals with less than stellar credit records. A credit check could be easily used to disqualify the majority of your self-employment applicants, potentially leaving you open to discrimination lawsuits.
2. **ACCESS TO CREDIT**- People with disabilities and low income have less access to credit and financial services. Even when they do have access to financial services, they are underserved both in terms of quantity and quality of products, often paying higher interest rates. This lack of access can mean little or no credit history which impacts their overall credit score.
3. **BANKRUPTCY** – People with disabilities often face a devastating loss of income along with loss of ability when they first become disabled or later when health problems worsen. Often the only relief to overwhelming medical bills is through bankruptcy. Sudden and overwhelming medical expenses is the leading cause of bankruptcy in the U.S.
4. **INACCURACIES** - There is no denying that errors can and do appear in credit reports. The July 2000 issue of *Consumer Reports* cited a study where more than 50% of the credit reports checked contained errors. A 2004 survey conducted by the U.S. Public Interest Research Group (USPIRG) found that one in four credit reports contain serious errors.
5. **INDEBTEDNESS** - There is no logical rationale for requiring a credit report unless you are evaluating an applicant's ability to pay back a loan. A vocational rehabilitation agency cannot require a person to go into debt in order to receive services from the agency; any implication that it IS a requirement i.e. checking the "creditworthiness" of the consumer can leave the agency open to lawsuits. In fact, taking on too much debt is one of the top reasons small businesses fail.