

# Credit Reports

## Basics On How to Read a Credit Report



(b)(3)

# Objective

- Upon completion of this presentation you will:
  - Understand Credit Report Types
  - Review and Analyze Credit Reports

# Credit Report Types

- There are three types of reports that provide data on a borrower's liabilities and payment histories
  - In-File Credit Report
    - Credit data is received directly from a national credit bureau
    - Data is NOT verified
  - Tri-merge Credit Report
    - Obtained from a credit reporting agency
    - Contains data collected from three national repositories (EFX, TU, XPN)
  - Factual Credit Report
    - Obtained from a credit reporting agency
    - Contains data collected from three national repositories (EFX, TU, XPN)
    - Credit agency verifies certain data and conducts interview with Subject

# Primary Categories of Information

- There are four primary categories:
  - Identifying information – may include name, current/previous addresses, SSN, DOB, employers
  - Credit history – shows history of paying bills with creditors such as banks, mortgage companies
  - Public records – all available public information such as judgments, foreclosures, bankruptcies
  - Inquiries – information about inquiries made during the past 120 days (Inquiries are requests made by legitimate businesses to check a borrowers credit)

# What is Detailed on a Credit Report?

- For each debt listed:
  - Creditor's name
  - Date account was opened
  - Amount of highest credit or original loan amount
  - Required payment amount of unpaid balance
  - Current status of account
  - Payment history
  - Remarks or Special Comments detailing a loan situation (disputes, loan modifications, etc.)

# Sample Credit Report Legend - ECOA

E C O A	Creditor Name Account Number	Acct Type	Date Reviewed	Date Opened DLA	High Credit Terms	Months Reviewed	Balance Amt Payment Amt	Past Due Amt	Historical 30 60 90
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- Equal Credit Opportunity Act – Represents the borrower's relationship to that account:
  - A – Authorized User
  - I – Individual Account
  - J – Joint Account
  - M – Maker
  - S – Co-Maker
  - P – Participating Account
  - T – Terminated
  - X – Deceased
  - U – Undesignated Account

# Creditor Name & Account Number

E C O A	Creditor Name	Acct Type	Date	Date Opened	High Credit	Months	Balance Amt	Past	Historical
	Account Number		Reviewed	DLA	Terms	Reviewed	Payment Amt	Due Amt	

- Name of the account as reported by credit bureaus, followed by the account number

# Account Type

E C O A	Creditor Name Account Number	Acct Type	Date Reviewed	Date Opened DLA	High Credit Terms	Months Reviewed	Balance Amt Payment Amt	Past Due Amt	Historical 30 60 90
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## • There are several kinds:

- MTG or **M**: Mortgage
- INST or **I**: Installation account
- AUTO or **A**: Auto loan
- REV or **R**: Revolving account
- OPEN or **O**: Open account
- CRCD or **C**: Credit card
- COLL: Account is in Collections
- EDU: Education account
- COSI: Co-signer account
- LEAS: Leasing account



# Date Reviewed

E C O A	Creditor Name Account Number	Acct Type	Date Reviewed	Date Opened DLA	High Credit Terms	Months Reviewed	Balance Amt Payment Amt	Past Due Amt	Historical 30 60 90
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- This is the last date the account was reviewed (or reported) by the creditor

# Date Opened & DLA

E C O A	Creditor Name	Acct Type	Date Reviewed	Date Opened DLA	Credit Terms	Months Reviewed	Balance Amt Payment Amt	Past Due Amt	Historical 30 60 90

- There are two parts to this column
  - Date Opened is the date the account was originally opened
  - DLA is the Date of Last Activity – the last time any activity took place on the account

# High Credit & Terms

E C O A	Creditor Name Account Number	Acct Type	Date Reviewed	Date Opened DLA	High Credit	Terms	Balance Amt	Past Due Amt	Historical
					Reviewed	Reviewed	Payment Amt		30 60 90

- There are two parts to this column
  - High Credit is the highest amount borrowed on the account, or the highest amount available if it was a revolving account
  - Terms – the first number indicates the highest amount of the account and if there is a second number it is the # of months of the repayment agreement (i.e. 48 months, 60 months, etc.)

# Months Reviewed

E C O A	Creditor Name Account Number	Acct Type	Date Reviewed	Date Opened DLA	High Credit Terms	Months Reviewed	Balance Amt Payment Amt	Past Due Amt	Historical 30 60 90
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- Months in Review – the number of months the account has been reviewed from the time the account was opened

# Balance & Payment Amounts

E C O A	Creditor Name	Acct	Date	Date Opened	High Credit	Months	Balance Amt	Past	Historical
	Account Number	Type	Reviewed	DLA	Terms	Reviewed	Payment Amt	Due Amt	30 60 90

- There are two parts to this column
  - The Balance Amount is what is currently owed
  - The Payment Amount would show if the account had a regular monthly payment, such as for an auto loan or other type of installment account

# Past Due Amount

E C O A	Creditor Name Account Number	Acct Type	Date Reviewed	Date Opened DLA	High Credit Terms	Months Reviewed	Balance Amt Payment Amt	Past Due Amt	Historical 30 60 90
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- The Past Due Amount is just that – any amount that is past due on the account

# Historical 30/60/90

E C O A	Creditor Name	Acct Type	Date Reviewed	Date Opened DLA	High Credit Terms	Months Reviewed	Balance Amt Payment Amt	Past Due Amt	Historical 30 60 90

- These columns will indicate the number of times the account has been 30, 60, and/or 90 days past due

# Credit Score Breakdown

- There are indicators which will show the Manner of Payment (MOP) – the letter indicates the type of account and the digit codes represent various factors on each account from days late to the account being unrated



# Manner of Payment (MOP) Codes

- NR – No Record
- X – Information requested but not provided to the credit reporting agency
- 0 – Too new to rate/approved but not used
- 1 – Pays in 30 Days, OR Pays As Agreed
- 2 – Pays in 30-59 Days, OR One Payment Past Due
- 3 – Pays in 60-89 Days, OR Two Payments Past Due
- 4 – Pays in 90-119 Days, OR Three Payments Past Due
- 5 – Pays in 120 Days or More
- 6 – Account Rated 07-09, Now Paid As Agreed, OR Satisfied
- 7 – Chapter 13 Bankruptcy, Pays Regularly
- 8 – Repossession
- 9 – Bad Debt, Collection, Tax Lien, Civil Suit, Judgment, Bankruptcy

# How to Read MOP

- Under Creditor Name/Account Number you will see:

Type of Loan: CREDIT CARD / CHARGE ACCOUNT

Months Reviewed – 48

PP Start Dt.: 6/2016 PP: 11111111111111111111111111111111

← READ THIS FROM RIGHT TO LEFT  
MOST CURRENT TO LEAST CURRENT

- Months in Review indicates how long the account has been in review – 48 in this case, but only the most recent 29 months is shown in this report
- The successive 1's indicate the account was Paid As Agreed for the most recent 29 months (each digit or letter represents one month)
- The PP Start Date indicates the last date the account was reviewed – in this case it was last reviewed in June 2016

# How to Read MOP

## • Under Creditor Name/Account Number you will see:

Type of Loan: AUTO

Months Reviewed – 48

PP Start Dt.: 12/2008 PP: X111111111111111111112345

- Only the most recent 24 months is shown
- The X indicates the account was either too new to review, or the credit reporting agency did not receive a reply when it tried to review the account
- The group of successive 1's indicates the account was Paid As Agreed for 19 months
- The 2 indicates the borrower was 30-59 Days Past Due
  - 3 – Borrower was 60-89 Days Past Due
  - 4 – Borrower was 90-119 Days Past Due
  - 5 – Borrower was 120 or More Past Due

# Other Items to Note

- Hawk Alert – may indicate possibly fraudulent activity otherwise will appear as ‘Available and Clear’
- Always check the Adverse Summary Information section of the credit report
- Public Records section encompasses Judgments, Bankruptcies, Liens and other legal actions involving Borrower

# Conclusion

• Questions?