

CREDIT REPORTS

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Agenda

WHAT'S IN A CREDIT REPORT?

WHAT'S IN A CREDIT REPORT?

1. Identifying Information

Your name, address, Social Security number, date of birth and employment information are used to identify you. These factors are not used in credit scoring. Updates to this information come from information you supply to lenders.

WHAT'S IN A CREDIT REPORT?

2. Trade Lines

These are your credit accounts. Lenders report on each account you have established with them. They report the type of account (bankcard, auto loan, mortgage, etc), the date you opened the account, your credit limit or loan amount, the account balance and your payment history.

WHAT'S IN A CREDIT REPORT?

3. Credit Inquiries

When you apply for a loan, you authorize your lender to ask for a copy of your credit report. This is how inquiries appear on your credit report. The inquiries section contains a list of everyone who accessed your credit report within the last two years. The report you see lists both "voluntary" inquiries, spurred by your own requests for credit, and "involuntary" inquiries, such as when lenders order your report so as to make you a pre-approved credit offer in the mail.

WHAT'S IN A CREDIT REPORT?

4. Public Record and Collection Items.

Credit reporting agencies also collect public record information from state and county courts, and information on overdue debt from collection agencies. Public record information includes bankruptcies, foreclosures, suits, wage attachments, liens and judgments.



[agenda](#)

CREDIT SCORE

AnnualCreditReport.com
The only source for your free credit reports. Authorized by Federal law.

Home | All about credit reports | **Request yours now!** | What to look for | Protect your identity | Frequently asked questions | Contact us

There's more to the game than a score.

How you play changes your score. Details such as, how much credit you have, how much you owe, and how often you pay affect your credit scores. Do you know what else does?

[What affects your credit score?](#)

PAUSE || SPOT IDENTITY THEFT | GOOD CREDIT | DON'T BE FOOLED | **MORE THAN A SCORE** | NOT LIKE THE OTHERS

Your credit reports matter.

- Credit reports may affect your mortgage rates, credit card approvals, apartment requests, or even your job application.
- Reviewing credit reports helps you catch signs of identity theft early.

[Request your free credit reports](#)

FREE Credit Reports. Federal law allows you to:

- Get a free copy of your credit report every 12 months from each credit reporting company.
- Ensure that the information on all of your credit reports is correct and up to date.

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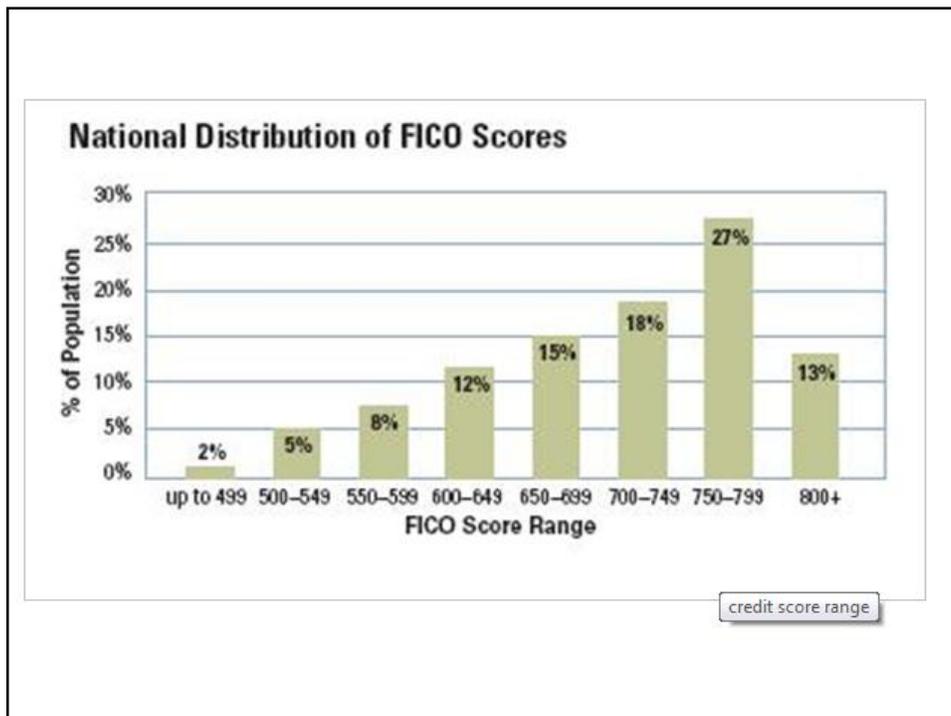
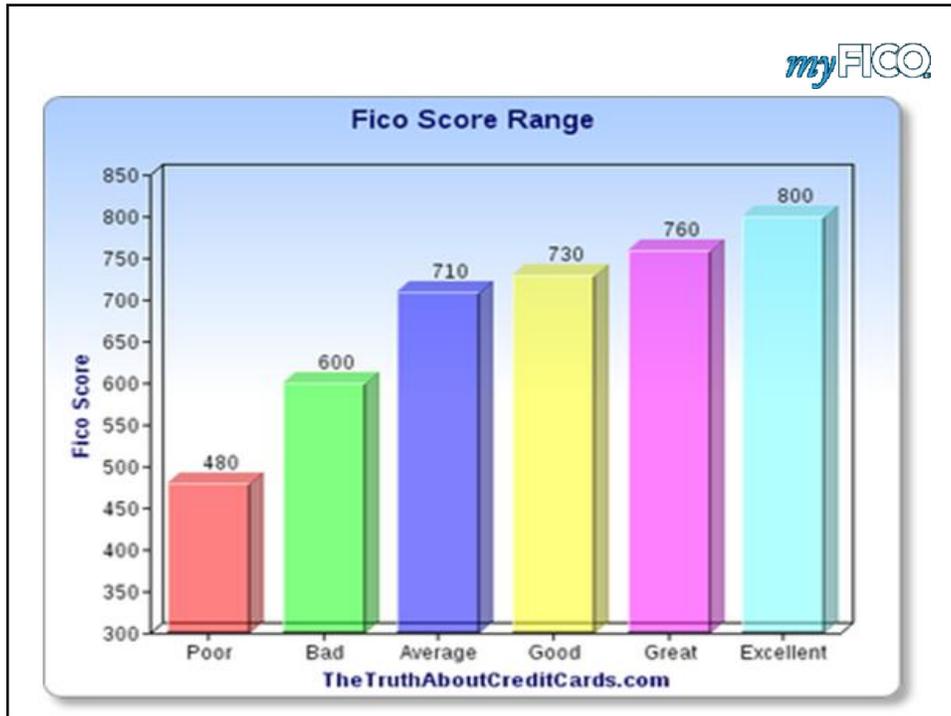
 **TransUnion.**

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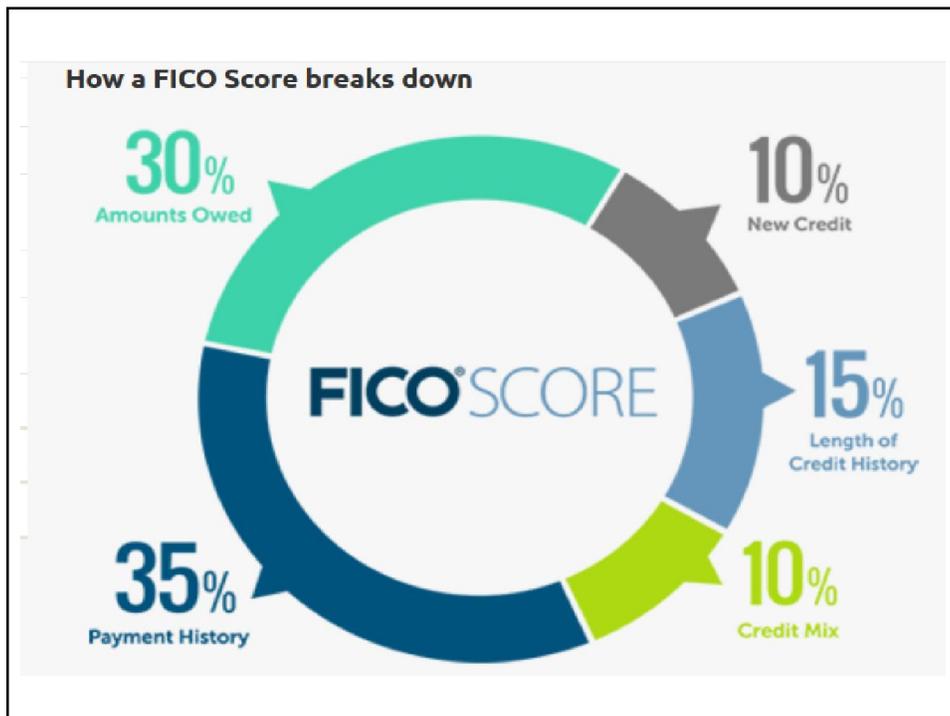
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The screenshot shows the myFICO website in a Windows Internet Explorer browser. The address bar displays <http://www.myfico.com/CreditEducation/>. The page features a dark blue header with the myFICO logo and navigation links for Log In, My Account, Support, and a search bar. Below the header is a main navigation bar with buttons for FICO Scores & Credit Reports, Financial Help Center, Education (selected), Credit Card Center, and Community. A secondary navigation bar under 'Education' includes links for Credit Basics, Credit O&A, FICO Forums, Credit Cards, Calculators, and Educational Videos. The main content area features a prominent blue box titled 'New Risk-Based Pricing Disclosure Notices' with text explaining the requirement for lenders starting January 1, 2011, and a link to www.ScoreInfo.org. Below this are three green boxes with icons and titles: 'New to FICO Scores?' (with a woman icon), 'Managing Your Credit?' (with a piggy bank icon), and 'Making Major Purchases?' (with a house icon). Each box contains several links related to its topic.



SUNDAY, OCTOBER 23, 2011 | The Seattle Times | Real Estate E3

Credit scores poised to get more personal

NEED TO KNOW | FICO plans to offer lenders a separate score on consumers that tracks data like evictions and payday loans.

BY MARY ELLEN PODMOLIK
Chicago Tribune

CHICAGO — Many consumers applying for a mortgage are going to start sharing more personal information with lenders next year, like if or not.

FICO scores, the standard for determining credit risk in mortgages backed by Fannie Mae, Freddie Mac and the Federal Housing Administration, largely have been based on a person's credit history. But in an attempt to develop a more well-rounded picture of a person's finances beyond credit, tools are being developed to help the lending industry dig deeper.

Fair Isaac Corp., or FICO, the company behind the widely used scoring formula, and data provider CoreLogic this month announced a collaboration that will result in a separate score that will be available to mortgage lenders and incorporate information that will include payday loans, evictions and child-support payments. In the future, information on utility, rent and cellphone payments may also be included.

Separately, the big three credit-reporting agencies, Experian, Equifax and TransUnion, began providing estimates of consumer income as a credit-report option. And earlier this year, Experian began including data on on-time rental payments.

The new information can get a mortgage," said Joanne Gaskin, head of FICO product-management global scoring. "Banks are saying, 'How do I find ways to safely increase loan volume, to find the gems out there?'"

As a result, there's a rush by credit-reporting agencies to provide financial companies, whether it's a mortgage bank or a credit-card provider, with a wealth of information on customers.

David Pendley, president of Avenue Mortgage, worked with a college professor, who didn't believe in using credit. "He was putting down 40 percent and he had the hardest time getting a loan, even though he had \$120,000 in the bank and he was 22 years on the job."

Eventually, Pendley secured a loan for him through a private bank. "He didn't get the lowest rate possible."

could prove to be a double-edged sword for consumers: It may open the door to homeownership to some who have, in industry speak, a "thin file" or worse, a "no-file," meaning they lack sufficient credit histories.

Or the extra information may make a borderline borrower look even worse.

Still, researchers say consumer transparency has its place.

"You're trying to convince someone to loan you an awful lot of money at a low interest rate," said Michael Turner, president of the Policy and Economic Research Council. "Only you know whether you're going to pay it back. There is a harmony in this data exchange."

The FICO-CoreLogic partnership won't result in a credit score that will rule out a borrower for a mortgage backed by Fannie Mae, Freddie Mac or the FHA, which together own or guarantee at least 90 percent of the mortgage being written.

But it could mean either more or fewer mortgage fees or a higher or lower interest rate charged by lenders that in today's credit-tight environment have heartily adopted risk-based pricing.

"We're fascinated to see, as we get into the data, whether that may expand the universe of people who can get a mortgage," said Joanne Gaskin, head of FICO product-management global scoring. "Banks are saying, 'How do I find ways to safely increase loan volume, to find the gems out there?'"

As a result, there's a rush by credit-reporting agencies to provide financial companies, whether it's a mortgage bank or a credit-card provider, with a wealth of information on customers.

FICO scores have been around since the 1950s, but they didn't become a major factor in mortgage lending until 1995, when Fannie Mae and Freddie Mac began recommending their use to help determine a mortgage borrower's creditworthiness.

The score, which ranges from 300 to 850, factors in how long borrowers have had credit, how they're using it and repaying it, and if they have any judgments or delinquencies.

The change comes at a time when the average FICO scores of homebuyers who qualify for loans continue to rise, as lenders reward the most creditworthy borrowers with low rates and seek those with lower credit scores with extra fees.

There also are concerns about whether inquiries and charge-offs from payday and online lenders should be included. "Payday loans are extremely onerous," said Chit Chit Wai, a staff attorney at the National Consumer Law Center. "They trap people in a cycle of debt. To report on them is to cite that person as financially distressed. We certainly don't think that's going to help people with a credit score."

The extra information may also help more affluent homeowners who aren't on the credit grid.

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TOPICS

CREDIT SCORE

What's in your FICO® score

FICO Scores are calculated from a lot of different credit data in your credit report. This data can be grouped into five categories as outlined below. The percentages in the chart reflect how important each of the categories is in determining your FICO score.

These percentages are based on the importance of the five categories for the general population. For particular groups - for example, people who have not been using credit long - the importance of these categories may be somewhat different.

Payment History

- Account payment information on specific types of accounts (credit cards, retail accounts, installment loans, finance company accounts, mortgage, etc.)
- Presence of adverse public records (bankruptcy, judgments, suits, liens, wage attachments, etc.), collection items, and/or delinquency (past due items)
- Severity of delinquency (how long past due)
- Amount past due on delinquent accounts or collection items
- Time since (recency of) past due items (delinquency), adverse public records (if any), or collection items (if any)
- Number of past due items on file
- Number of accounts paid as agreed

Amounts Owed

- Amount owing on accounts
- Amount owing on specific types of accounts
- Lack of a specific type of balance, in some cases
- Number of accounts with balances
- Proportion of credit lines used (proportion of balances to total credit limits on certain types of revolving accounts)
- Proportion of installment loan amounts still owing (proportion of balance to original loan amount on certain types of installment loans)

Length of Credit History

- Time since accounts opened
- Time since accounts opened, by specific type of account
- Time since account activity

CREDIT SCORE

New Credit

Number of recently opened accounts, and proportion of accounts that are recently opened, by type of account
 Number of recent credit inquiries
 Time since recent account opening(s), by type of account
 Time since credit inquiry(s)
 Re-establishment of positive credit history following past payment problems

Types of Credit Used

Number of (presence, prevalence, and recent information on) various types of accounts (credit cards, retail accounts, installment loans, mortgage, consumer finance accounts, etc.)
 Please note that:

A FICO score takes into consideration all these categories of information, not just one or two.
 No one piece of information or factor alone will determine your score.

The importance of any factor depends on the overall information in your credit report.
 For some people, a given factor may be more important than for someone else with a different credit history. In addition, as the information in your credit report changes, so does the importance of any factor in determining your FICO score. Thus, it's impossible to say exactly how important any single factor is in determining your score – even the levels of importance shown here are for the general population, and will be different for different credit profiles. What's important is the mix of information, which varies from person to person, and for any one person over time.

Your FICO score only looks at information in your credit report.
 However, lenders look at many things when making a credit decision including your income, how long you have worked at your present job and the kind of credit you are requesting.

Your score considers both positive and negative information in your credit report.
 Late payments will lower your score, but establishing or re-establishing a good track record of making payments on time will raise your FICO credit score.

CREDIT SCORE

What's Not in Your FICO® Score

FICO scores consider a wide range of information on your credit report. However, they do not consider:

Your race, color, religion, national origin, sex and marital status.

US law prohibits credit scoring from considering these facts, as well as any receipt of public assistance, or the exercise of any consumer right under the Consumer Credit Protection Act.

Your age.

Other types of scores may consider your age, but FICO scores don't.

Your salary, occupation, title, employer, date employed or employment history.

Lenders may consider this information, however, as may other types of scores.

Where you live.

Any interest rate being charged on a particular credit card or other account.

Any items reported as child/family support obligations or rental agreements.

Certain types of inquiries (requests for your credit report).

The score does not count "consumer-initiated" inquiries – requests you have made for your credit report, in order to check it. It also does not count "promotional inquiries" – requests made by lenders in order to make you a "pre-approved" credit offer – or "administrative inquiries" – requests made by lenders to review your account with them. Requests that are marked as coming from employers are not counted either.

Any information not found in your credit report.

Any information that is not proven to be predictive of future credit performance.

Whether or not you are participating in a credit counseling of any kind.

<http://www.myfico.com/CreditEducation/WhatsInYourScore.aspx>

CREDIT SCORE

- **Important Things You Can Do Right Now**
- **Check Your Credit Report** – Credit score repair begins with your credit report. If you haven't already, [request a free copy of your credit report](#) and check it for errors. Your credit report contains the data used to calculate your score and it may contain errors. In particular, check to make sure that there are no late payments incorrectly listed for any of your accounts and that the amounts owed for each of your open accounts is correct. If you find errors on any of your reports, dispute them with the credit bureau and reporting agency.
Read more about [Disputing Errors on Your Credit Report](#).
- **Setup Payment Reminders** – Making your credit payments on time is one of the biggest contributing factors to your credit score. Some banks offer payment reminders through their online banking portals that can send you an email or text message reminding you when a payment is due. You could also consider enrolling in automatic payments through your credit card and loan providers to have payments automatically debited from your bank account, but this only makes the minimum payment on your credit cards and does not help instill a sense of money management.
- **Reduce the Amount of Debt You Owe** – This is easier said than done, but reducing the amount that you owe is going to be a far more satisfying achievement than improving your credit score. The first thing you need to do is stop using your credit cards. Use your credit report to make a list of all of your accounts and then go online or check recent statements to determine how much you owe on each account and what interest rate they are charging you. Come up with a payment plan that puts most of your available budget for debt payments towards the highest interest cards first, while maintaining minimum payments on your other accounts.

<http://www.myfico.com/CreditEducation/WhatsInYourScore.aspx>

CREDIT SCORE

More Tips on How to Fix a Credit Score & Maintain Good Credit

Payment History Tips

Contributing 35% to your score calculation, this category has the greatest effect on improving your score, but past problems like missed or late payments are not easily fixed.

Pay your bills on time.

Delinquent payments, even if only a few days late, and collections can have a major negative impact on your FICO score.

If you have missed payments, get current and stay current.

The longer you pay your bills on time after being late, the more your FICO score should increase. Older credit problems count for less, so poor credit performance won't haunt you forever. The impact of past credit problems on your FICO score fades as time passes and as recent good payment patterns show up on your credit report. And good FICO scores weigh any credit problems against the positive information that says you're managing your credit well.

Be aware that paying off a collection account will not remove it from your credit report. It will stay on your report for seven years.

If you are having trouble making ends meet, contact your creditors or see a legitimate credit counselor.

This won't rebuild your credit score immediately, but if you can begin to manage your credit and pay on time, your score should increase over time. And seeking assistance from a credit counseling service will not hurt your FICO score.

Amounts Owed Tips

This category contributes 30% to your score's calculation and can be easier to clean up than payment history, but that requires financial discipline and understanding the tips below.

Keep balances low on credit cards and other "revolving credit".

High outstanding debt can affect a credit score.

Pay off debt rather than moving it around.

The most effective way to improve your credit score in this area is by paying down your revolving (credit cards) debt. In fact, owing the same amount but having fewer open accounts may lower your score.

Don't close unused credit cards as a short-term strategy to raise your score.

Don't open a number of new credit cards that you don't need, just to increase your available credit. This approach could backfire and actually lower your credit score.

Length of Credit History Tips

If you have been managing credit for a short time, don't open a lot of new accounts too rapidly.

New accounts will lower your average account age, which will have a larger effect on your score if you don't have a lot of other credit information. Also, rapid account buildup can look risky if you are a new credit user.

New Credit Tips

Do your rate shopping for a given loan within a focused period of time.

FICO scores distinguish between a search for a single loan and a search for many new credit lines, in part by the length of time over which inquiries occur.

Re-establish your credit history if you have had problems.

Opening new accounts responsibly and paying them off on time will raise your credit score in the long term.

Note that it's OK to request and check your own credit report.

This won't affect your score, as long as you order your credit report directly from the credit reporting agency or through an organization authorized to provide credit reports to consumers.

Types of Credit Use Tips

Apply for and open new credit accounts only as needed.

Don't open accounts just to have a better credit mix – it probably won't raise your credit score.

Have credit cards – but manage them responsibly.

In general, having credit cards and installment loans (and paying timely payments) will rebuild your credit score. Someone with no credit cards, for example, tends to be higher risk than someone who has managed credit cards responsibly.

Note that closing an account doesn't make it go away.

A closed account will still show up on your credit report, and may be considered by the score.

To summarize, "fixing" a credit score is more about fixing errors in your credit history (if they exist) and then following the guidelines above to maintain consistent, good credit history. Raising your score after a poor mark on your report or building credit for the first time will take patience and discipline.

www.myfico.com/CreditEducation/WhatsInYourScore.aspx

MyFICO

Mistake	Downgrade	New Score
Maxed out credit card	24-45	735-755
30-day late payment	90-110	670-690
Debit settlement	105-125	655-675
Foreclosure	140-160	620-640
Bankruptcy	220-240	540-560

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CREDIT
REPORT!**

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Don't be fooled by look-alikes.

Lots of sites promise credit reports for free. AnnualCreditReport.com is the only official site explicitly directed by Federal law to provide them.

[About AnnualCreditReport.com](#)

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- Get a free copy of your credit report every 12 months from each credit reporting company.
- Ensure that the information on all of your credit reports is correct and up to date.

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Payment history legend

OK Current/Terms of agreement met	VS Voluntarily surrendered
30 Account 30 days past due	R Repossession
60 Account 60 days past due	PBC Paid by creditor
90 Account 90 days past due	IC Insurance claim
120 Account 120 days past due	G Claim filed with government
150 Account 150 days past due	D Defaulted on contract
180 Account 180 days past due	C Collection
CRD Creditor received deed	CO Charge off
FS Foreclosure proceedings started	CLS Closed
F Foreclosed	ND No data for this time period

[agenda](#)