



w/ The Frugal CREDITNISTA

How to Read a Credit Report

Credit reports are not always easy to read. The truth is the credit bureaus want it like that. The less the average consumer understands, the more likely they will not spot or complain about any errors.

Let's analyze each major section of a credit report. I've listed screenshots taken from a popular credit monitoring site, creditchecktotal.com:

Personal Data

Identification Information			
	Equifax Reported	Experian Reported	TransUnion Reported
Name:	MELISSA CARSON	MELISSA CARSON	MELISSA J CARSON
Social Security Number:	XXX-XX-6789	XXX-XX-6789	XXX-XX-6789
Age or Date of Birth:	03/1958	03/1958	03/1958
Address Information			
	Equifax Reported	Experian Reported	TransUnion Reported
Address:	123 Peachtree Circle Atlanta GA 30303	123 Peachtree Circle Atlanta GA 30303	123 Peachtree Circle Atlanta GA 30303
Date Reported:	07/2006	09/2006	07/2006
Address:	123 Wyndham Ct BIRMINGHAM AL 35226	123 Wyndham Ct BIRMINGHAM AL 35226	123 Wyndham Ct BIRMINGHAM AL 35226
Date Reported:	05/2005	06/2005	06/2005
Employment Information			
	Equifax Reported	Experian Not Reported	TransUnion Reported
Employer:	ABC CORP		ABC CORP
Address:			
Date Reported:	02/2001		

This section has identifying and employment information. It will include full name, spouse's name, current and former address, date of birth, current and former employers.

Although the personal data section does not directly affect the credit score, it is important that this section is correct for identifying purposes. Suffixes, such as I., Jr., etc., often get mixed up. Father and son with the same name will often get their information reported on each other's credit reports. Make sure you go over each credit report item with your client if you encounter the above situation to ensure accounts are not mixed

Accounts / Trade lines

123 Mortgage Company			
	Equifax	Experian	TransUnion
	Reported	Reported	Reported
Account Type:	Mortgage	Mortgage	Mortgage
Account Number:	642889XXXX	642889XXXX	642889XXXX
Payment Responsibility:	Joint Contractual Liability	Joint Contractual Liability	Joint Contractual Liability
Date Opened:	12/2003	12/2003	12/2003
Balance Date:	02/2007	02/2007	02/2007
Balance Amount:	\$210,075	\$210,075	\$210,075
Monthly Payment:	\$1,475	\$1,475	\$1,475
High/Limit:	\$225,000	\$225,000	\$225,000
Account Status:	As Agreed	As Agreed	As Agreed
Past Due Amount:	\$0	\$0	\$0
Comments:	FREDDIE MAC ACCOUNT	CURRENT ACCOUNT	

This section provides detailed information about all credit accounts. Accounts are divided into five categories: “Real Estate, Revolving, Installment, Other, and Collections

- **Creditor Name:** The abbreviated name of the person or agency that provided the credit account, such as a bank, credit card company, or mortgage lender.
- **Type:** The type of account. Some common account types are Real Estate, Automobile, Educational, and Credit Card.
- **Account Number:** An identifying number for the account. Typically, this would be a credit card number for a credit card account, or a loan identification number for a mortgage.
- **Condition:** A detailed description of the account’s payment status as of the last reported date.
- **Responsibility:** The role in the account. For example, “Individual” or “Joint.”
- **Date Opened:** The date when the account was opened.
- **Date Reported:** The last date when any activity in this account was shown. Activities include payments, credit card billings, etc.
- **Balance and Limit:** The amount presently owed on the account (based on the last reported activity) compared to the maximum amount of credit approved.
- **Payment and Terms:** The amount and number of monthly payments scheduled.
- **High Balance:** The most ever owed on this account. In the case of a credit card, for example, this would be the highest balance ever accumulated. For a mortgage, it would be the initial amount of the mortgage, not the current paid-down principal.
- **Past Due:** The amount of payment overdue as of the most recently reported activity. **NOTE:** Past due payments negatively affect the credit score and should be considered for dispute.
- **Remarks:** If there are any remarks about the account.
- **Two Year Payment History:** At the bottom of the account information, there is a histogram that graphically illustrates the payment history over the past two years. **NOTE:** Late payments negatively affect the credit score and should be considered for dispute.
- **Seven Year Payment History:** A record of any late payments that have occurred over the past seven years. **NOTE:** Any late payment, regardless of the time that has passed, negatively affects the credit score and should be considered for dispute.

Collection Accounts

Collections			
	Equifax	Experian	TransUnion
	Reported	Reported	Reported
Collector:	321 INSTALLMENT LOANS	321 INSTALLMENT LOANS	321 INSTALLMENT LOANS
Account Number:	25XXXX	25XXXX	25XXXX
Date Opened:			
Balance Date:	10/2006	10/2006	10/2006
Balance Amount:	\$35	\$35	\$35
Date of Status:	10/2006	10/2006	10/2006
Status:	Unpaid	Unpaid	Unpaid

Collection accounts are accounts that are seriously past due and have been transferred to an attorney, collection agency or creditor's internal collection agency. As debt is transferred between different agencies, you may see several records on the credit report for the same debt. Only one record should be marked as open at a time.

- **Creditor Name:** The official name of the company that is currently collecting the debt.
- **Account Number:** An identifying number for your account with the collection agency. This is not the same as the account number on your original debt.
- **Original Creditor:** The name of the original creditor where you accumulated your debt. This could be an account that is listed on your credit report (such as a credit card) or an account that is not listed on your report (such as a library, video rental or cell phone company). If this creditor was a medical office, the name must be masked for your privacy.
- **Responsibility:** This indicates your responsibility for the account. For example, individual, joint or cosigner.
- **Condition:** The current status of your collection record. For example, open, closed or paid.
- **Original Balance:** The amount of debt owed on the original account before it was transferred. **NOTE:** It is recommended you avoid disputing collections with large balances if they are still within their statutory right to sue and garner a judgment. There is a chance that you will irritate the collection agency and they will take your client to court as a result.
- **Date Opened:** The date the account was transferred to the collection agency.
- **Date Reported:** The date of the collection agency's last update to this account record.
- **Remarks:** Notes about the account as reported to each credit reporting agency. For example, this section may note that the collector has been unable to locate you or that you have not yet paid the debt.

Public Records

Public Records						
Equifax						
Court	Plaintiff	Docket Number	Filing Date	Balance Amount	Account Status	Type
12- County Court of AL			09/2001	\$240,562		TaxLienFederal
33- Anycity Court House			05/2001	\$1,500		TaxLienFederal
Experian						
Court	Plaintiff	Docket Number	Filing Date	Balance Amount	Account Status	Type
33- Anycity Court House			05/2001	\$1,500		TaxLienFederal
TransUnion						
You have no Public Records on file.						

The public information section of your credit report includes publicly available information about legal matters affecting the credit. This could include judgments against in civil actions, state or federal tax liens and bankruptcies. Here are definitions of the eight types of public records you could see listed on your credit report. All are detrimental to a credit score.

- **Bankruptcy:** A legal filing that relieves a person of responsibility for all or some of their debts because they are unable to pay.
- **Tax Lien:** A claim filed by a local, state or federal tax agency against a person who owes back taxes.
- **Legal Item:** A general filing. This is most commonly a judgment against you in civil action.
- **Marital Item:** A legal filing related to a marital or divorce issue.
- **Financial Counseling:** A public record indicating that a person has participated in financial counseling.
- **Financial Statement:** A type of lien filed by a creditor against a person's property. This can be filed when a loan is secured against personal property.
- **Foreclosure:** A record indicating that a mortgaged property has been taken over by the creditor because the borrower has defaulted on the loan.
- **Garnishment:** A record indicating a court order to withhold some or all of a person's wages to repay a debt owed to a creditor.

The summary information listed for each of these types of public records can vary. Here are some definitions of common record categories:

- **Type:** The type of record. For example, a tax lien, bankruptcy, garnishment or judgment.
- **Status:** Current status of the record. For example, released, filed or dismissed.
- **Date Filed/Reported:** Date when the record was initially filed or created.
- **How Filed:** The role that you played in the public record. Usually the record is filed either individually or jointly.
- **Reference No.:** Identifying number for the record.
- **Released/Closing Date:** Date when the record was closed, released or judgment was awarded.

- **Court:** The court or legal agency that has jurisdiction over the record.
- **Plaintiff:** Plaintiff in the case of a legal judgment.
- **Amount:** Dollar amount of the lien or judgment.
- **Remarks:** Notes regarding the public record as reported to the credit bureaus.

If the public record is a bankruptcy, three other fields will be visible:

- **Liability:** The amount the court found you to be legally responsible to repay.
- **Exempt Amount:** The dollar amount claimed against you that the court has decided you are not legally responsible for.
- **Asset Amount:** The dollar amount of total personal assets used in the court's decision.

Inquiries

Creditor Name	Date of Inquiry	Credit Bureau
CENTRAL INDUSTRIAL FINANCIAL	05/15/1998	TransUnion
NAUTILUS FINANCIAL	03/02/1998	Equifax
UNIVERSAL CREDIT	03/02/1997	TUC
SYSTEMATICA INS CO	03/31/1995	Experian

This section lists details about each inquiry that has been made into the credit history. Details include the name of the creditor or potential creditor who made the inquiry and the date when the inquiry was made.

An inquiry appears when an organization such as a bank or retail store requests a copy of the credit report. These requests can only be made if the customer has a granted authorization or is applying for credit with the organization. The requestor's name will appear on the credit report, allowing the customer to monitor who accessed the credit report. NOTE: Excessive or unauthorized inquiries affect the credit score and should be considered for dispute.

Creditor Information

Creditor Name	Address	Phone Number
CENTRAL INDUSTRIAL FINANCIAL	1200 E 25TH ST NEW YORK, NY	(890) 555-1234
OCTANT	2259 W 17TH ST FREMEN, OH	(605) 345 - 2335
GESCOM/UNIVAR COMM	RR 3 POB 681 ROSWELL, NM	By Mail Only

The creditor information section lists the names of all creditors and potential creditors that appear on the credit report. The list includes both creditors that appear in your Account History section and creditors that appear in the Inquiry Section. Each creditor's address is listed to the right of the creditor's name. You will refer to this list when you create dispute letters directly with the furnisher.

Dates on Your Credit Reports

You'll find a *lot* of dates on our credit reports and it can be quite confusing. Let's review what these dates mean and how they impact our credit scores.

There are two reasons why dates on your credit reports are so important:

1. The first is that they may directly affect how long information remains on your credit reports.
2. The second is that they may relate directly to how that information affects your credit scores.

We've explained how long information can be reported here; in this article we will explore how these dates can affect your credit scores, and your FICO scores in particular.

Date Opened/Open Date

This is the date the account was opened. When FICO calculates our Length of Age (15% of our credit scores) they use the open dates to calculate our older accounts and the average age of all of our accounts.

So, older 'Open Dates' positively impact our credit scores. Whether the account is opened or closed, FICO will still use the Open Date when calculating the age of our credit history.

Also, when an account has been closed due to a lost or stolen card, the Open Date is viewed as a continuation of the age of the account; not a new account.

When reviewing collection accounts; the Open Date is the date the account was assigned or purchased by the collection agency. FICO scores collections based on this assignment date.

Date of Last Activity

This date lets us know when an account's current status took place. Some bureaus, however, will update this date when any activity has been made on the account. The key take-a-way is that this date will not lower your scores at all. Many believe that the date of last activity is when items are removed from your credit reports, and that if you dispute anything, pay a collection or a closed account and this date adjusts, that their negative item will remain on their credit reports for another 7 years. This is not true. Negative items are removed from the date you were first past due and *never* brought the account current again.

The date of last activity will simply state the last date that activity occurred on the account; that's it!

Report Date/ Date Reported

The reporting date is the date the creditor last furnished information - status update, payment activity, etc. - to the credit bureaus. FICO will review the reporting date to determine if the balance being reported, if any, should be included in our credit score calculation.

For example, if an older charged off credit card is reporting and it hasn't reported in a while, FICO will more than likely ignore it; especially if it's over 4 years old. If the credit card is reporting a balance every month on a regular basis, even though it's old; the balance will still be reflected when calculating our credit scores.

The key thing to remember, the reporting date tells FICO if it should include the balance and/or credit limit into our scores

Date of Last Payment

This date simply lets you know the date that you last made a payment. FICO will not consider this information when calculating your credit scores. There will be no specific events that happen when this is updated wither; it's simply an 'FYI' of when you last made a payment on your credit accounts.

Inquiry Date/Date of Request

This date is found in the Inquiries section and lets you know the date that a creditor reviewed your report. This information is good to know to determine when an inquiry will no longer be factored into your scores. Inquiries no longer affect our scores after 12 months and are deleted in 24 months.

Hope this helps!