

Credit Reports & Information for PSOC

By Ph.D., CFP®, AFC®

OMS/MHD/EAP

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WHAT IS A CREDIT REPORT

- A record of your loan & credit history
- How much is paid, how often it's paid and if it's on-time
- Lists the company and the credit amount or limit
- Can include: Inquiries, addresses and/or employers, other details of public records

3 Credit Reporting Bureaus

- Equifax
- Trans Union
- Experian



NOTE: Not all Companies or Creditors report to all 3 credit reporting agencies.

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WHAT IS INCLUDED

- **Personal information**

- Name(s), current and recent addresses, Social Security Number, date of birth, current and previous employers

- **Credit history**

- Account details, the date the account was opened, the credit limit or amount of the loan, the payment terms, the balance, and a history that shows whether or not you've paid the account on time. Closed or inactive accounts stay on your report for 7 to 11 years from the date of their last activity.

- **Credit Report Inquiries**

- When another party (i.e., a lender, service provider, landlord, or insurer) requests your credit report. Remains on your credit report for up to two years.

- **Public records**

- Obtained from government, including liens, bankruptcies, and overdue child support. Stays on your credit report for at least 7 or more years.

Not Normally on Credit Reports

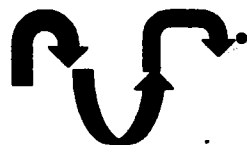
unless in collections or judgement

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- Rent & Utilities – cell phone, cable, etc.
 - Memberships or reoccurring payments (i.e., gym, etc.)
 - Medical, Legal, Professional Bills
 - Insurance
 - Alimony/Child support – unless seriously delinquent
 - Spouse accounts- only if jointly held or co-signer
 - Tax liabilities
 - Government travel card (GTC)
 - Some payday loans
 - IRS debt or other tax debt

Never on Credit Reports

- **Income**
- **Checking, Savings or Bank accounts**
 - Including overdrafts
- **TSP loans**
- Investment accounts
- Race, Religion, & Education level
- Medical history
- Political affiliation
- Criminal records

TYPES OF ACCOUNTS INCLUDED

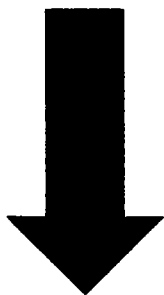


• Revolving Accounts

- Credit cards & Store/retail cards
- Lines of credit, including a Home Equity LOC

• Installment Accounts

- Mortgages & Home equity loans (2nd mortgage)
- Student loans
- Auto loans
- Personal loans (signature loans)





Terms you will see on Credit Reports

-
- Bankruptcy
 - Charge off/P&L
 - Collection- purchased debt
 - Closed with balance
 - Foreclosure
 - Home Equity Loan
 - Installment debt
 - Judgment-Sued -no collateral/ garnishment
 - Lien-Sued with collateral/ property/ vehicles, IRS
 - Mortgage
 - Repossession- deficiency balance
 - Revolving debt- credit card
 - Settlement- Agreement for less than owed 1099C
 - Write off- uncollectable/ ID Theft /death, etc.
 - Deferment- payment doesn't have to be made until a future arranged date.
 - Forbearance- Pause in payments sometimes due to hardship. Interest continues to accrue increasing the balance of the loan.

4 Different Types of Bankruptcies

- Chapter 7- Individual (Straight Bankruptcy) debt relief for unsecured debt, credit cards, personal loans, etc.
- Chapter 13 - Allows a debtor to repay creditors over a 3- 5 year period. Sometimes referred to as WAGE EARNER PLAN.
- Chapter 11- Business or people with unusually high debt
- Chapter 12- Farmers and Fisherman



Discharged or Dismissed ?

- Discharged – bankruptcy completed to the end
- Dismissed – Short of a discharge- liable for debts same as prior to filing

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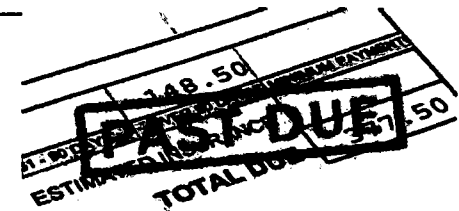
How Long are Accounts Listed on a Credit Report?

- Liens – state specific/ Unpaid Indefinite
 - Civil Judgments – 7 years or longer
 - Foreclosures – 7 years
 - Repossessions - 7 years -
 - Unpaid accounts – usually 7 years from Date of Last Activity.- (DLA)
 - Unpaid Taxes – 7 years if paid/ 15 years unpaid
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- After 10 years, Chapter 7, 11 & 12 Bankruptcy drops off
 - After 7 years if discharge, Chapter 13 Bankruptcy drops off



What is a Collection Agency Account?

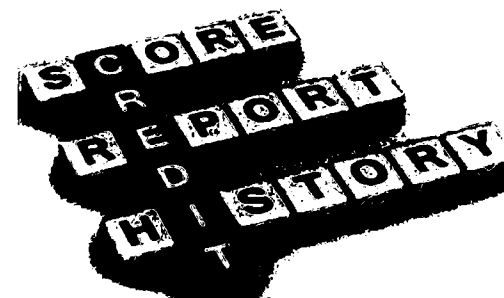
- Collection Agency/Debt Buyer
- Debt purchased for pennies on the dollar
- Purchase a list of charged off accounts from original creditor
- Not everything on list is collectable debt
- Same list sometimes sold multiple times
- Major Players- Midland, NCO, Palisades, Pinnacle, Asset Acceptance Corp.



Credit Report

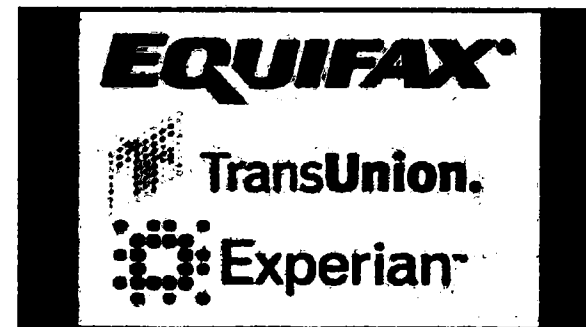
Story of Your Financial History

- **Useful in generating questions**
- **Can indicate if:**
 - individual is financially over extended
 - individual has undisclosed financial obligations
 - unexplained affluence
 - insight to a persons judgment and attitude toward debt.
 - shows negative or positive financial pattern and history



New KeyPoint Tri-Merge Credit Report

- Equifax = EFX or EF or ECIS
- Trans Union = TRU or TU
- Experian = XPN



NOTE: The new CRs do NOT always provide info from all 3 agencies.

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Contents of the New Credit Report First Report (Adverse Summary) Overview

- Header Information - names, address, SSN, age/date of birth, marital status
- Adverse Summary Information
 - Accounts that are in collection, past due, settlements, history of missed/late payments
 - NOTE: This information is a repeat of the information found in the full report and can be confusing if looking this section as it's own report.
- Public Records
 - Judgements, bankruptcies, foreclosure, liens, repossessions, etc.
 - NOTE: This information is also repeated in the full report.

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Contents of the New Credit Report Second Report (Full Report) Overview

1. **Applicant** = Includes biographical data
2. **Scores** = Blank. No credit scores are given with these reports
3. **Alerts** = Includes a Hawk Alert meaning that there might be potential fraudulent activity on the report
 - **WARNING:** This can be misleading given that many of the reports say "available and clear" with no indication of fraud on the report
4. **Summary Report** = Inaccurate overview of information contained in credit history
 - **WARNING:** This information can be only from 1 credit bureau or if from all 3, the information will be duplicated 3x
5. **Credit History** = Contains reported credit history potentially up to 99 months worth of data
6. **Public Records** = same as on summary information page, but this report does not specify that subject has been notified that their report has been pulled
7. **Inquiries** = from potential/current employers and if seeking or have credit with a lender.
 - **WARNING:** The report says this is the last 365 days whereas the legend says it only pulls 120 days of information.
8. **Addresses & Employment Information** = where the borrower and/or co-borrower have lived and worked
9. **File Variation** = lists the different sources from which the information was pulled
10. **Comments** = any name variations (i.e., misspellings, middle initial vs. middle name), consumer statements from the corresponding credit bureau

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How to Read the Summary Report

- 5 Types of Trade Accounts

1. Real estate = Conventional real estate mortgage, Real estate mortgage, & loan modified
2. Installment loans = auto loans, student loans, personal/signature loans
3. Revolving credit = credit cards, store charge cards, charge accounts, flexible spending credit cards
4. Collections = accounts in collection (>180 days past due)
5. Other = lines of credit, home equity line of credit (HELOC), check credit (cash advance)
6. # = Total number of accounts (includes both closed & opened accounts)

How to Read the Summary Report, con't.

-
- TOTAL W/BAL = # of accounts with a balance
 - WARNING: This can also include repeated accounts from all three credit bureaus (i.e., can show 3x for the same debt).
 - TOTAL BALANCE = Total amount owed from all open lines
 - WARNING: This also can include a total sum of 3x the actual balance owed on the debt.
 - TOTAL PYMT = Total monthly payment owed
 - WARNING: Same as above. Can be 3x the actual monthly amount owed.
 - TOTAL P/D = Total amount past due
 - WARNING: Same as above. Can be 3x the actual amount past due.
 - TOTAL 30/60/90 = Total # of accounts that have been 30/60/90 days past due
 - WARNING: Same as above: Can be 3x the number of days past due.
 - DATE LAST P/D = No information has been verified for this column.


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How to Read the Summary Report, con't.

- PUBLIC RECORDS (TOTAL #) = # of liens, judgements, foreclosure, bankruptcy, other
 - WARNING: Has not been confirmed, but could also follow the same 3x pattern as described above.
- # INQUIRIES = # of creditors/employers that have pulled a credit report
 - Also listed in full at the end of the report
 - WARNING: Report states inquiries go back 365 days, but KeyPoint legend states 120 days
- #NEW TRADES = # of new accounts opened
 - NOTE: Unsure what time period this covers
- OLDEST TRADE OPEN = month and year of oldest credit account on report

archival

How to Read the Credit History



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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- ECOA = Equal Credit Opportunity Act – Represents the borrower's relationship to the 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

SECRET

How to Read the Credit History, con't.

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

- Creditor Name
 - LINE 1 - name of lender/creditor
- Account Number
 - LINE 2 – ONLY EFX includes account #s; no account #s included for TU or XPN

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How to Read the Credit History, con't.

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

- **Legend for Types of Accounts Codes:**

- **MTG or M:** Mortgage
- **INST or I:** Installment loan
- **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:** Leased account

- **Legend for 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 the Credit History, con't.

E C O A	Creditor Name Account Number	Acc Reviewed	Date Reviewed	Date Opened DLA	High Credit	Months Reviewed	Balance Amt Payment Amt	Past Due Amt	Historical 30 60 90
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- **Date Reviewed** = The month & year that the latest information was received and reported by the credit bureau
- **Date Opened/DLA**
 - Line 1 - Date account was originally opened
 - Line 2 – DLA = Date of Last Activity – meaning the last time any activity (i.e., payment) occurred on the account

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How to Read the Credit History, con't.

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

- **High Credit**

- Line 1 = Original amount of debt for installment & real estate debt, highest amount owed on collections, credit limit on revolving credit and lines of credit
 - WARNING: This report does NOT distinguish between credit limits and highest amount owed on the debt (i.e., a credit card can have a limit of \$1,000, but the highest amount used may be \$1,120.)

- **Terms**

- Line 2 = Terms of the loan (EXAMPLE: 72MIN400 = Means 72 month loan with a minimum monthly payment of \$400)

Approved for Release: 2019/11/26 C06675872

How to Read the Credit History, con't.

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

- **Months Reviewed** = the number of months the account has been reviewed from the time the account was opened
 - NOTE: The highest amount we've confirmed on this is 99 months (8.25 years)
 - NOTE: This credit report does NOT give you the date the account was closed

Approved for Release: 2019/11/26 C06675872

How to Read the Credit History, con't.

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

- **Balance Amt**

- Line 1 = Current balance owed on the debt
- WARNING: This credit report does NOT distinguish between credit limit and high credit so it can be difficult to get an accurate report of the credit utilization ratio.

- **Payment Amt**

- Line 2 = Monthly payment amount owed for installment debt or minimum monthly payment amount for revolving debt
- NOTE: Payment amount ONLY shows if there is a regular monthly payment on the debt (i.e., most collections will not have this given that most collections do not have a minimum monthly payment associated with the debt).

How to Read the Credit History, con't.

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

- **Past Due Amt**
 - Total amount that is past due > 30 days or more
- **Historical 30/60/90**
 - # of times (in terms of months) that the account has been 30, 60, or 90 days past due

release 10/1

Other Information on the Credit History

- **Type of Loan** = Explains in more detail type of account
- **B/TU=01**
 - “B” = Borrower, “C” = Co-borrower
 - Reporting Agency
 - Equifax = EFX or EF or ECIS
 - Trans Union = TRU or TU
 - Experian = XPN
 - Number refers to MOP codes (see legend)
- **Comments** = Gives further information about what has happened with the account, i.e., collection, closed, closed by grantor or consumer, settlement accepted, etc.

Payment Period Explained

- **PP Start Dt** = Payment Period Start Date
 - Means the month to start counting the payment period with
- **PP** = Payment Period
 - #s are a representation of # of months payment information was tracked
 - Need to use MOP codes to verify information
 - Read the pay pattern from left to right - the first position on the left corresponds to the account status of the previously verified month
 - WARNING: KeyPoint legend reports to read the PP from Right to Left but this does not seem correct when reviewing multiple CRs

PPL Start Dt: 9/2013 PP: 3332111111111X11

Start with : 9/2013

PP: 3 3 3 2 1 1 1 1 1 1 1 1 1 1 X 1 1

Sep-13 Aug-13 Jul-13 Jun-13 May-13 Apr-13 Mar-13 Feb-13 Jan-13 Dec-12 Nov-12 Oct-12 Sep-12 Aug-12 Jul-12 Jun-12 May-12

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How to Read Public Records

Type	B/C	Source	Amount	Docket	Court Name	Date Filed	Dt Released	Date Settled	Plaintiff
02	B	XPNTU	1191	154XY1000 032156	Prince Williams Dist	4/23/2009	6/30/2010	6/30/2010	XYZ Financial Serv



See
MOP
Code

Comment: JUDGEMENT SATISFIED.

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Ways to Verify a Charge Off with a Collection

- Look for the following:
 - Date opened on the collection should match the DLA on the original debt
 - The most owed on the collection account should match the balance of the original debt
 - Major Players: Midland, NCO, Palisades, Pinnacle, Asset Acceptance Corp

What to Pay Attention To!

1. Public Records – can indicate overindebtedness
2. Date Opened – can show a need for credit if several accounts are opened at the same time
3. Report Date/Date Reviewed – can show lagging data from date report was requested to when the information was reviewed (i.e., reported on the account)
4. Date Closed – this report doesn't allow you to verify when the account was closed
5. Terms – gives a quick overview of the terms of the account
6. Type of account- gives a quick idea of the types of credit the client uses
7. Credit Limit- Range between balance and limit.
 - WARNING: This calculation can be off on the new reports given the lack of information between credit limit and high credit amount.
8. Inquires- large number of recent inquiries can indicate the client might be overextended and need to borrow more credit
9. ECOA Codes – gives an indication to the borrower(s) of the debt
10. MOP Codes – give you an indication of the current status of the debt

2019/11/26

Questions?

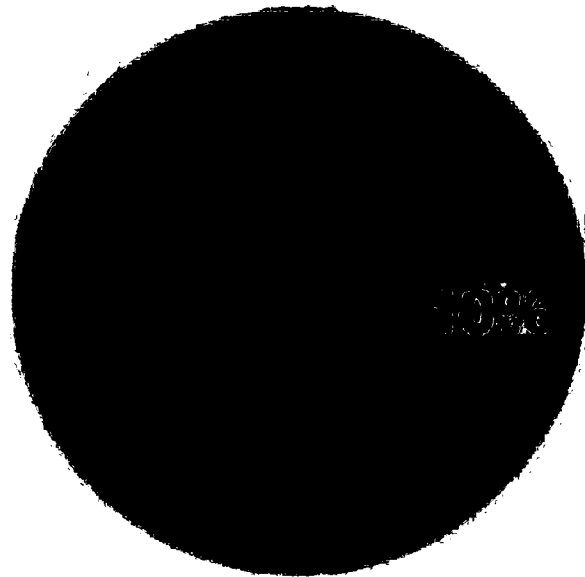
Thank You,

Ph.D., CFP®, AFC®

OMS/MHD/EAP Financial Counselor

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WHAT GOES INTO A FICO CREDIT SCORE?



- **Payment history**
- **Amounts owed**
- **Length of credit history**
- **New credit**
- **Types of credit used**

CREDIT “REPAIR” BUYER BEWARE!!

- SCAMS that request payment before services are provided
- Recommends that you don't contact any of the nationwide credit reporting companies directly
- Tells you it can get rid of the negative credit information in your credit report, even if that information is accurate and current
- Advises you to dispute all the information in your credit report, regardless of its accuracy or timeliness
 - When disputing information, it must be removed from CR for 30 days while investigation takes place
- Suggests that you try to invent a “new” credit identity – and then, a new credit report – by applying for an Employer Identification Number to use instead of your Social Security number
 - Warning: It is a federal crime to misrepresent your Social Security number or to obtain an Employer Identification Number from the Internal Revenue Service under false pretenses

GOOD NEWS:

- Creditor can settle with creditors themselves at no cost (see example letters on consumerfinance.gov)
- Tip: If you have just signed up for these services, you have the right to cancel your contract with any credit repair organization for any reason within three business days.

Debt Management Companies!

Do they do what they claim they will do?

- **Few reputable companies**

Example : 7 credit cards totaling \$24,000.

You pay \$414 monthly to the DMC

\$414

- 291 fees

\$123 goes into a Settlement Reserve pot until the DMC has enough to offer one of the creditors a settlement. It could takes months or years! In the mean time, their debt isn't being paid and accounts continue to become more past due or charged off!

Money Management International – Formerly Consumer Credit Counseling- Non Profit organization

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Client Name: [REDACTED]

Date: 7/20/2014

DEBT RESOLUTION PROGRAM

Total Amount of Debt		\$24,549.00		Estimated Settlements:		\$10,310.58	
Service Cost Percentage		15%					
Estimated Total Fees & Settlements		\$17,423.43		TOTAL ESTIMATED SAVINGS		\$7,125.57	
Month in Program	Regulator Fee \$100	Service Cost \$131.52	Settlement Reserves \$123.08 \$50	Legal Administration Fee \$10.25	Banking Fees \$414.85	Total Draft 3/10/2014	Draft Due Date
1	\$100.00	\$131.52	\$123.08	\$50.00	\$10.25	\$414.85	3/10/2014
2	\$100.00	\$131.52	\$123.08	\$50.00	\$10.25	\$414.85	4/10/2014
3	\$100.00	\$131.52	\$123.08	\$50.00	\$10.25	\$414.85	5/10/2014
4	\$100.00	\$131.52	\$123.08	\$50.00	\$10.25	\$414.85	6/10/2014
5	\$100.00	\$131.52	\$123.08	\$50.00	\$10.25	\$414.85	7/10/2014
6	\$100.00	\$131.52	\$123.08	\$50.00	\$10.25	\$414.85	8/10/2014
7	\$100.00	\$131.52	\$123.08	\$50.00	\$10.25	\$414.85	9/10/2014
8	\$100.00	\$131.52	\$123.08	\$50.00	\$10.25	\$414.85	10/10/2014
9	\$100.00	\$131.52	\$123.08	\$50.00	\$10.25	\$414.85	11/10/2014
10	\$900	\$131.52	\$223.08	\$50.00	\$10.25	\$414.85	12/10/2014
11		\$131.52	\$223.08	\$50.00	\$10.25	\$414.85	1/10/2015
12		\$131.52	\$223.08	\$50.00	\$10.25	\$414.85	2/10/2015
13		\$131.52	\$223.08	\$50.00	\$10.25	\$414.85	3/10/2015
14		\$131.52	\$223.08	\$50.00	\$10.25	\$414.85	4/10/2015
15		\$131.52	\$223.08	\$50.00	\$10.25	\$414.85	5/10/2015
16		\$131.52	\$223.08	\$50.00	\$10.25	\$414.85	6/10/2015
17		\$131.52	\$223.08	\$50.00	\$10.25	\$414.85	7/10/2015
18		\$131.52	\$223.08	\$50.00	\$10.25	\$414.85	8/10/2015
19		\$131.52	\$223.08	\$50.00	\$10.25	\$414.85	9/10/2015
20		\$131.52	\$223.08	\$50.00	\$10.25	\$414.85	10/10/2015
21		\$131.52	\$223.08	\$50.00	\$10.25	\$414.85	11/10/2015
22		\$131.52	\$223.08	\$50.00	\$10.25	\$414.85	12/10/2015
23		\$131.52	\$223.08	\$50.00	\$10.25	\$414.85	1/10/2016
24		\$131.52	\$223.08	\$50.00	\$10.25	\$414.85	2/10/2016

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