

# Understanding Your Credit Report



## 4 Basic Sections

### ❖ Identifying Information

- Includes information such as your name and any variations you have used, your social security number, date of birth, current and previous addresses and employers if known

### ❖ Public Information and Collections

- All judgments, liens, bankruptcy filings or items placed for collection on your accounts
- Included information: date the item was filed or placed for collection, the amount of the obligation, the current collector, sometimes the original creditor, the current amount owed, and when the account was paid or discharged

### ❖ Credit History

- Any accounts opened that has carried any type of balance in the last 7 years
- Accounts on which you are a signer, co-signer, authorized user or obligated party
- All account information is listed under the header row by credit grantor. The summary line includes the date of your oldest reference, your newest reference, whether or not you have public records or collection items, the total number of accounts listed (also know as trades), and the range of the highest credit amount used on the listed accounts.
- See other side for a further breakdown of Credit History Section

### ❖ Inquiries

- A listing of all requests made for your credit report in the last two years.
- Inquiry alerts will only appear if you've had more than two inquiries in the last 6 months.
- The final item is a list of companies with trades or inquiries and their contact information.

The reporting of credit is voluntary so not all creditors will report the same information. Even creditors who provide information may not provide it to all credit reporting agencies.



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## Breakdown of Credit History Section

Before the credit history section begins there is a listing of column heading abbreviations. Below is the meanings of those abbreviations.

- **Firm/Ident Code**– the company where you obtained credit and their registration number with Equifax.
- **ECO**A– Shows whom the account belongs to according to the Equal Credit Opportunity Act (J=Joint, I=Individual, U=Undesignated, and A=Authorized User)
- **CS**– current status a combined letter and number rating based on the type of account and the payment history. Account types are: I for Installment with a fixed number of payments, R for Revolving with variable payments that are based on a portion of the balance, and O for Open which requires the full balance to be paid each month.
  - Payment history is on a scale of zero to nine.
  - 0 = Approved but not used or used less than 6 months so the account is too new to rate
  - 1 = Paid as agreed
  - 2 = Account has been 30+ days past due
  - 3 = Account has been 60+ days past due
  - 4 = Account has been 90+ days past due
  - 5 = Account has been 120+ days past due or placed for collection
  - 7 = Payments are being made through a Wage Earner Plan (Chapter 13 Bankruptcy) or other similar agreement
  - 8 = Secured account that has had the collateral repossessed (auto, boat, etc)
  - 9 = Account that has been charged-off as a bad debt
- **RPTD/OPND**- the date the account was most recently updated (RPTD = reported) and the date the account opened (OPND).
- **LIMIT/P-DUE/HICR/TERM/BAL \$**- These numbers may or may not be reported depending on the type of account and the creditor's policy. They represent the credit limit on the account (LIMIT), the amount past due or delinquent (P/DUE), the highest balance the account has held (HICR), the conditions of the credit, expressed either in a monthly payment amount or the months of the loan (TERM) and the current balance on the account (BAL \$).
- **DLA**– The date of last activity. It determines the length of time a trade remains in your credit file. After seven years from the date of last activity, all trades are purged from your file.
- **MR**- If a number is listed in this column it refers to the number of months reviewed by the credit grantor when reporting their information on this account.
- **(30-60-90+) MAX/DEL**- This item refers to the number of times during the MR (months reviewed) the account was 30, 60 or 90 + days past due. An account can be listed as an R1 (see **CS**) because the last two years have been paid perfectly and it was never seriously past due (over 30 days), but in the 72 months of the review period it may have been 60 days past due once in May of 2002 and 30 days past due twice. This would show as (02-01-00) 05/2002 showing that while the account is current, it has been 30 days past due twice and ninety days past due once with the most serious delinquency occurring in May of 2002.
- **24 MONTH HISTORY**- If this is included, it will show a row of up to 24 characters representing two 12 month periods divided by a slash mark where the left most character represents the month of the DLA and proceeding backwards in time 24 months.
  - A string of characters like this \*\*\*\*\*543222/2\*\*\*\*\* with a DLA of 12/04 would mean the account became 30 days past due in December of 2003 and remained 30 days past due through April of 2004, 60 days past due in May of 2004, 90 days past due in June of 2004, 120 days past due in July of 2004 and brought current in August of 2004, remaining current through December 2004 when the date of last activity occurred.
  - The 2 represents 30+ days past due, 3 is 60+ days past due, etc (see Payment History rating system under **CS**), and the stars is when the account is current.

## Credit Score Formula

Credit Scores are based on formulas that take several factors into consideration. The factors and how they are weighted vary from credit bureau to credit bureau. Individual creditors can determine which factors are more important than others and request that the bureaus provide them with scores according to the creditors' own matrix.

While most will not reveal how the factors are weighted, FICO has released their matrix for their standard score:

- 35% is based on payment history (CS from your trades)
- 30% is based on the amounts owed (current balance vs. amount available)
- 15% is based on the length of credit history (opened date of your oldest reference)
- 10% is based on the amount of new credit (last 12 months)
- 10% is based on the types of credit (loans, credit cards, secured, unsecured, etc)