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Credit Scoring

(How to Interpret)

Lenders have utilized credit scoring for over 30 years. A score is a scientific way of assessing how likely a borrower is to pay his bills. Credit score is based on the data available in the borrower's credit report and measures the relative amount of a risk potential borrower represents to the lender or investor. The most widely recognized score for the industry is the FICO, or Fair Isaac Score.

FICO scores range from approximately 350 to 850 points, and are available from all three of the credit repositories. Each bureau also has its own name for its version of the FICO.

EQUIFAX – Beacon

TRANS UNION – Empirica

EXPERIAN – Fair Isaac

FICO scores are calculated by a system of scorecards. In developing these scorecards Fair Isaac uses actual credit data on millions of consumers and applies complex mathematical methods to perform extensive research into credit patterns that forecast the likelihood that a consumer will make his or her loan payments as agreed in the future. FICO models at each bureau are similar design and the scores are scaled to provide a similar degree of risk. The risk is defined in the number of accounts that remain in good standing compared to those that default.

Why has credit scoring taken hold in the industry? The primary force driving is the endorsement given credit scoring by some of the largest investors in the United States. These companies have all set similar “cutoffs”. For example, a score less than 659 would indicate a need for a cautious, detailed review of an applicant's credit history in order to identify compensating strengths to offset the credit score such as high income. If other strengths are not available, sometimes the terms of the “deal” are changed i.e. interest rates, down payments or security deposits are increased. To assist you in understanding why a bureau returned a low FICO score, each provides up to four reason codes when posting a FICO on a credit report. These reasons, or adverse action codes, are the primary factors contributing to the compilation of an individual's score.

Note: The higher the score the better

Excellent	750 - 850
Good	720 - 749
Average Credit	660 - 719
High Risk	620 - 659
Poor Credit Risk	350 - 619

How to Interpret the Sections of the Credit Report

1st Page Header of the Credit Report

File # to be used when calling US Real Estate for questions concerning a specific report, Ordering information such as Client, Client Address, Date ordered and Requestor

Applicant Information

This is the information entered into the US Real Estate system, via the Web or by our Customer Service Rep. Always check for errors in the information entered in this section if no credit information is returned.

Credit Bureau Report

Scores – Please see supplied document on Credit Scoring.

Credit Summary: A quick interpretation of the Total credit trade lines on the report

Financial Summary: A calculated summary of payments, balances, and past due information, sorted by Type of account; (i.e.)

Mortgage: Mortgage Payment

Installment: Same monthly balances such as Car loans.

OPEN: Paid in full monthly balances such as AMEX, Utilities

Revolving: Percentage paid balances, such as Credit Cards

Edu: Education / School loans

The Proposed Rent Section is populated if you use our Tenant Score Card Product.

Variations

Personal Information Comparison: Previous address listed at the credit bureau level, also Date of Birth and SSN.

AKA – Also Known As: Represents variations in the name such as John, Johnnie, Jonathan

Address Comparison: Previous Addresses for your Applicant listed at the bureau level

Employment Comparison: Previous Employment list at the bureau level (rarely up to date)

Credit Report

Creditor: is the account holder/company name reporting

Opening Date/ Months Reviewed: When this account was opened

Reported Date: is when this account was last updated to the bureau

High Credit: Reflects the Amount available to the consumer or the most the account has been extended

Balance: Balance currently owing

Past Due Amt: The amount currently outstanding

Historical: The amount of time the account has gone 30,60 or 90 days late

Type Terms: Denotes: Mortgage, Installment, Revolving Open. Also the loan term in months, and payment amount

Present Status: the status of the account

As Agreed- The account is paid on time

Delinq30, Delinq60, Delinq90: Denotes account as 30, 60, 90 days late

Bankruptcy: Denotes the account was included in a Bankruptcy

Collection: The account is in collections / over 120 days late.

ECOA Codes: **ECOA KEY: B = BORROWER; C = CO-BORROWER; S = SHARED; J = JOINT; U = UNDESIGNATED; A = AUTHORIZED USER**

Late Date: If the account has been late, (if available) specific late dates are noted as to when the infraction occurred.

Remarks: The type of account/ original creditor

Public Records

Judgments, Liens, Bankruptcies. The Status is the most important part of this section.

Check to see if it is satisfied (paid) if not satisfied, it is still owed

Prior Inquiries

Any time a credit is pulled an “inquiry” is placed on the credit report.

This will tell you who and when looked at this credit report and possibly extended credit to the applicant.

Repository Remarks

This will show on consumer statements that are placed on the credit report. (i.e.) Victim of Fraud

Submission Results

The Credit bureau that this report came from

Repository Referral

Is the contact information for the credit bureau (s)