Reading the Report

Read a real explanation of a credit report, then use a fuller sample to do the math.

Name: _____ Date: _____

OBJECTIVE

Read a real explanation of how a credit report works, then use a sample report to calculate utilization and reason about creditworthiness — not just a factor-weight table.

1. How a credit report actually works

The next 3 pages are from the Consumer Financial Protection Bureau (CFPB) — the federal agency that regulates credit reporting — including a real annotated account entry (Littletown Bank, an auto loan) showing exactly what a lender sees.

Source: CFPB, "Understand your credit report," consumerfinance.gov — a U.S. government work, public domain.

Understand your credit report

Once you have requested your free credit report, you can use the information below to see what it means and to make sure there are no errors.

It is easier to review your credit report successfully when you know and understand all the parts, what they mean, and how they affect your credit situation.

Reports can be formatted differently or use different words, but they cover the same information, described below.

	File number: 12345678 Date issued: 9/30/2017
Personal information	
Name: Miguel Smith	**SSN:** XXX-XX-1234
Other names: Miguel S Smith Miguel Simon Smith	**Date of birth:** 12-1-1980 **Telephone number:** 555-555-1000
Addresses reported: 457 First Street, Littletown, MI 09876 13476 Avenue A, Big City, WI 43526	
Employment data reported	
Employer name: Riviera Restaurants **Position:** Manager **Date reported:** 3/2013 **Hired:** 11/2010	**Employer:** Freer Chiropractic College **Date reported:** 6/2008 **Position:** Food services **Hired:** 3/2008

Personal information

Credit reporting companies use your personal information to confirm you are the person who opened the accounts listed on the report. Check this section carefully to make sure your information is right and is up to date. The wrong name or Social Security number could mean you could be charged for another person's debt.

Public records	
Big City Wisconsin Court Docket# 200900001467 515 C St, NE, Big City, WI 43528	
Date filed: 8/3/2015	**Amount:** $11,987
Type: Chapter 7 Bankruptcy	**Responsibility:** Individual

Public records

Bankruptcies and, in some cases, foreclosures are the only public records that appear on a credit report from the three nationwide credit reporting companies. Public court records can have a negative effect on your credit record and scores. Bankruptcies can appear on your credit report for as long as 10 years. Negative information on your credit report may lead to a higher interest rate or being turned down for credit.

Account information

In the account information section, your credit accounts are displayed one by one. Lenders typically update the information monthly. The information usually includes your payment history, whether an account is current or past due, your balance, and the type of loan or account. If your credit report lists the name of a lender that is unfamiliar to you, it might be the name of the lender's parent company or a new company the lender has joined. Check the fine print on your monthly bill or contact the lender if you are not sure. If your credit report shows an account that is not yours, you have the right to dispute it.

Account information from your credit card company and other lenders appears on your credit report as satisfactory or in good standing, or else as adverse or potentially negative.

Account information						
Littletown Bank (B62391), Account #2010004637						
Balance: $14,285			**Pay status:** 30 days past due			
Date updated: 8/31/2019			**Account type:** Automobile			
High balance: $16,500			**Responsibility:** Individual			
Past due: $395			**Date opened:** 2/5/2019			
Terms: $395/month 48 months			**Payment received:** $395			
Account type: Automobile			**Last payment made**: 7/5/2019			
	8/5/19	7/5/19	6/5/19	5/5/19	4/5/19	3/5/19
Balance	$14,285	$14,680	$14,988	$15,294	$15,598	$15,901
Scheduled payment	$395	$395	$395	$395	$395	$395
Amount Paid	$0	$395	$395	$395	$395	$395
Past Due	$395	$0	$0	$0	$0	$0
Rating	30	OK	OK	OK	OK	OK

Satisfactory accounts

Satisfactory accounts are in good standing because the credit reporting company has not received recent negative reports. An account is usually still reported as current if paid within 30 days of the due date. Paying on time protects your credit record and credit scores.

Collections	
Reliable collections (Y76381): Account #3629	
Original creditor: ABC Megastore	Amount placed: $2,500
Opened: 7/2/2013	Account type: Open
Balance: $1,000	**Responsibility:** Individual

Potentially negative accounts

Accounts that are past due or in collections are listed as adverse or potentially negative. A credit reporting company generally reports most negative information, like missed payments or collections, for seven years. You may see that your original loan has a different company name. Lenders sometimes ask outside companies to collect debts that are owed to them. Or, they sometimes sell the debt. In those cases, the new company that owns the debt is listed on your credit report together with the original lender.

Credit inquiries

Credit reporting companies receive inquiries from businesses, lenders, or employers when they ask to review your credit report. The reason for the inquiry determines whether it could affect your credit scores.

Inquiries made to your account	
Inquiries that display to others The following companies have received your credit report.	
Auto Loan Store 90 President Lane, Big City, WI 43529	**Requested on:** 6/2013

Hard inquiries

A hard inquiry to review your credit report is made by a lender when you apply for credit. Hard inquiries can affect your credit scores because most credit scoring models look at how recently you applied for credit and how frequently you do so.

Promotional inquiries The following companies received your name, address and other limited information about you so they could make a firm offer of credit or insurance. They did not receive your full credit report. These are not displayed to others and do not affect your credit scores.	
Dress for Success Fashion House 31 Fashion Lane, Big City, WI 43530	**Requested on:** 7/2016

Account review inquiries The companies listed below obtained information from your consumer report for the purpose of an account review of business transaction. These are not displayed to others and do not affect your credit scores.	
Bank of Wisconsin 457 State Street, Big City, WI 43532	**Requested on:** 6/2017

Soft inquiries

A soft inquiry is recorded when your credit file is reviewed for reasons other than your application for credit—for example, when a lender checks an existing account, when you request your own credit report, and sometimes when a potential lender prescreens you for a credit offer. Soft inquiries do not affect your credit scores.

Once you've checked your reports, keep up the good work

Make checking your credit report a regular habit

You are entitled to request a free copy of your credit report, once every 12 months, from each of the three nationwide credit reporting companies: Equifax, Experian, and TransUnion. In addition, until the end of 2026, you can get six free credit reports every 12 months from Equifax.

Visit annualcreditreport.com, call (877) 322-8228, or download and complete the Annual Credit Report Request Form and mail it to the address on the form. When you visit the site, you may see steps to view more frequently updated reports online. This gives you a greater ability to monitor changes in your credit.

Take action promptly to correct errors

You can use sample letters to dispute errors on your credit report or respond to debt collection efforts. These letters are available at consumerfinance.gov/askcfpb/314.

Take steps to improve or better understand your credit

You can see tips and information at consumerfinance.gov/consumer-tools/credit-reports-and-scores.

About us

The Consumer Financial Protection Bureau regulates the offering and provision of consumer financial products and services under the federal consumer financial laws, and educates and empowers consumers to make better informed financial decisions.

Learn more at consumerfinance.gov

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consumerfinance.gov/your-story

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2. Jordan Lee's credit report

Sample data only — not a real person or a real report. Same format the CFPB page you just read describes: account-by-account, with balances, limits, and payment status.

Account	Type	Opened	Limit / loan	Balance	Status
Summit CU Visa	Revolving	2022	$2,000	$1,400	Current
Everyday Rewards Card	Revolving	2023	$1,000	$860	Current
Campus Auto Loan	Installment	2024	$9,000	$6,750	1 pmt 30 days late (Mar)
Student Loan — Federal	Installment	2021	$12,000	$10,200	Current

Inquiries, last 2 years: 3 (two store cards declined, one auto loan approved). Public records: none.

3. Do the math

a) Total revolving balance ÷ total revolving limit = utilization. Show your work.

b) Which single line on this report would concern a lender most, and why?

c) Jordan pays the Everyday Rewards Card down to $100. Recalculate utilization.

4. Discuss

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DISCUSS

Two lenders look at the same file. One glances at the score only; one reads the whole report, the way the CFPB page you read describes. What might the second lender notice that the first misses?

STANDARD NOTE

SSEPF6b/c/d: this deepens the factor-weight table on the SSEPF6 worksheet. TN PF 13 calls for analyzing an actual sample credit report, not just weighting factors in the abstract.