

Understanding Credit & Credit Risk Scores

Plus, helping consumers get the most from their credit rating

This document contains actual excerpts from Fair Isaac, TransUnion, Equifax and Experian. Rels thanks Fair Isaac, Equifax, Experian and TransUnion for their assistance in producing this document.

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FICO is a registered trademark of Fair Isaac and Company, Inc.

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Introduction

Credit Bureau Scoring

Credit scoring has been around since the 1950s, with credit bureau scoring becoming widely available by the 1980s. Today, credit bureau scores are used extensively across many industries; most notably, mortgage lending.

Understanding credit – and what it means to consumers and real estate professionals – is critical, as it represents the underlying basis for which mortgage loans are determined. When someone applies for a loan, the lender determines how much the individual can borrow, for how long, and at what interest rate; all of which is based on the consumer's credit history and credit bureau scoring.

This booklet is designed to help you understand the fundamentals of credit and credit risk scores in mortgage lending. It also provides some recommended approaches to help you help consumers get the most from their credit rating.

What is a credit score and how does it work?

Credit bureau scoring is a statistical means of assessing how likely a borrower is to pay back a loan. A score is based on the data available in the borrower's credit report, which measures the relative degree of risk a potential borrower represents to the lender. It is not a measure of a borrower's income, assets, or bank account, although those and other factors are still considered by lenders. A credit bureau score does not consider the following variables in the score calculation, as it would be discriminatory by FCRA guidelines: gender, race, age, or ZIP code.

Fair Isaac credit bureau scores range from approximately 300 to 850 points, and are available through the three national credit data repositories (Equifax®, TransUnion, and Experian®). The following scoring programs reside at these credit bureaus:

Equifax:	BEACON® 5.0
TransUnion:	FICO Classic '98 or '04
Experian:	FICO II

This score is calculated at the credit bureau, and is based solely on the data within that repository's individual credit file. Fair Isaac is not able to access a consumer's credit data or calculate a score.

A Fair Isaac credit bureau score, also referred to as a FICO® score, is 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 credit performance. Through this process, Fair Isaac identifies distinctive credit patterns, each corresponding to the likelihood that a consumer will make loan payments as agreed. The score is based on all the credit-related data in the credit bureau report, not just negative data such as missed mortgage payments or bankruptcies. Although the FICO scores are helpful in predicting the likelihood of default, their main purpose is to predict loan delinquency. If loan default is the focus of your scoring objectives, you should investigate bankruptcy scores.



The types of credit information used in the credit bureau scorecards are typically the same items an underwriter would use to make a credit decision. These can include:

Payment history

- Public record and collection items
- Severity, recentness and frequency of delinquencies noted in the trade line section

Amounts Owed

- Number of balances recently reported
- Average balance across all trade lines
- Relationship between total balances and total credit limits on revolving trade lines

Length of Credit History

- Age of oldest trade line
- Number of new trade lines

New Credit

- Number of inquiries and new account openings in the last year
- Amount of time since most recent inquiry

Types of Credit Used

- Number of trade lines reported for each type
- Bankcard
- Travel and entertainment cards
- Department store cards
- Personal finance company references
- Installment loans
- Other

Fair Isaac observes a large number of credit report histories of mortgage borrowers to determine which credit report items, or combination of items, are the most predictive of future risk. This data indicates the amount each item contributes to an accurate assessment of credit risk.

Fair Isaac credit bureau scores do not use race, color, religion, national origin, sex, marital status or age as predictive characteristics. Occupation and length of time in present residence are also not used in the credit bureau score. Also, any information that is not present in a repository credit file is not used in creating a credit bureau score.

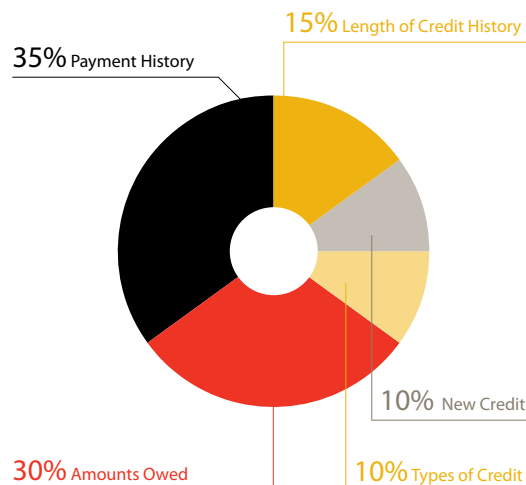
Understanding the Credit Score

What goes into a credit score?

1. Payment History (about 35% of a score is based on this category)

The score takes into account:

- Payment information on many types of accounts including credit cards, retail accounts, installment loans, finance company accounts and mortgage loans.
- Public record and collection items: reports of events, such as bankruptcies, judgments, suits, liens, wage attachments and collection items.
- Details on late or missed payments and public record and collection items: specifically, how late they were, how much was owed, how recently they occurred and how many there are.
- The number of accounts that show no late payments. A good track record on most credit accounts will increase the credit score.



2. Amounts Owed (about 30% of the score is based on this category)

Having credit accounts and owing money on them does not mean you are a high-risk borrower with a low score. Owing a great deal of money on many accounts can indicate that a person is overextended, and is more likely to make some payments late or not at all. Part of the science of scoring is determining how much is too much for a given credit profile.

The score takes into account:

- The amount owed on all accounts. Note that even if you pay off credit cards in full every month, your credit report may show a balance on those cards. The total balance on your last statement is generally the amount that will show in your credit report.
- The amount owed on specified types of accounts. In addition to the overall amount owed, the score considers the amount owed on specific types of accounts, such as credit cards and installment loans.
- Amount of balance owing. In some cases, having a very small balance without missing a payment shows that you have managed credit responsibly, and may be slightly better than no balance at all. On the other hand, closing unused credit accounts that show zero balances and that are in good standing will not generally raise your score.
- How many accounts with balances. A large number of accounts with balances can indicate higher risk of over-extension.
- How much of the total credit line is being used on credit cards and other “revolving credit” accounts. Someone closer to maxing out” on many credit cards may have trouble making payments in the future.
- Balance on installment loan accounts compared with the original loan amounts. Paying down installment loans is a good sign that you are able and willing to manage and repay debt.

3. Length of Credit History (approximately 15% of a score is based on this category)

In general, a longer credit history will increase the credit score. However, even those with short credit histories may get high scores, depending on how the rest of the credit report looks.

The score takes into account:

- How long credit accounts have been established, in general. The score considers the age of the oldest account as well as the average age of all accounts.
- How long specific credit accounts have been established.
- How long it has been since certain accounts have been used.

4. New Credit (approximately 10% of a score is based on this category)

Opening several credit accounts in a short period of time represents a greater risk, especially for those who do not have a long established credit history. This also extends to requests for credit, as indicated by “inquiries” to the credit reporting agencies.

The score takes into account:

- How many new accounts there are.
- How long it has been since those accounts opened.
- How many recent requests for credit have been made, as indicated by inquiries to the credit reporting agencies. Note that if a credit report is ordered from a credit reporting agency, such as to check it for accuracy, the score does not count. It also doesn't count when a lender requests a credit report or score in order to make a “pre-approved” credit offer, or to review the account with them, even though these inquiries may show up on the credit report.
- Length of time since credit report inquiries were made by lenders.
- Whether you have a good recent credit history, following past payment problems.

Re-establishing credit and making payments on time after a period of late payment behavior will help to raise a score over time.

5. Types of Credit in Use (approximately 10% of a score is based on this category)

The score will consider the mix of credit cards, retail accounts, installment loans, finance company accounts and mortgage loans. It is not necessary to have one of each, and it is not a good idea to open credit accounts you don't intend to use.

The score takes into account:

- The types of credit accounts you have and the number of each. The score also looks at the total number of accounts you have. For different credit profiles, what determines too many accounts will vary.

Understanding the Credit Score

Why did this credit file receive the score it did?

To understand why a credit report scored the way it did, look at the four reason codes given with each score. These are the top reasons why it did not score higher, although other factors probably contributed. Lenders should receive these reasons, referred to as factor codes, along with the score when it's obtained through a mortgage credit reporting company. A complete list of score factor codes is included in this booklet (*see Appendix*).

Factor codes are either a number or letter, followed by a brief description. For example, a score of 563 may have the following factors:

02 – Delinquency on accounts

01 – Amount owed on accounts is too high

09 – Too many accounts opened in last 12 months

19 – Too few accounts currently paid as agreed

Factor codes can be relayed back to the borrower to explain how they can increase their score over time. Score factors are less meaningful for higher-scoring credit records as they merely point to the reasons why the file did not score even higher.

What effect, if any, do credit inquiries have on Credit Bureau Scores?

A credit inquiry is an item on a credit report that shows a business with a "permissible purpose" (as defined under the federal Fair Credit Reporting Act) has previously requested a copy of the report. There are two types of credit inquiries – hard and soft:

Hard Inquiry: Hard inquiries are initiated by the consumer, appear on the credit report, and will have an impact on the consumer's credit score. Examples include when a consumer applies for a mortgage, auto loan, or other credit.

Soft Inquiry: Soft inquiries are not initiated by the consumer for the purpose of applying for credit and do not have an impact on the consumer's credit score. Examples include when a consumer requests their own credit report; credit checks that are made by businesses in order to offer goods or services; and credit checks by prospective employers.

Mortgage and Auto Loan Inquiries: When shopping for mortgage and auto loans, consumers tend to have their credit run more often within a short period of time. The credit industry has taken this into account and to compensate, the FICO and NEXT GEN scores will ignore all mortgage and auto inquiries made in the 30 days prior to scoring. Additionally, the score will also look at mortgage and auto inquiries older than 30 days and will count all those inquiries within a typical shopping period of 45* days as one inquiry.

**Older FICO and NEXT GEN scoring versions count inquiries within a 14 day period as one inquiry.*

Inquiries on your credit report will appear in a manner similar to this:

INQUIRIES MADE IN THE LAST 6 MONTHS

Item #	Inquiry Made By	Dates Inquiry Trade	Data Source - Subscriber Info	Applicant Identifier
1	FAC TEST	07-05-06	TUC-082XX891Z	APP2
2	WELLS FARGO-RELS	07-05-06	XPN-397XX65FR	APP1
3	AMERICAN EXPRESS	03-05-06	XPN-7400XX0NZ	APP1
4	VENGROFF WILLIAMS & AS	02-27-06	XPN-19XX062YC	APP2
5	LENDERS CRDT	02-11-06	TUC-071XX157Z	APP2

Scoring Models

FICO Industry Scores

All three national bureaus offer an industry specific FICO score to help lenders gain more insight into a consumer's payment behavior within that particular industry. FICO offers industry-specific scores for bankcards, auto lending, installment lending, and finance company lending. When an industry score is requested, the credit file is initially scored on the base FICO models, and is then adjusted by two additional scorecards that apply to that particular industry. Of the two additional scorecards, one applies to credit files with derogatory information, while the other applies to credit files without derogatory information for any type of account. The credit file score is then adjusted to consumer trends that are specific to that industry.

Keep in mind that each bureau may also offer their own scores that are industry specific.

FICO Scores

Fair Isaac developed the FICO score to measure the degree of risk a potential borrower represents to the lender. Today, FICO is the leading high-performance credit-scoring model, and is used across many industries. FICO scores are calculated by the credit bureaus from data contained in the bureaus' files. This data is then put into a standardized algorithm to determine the consumer's score. Up to four "score factor codes" and their descriptions can be provided in an easy-to-read format on the summary page of the credit report. These codes provide an indication of the factors that most influenced the score. FICO scores range from approximately 300–850. The higher the FICO score, the lower the lender's risk. Below are the most commonly used FICO scores:

Beacon 5.0 (*Equifax*)

FICO II (*Experian*)

FICO Classic '04 (*TransUnion*)

FICO '08

Fair Isaac Corp. has modified their scoring formula to provide a better way of analyzing risk, which will help lenders to predict the likelihood of a borrower defaulting on a loan. FICO '08 is predicted to help lenders reduce their default rates on consumer loans between 5 to 15%. Here are the key differences between FICO '08 and other FICO models:

- FICO '08 is more forgiving of consumers with a couple late payments, but harder on those who are repeat offenders
- Authorized user accounts will no longer be considered in the scoring model
- More weight will be given to consumers with a variety of credit types
- Consumers who use a high percentage of their available credit will be penalized to a greater extent

Vantage Score

Vantage Score is the first credit scoring model that was developed collaboratively by Experian, TransUnion and Equifax to create a new standard in the market. It was created through the analysis of approximately 15 million anonymous consumer credit profiles pulled from all three national credit reporting agencies. Using a characteristic leveling model, Vantage Score interprets the same data from different sources (the three national credit bureaus) in the same manner. By using the same scoring model across all three credit reporting agencies, Vantage Score increases consistency and predictability. It's based on a 24 month performance period and scores range from 501-990; the higher the score, the lower the lenders risk.

Next Gen Scores

Fair Isaac developed next generation score models incorporating several innovations. The new models allow credit grantors to make significantly better credit management decisions by using close to 80 predictive variables in the determination of the scores, which is nearly twice the number of variables used in the existing FICO models. There are 18 separate scorecards for each model, compared to 10 in the existing FICO models. Score ranges from 150-950; the higher the score, the lower the lenders risk. Below are the Next Gen Scores that each bureau offers:

Pinnacle (*Equifax*)

Advanced Risk Score (*Experian*)

FICO Risk Score, NextGen (*TransUnion*)

Bankruptcy Scores

Bankruptcy risk scores from the credit repositories predict the likelihood of the borrower declaring bankruptcy. The higher the score, the higher the risk that a bankruptcy will occur.

BNI 3.0 (*Equifax*)

Bankruptcy Score (*Experian*)

Delphi (*TransUnion*)

Working with a Credit Score

How do you increase a credit score?

Over time, a borrower can improve the information in their credit report by paying credit obligations on time and using credit wisely. As derogatory data in the credit report gets older, it has less influence on the score. A missed payment from four years ago will not count as much as a missed payment that is six months old.

A credit score, like a credit report, is essentially a snapshot of a consumer's changing credit record. Scores from the national credit bureaus may be different since the available data may be different from each repository. If a request is made to obtain an updated score, the score is likely to change for various reasons; however, it's not possible to limit how that score will change. Credit items are updated often, so new items are likely to have been added since the previous report. Additionally, existing items will have aged. Repeatedly requesting a consumer's credit report may substantially increase the number of inquiries on the repository report, which may affect the score adversely.

It is also possible that you can affect the credit score by paying down credit cards and transferring balances. Part of the credit score is based on the total amount of credit used versus the total amount available. Transferring balances to reflect more available credit on each card can have a positive impact on the score.

However, ensuring a score increase in this case is not always possible. Such actions may upset the mix of available credit, and may actually decrease the score. It's important to note that the point of scoring is not to calculate an up-to-date debt ratio – the debt ratio is still considered by lenders independent of the score. Therefore, it's not critical that balances be completely up to date for the purpose of scoring.

The score reflects data available on the credit report to assess the consumer's current payment patterns and payment history.

I have information on my credit report that is incorrect. What can I do to fix it?

Consumers who want to address what they believe is erroneous information on a mortgage report should contact the credit reporting agency that developed the report. The Fair Credit Reporting Act (FCRA) allows the credit reporting agency a "reasonable period of time," generally not to exceed 30 days, to reinvestigate consumer disputed items. A significant number of credit grantors use an automated system for investigating disputes and respond within a few days. Most credit reporting agencies make a special effort to quickly resolve disputed information affecting a mortgage decision.

Consumers wishing to dispute items on their credit files can do so through the following credit bureaus:

Equifax: (800) 685-1111, www.equifax.com

Experian: (888) 397-3742, www.experian.com

TransUnion: (800) 916-8800, www.transunion.com

The score is generated using the credit information at one of the three national credit repositories. Therefore, changes made solely to the mortgage credit report and not to the credit repository information will not affect the score.

It is the policy of many lenders and investors, including Freddie Mac and Fannie Mae, that if gross inaccuracies appear on the credit file, erroneous information can be documented and the score disregarded. The applicant is not required to go through the procedure of changing the information at the credit repository for the purpose of altering the credit score in these cases.

Can I get assistance in filing a dispute?

When a credit report is ordered through Rels Credit, consumers get free access to a convenient, toll-free consumer disputes service. With just one call, FCRA-certified specialists will work hand-in-hand with consumers to resolve any discrepancies with the national credit bureaus. As a single contact point, Rels Credit's Consumer Disputes Resolution service makes the often complicated and time-consuming credit dispute process easier for your clients, and you.

"One-call" Dispute Resolution

- **Dispute Investigations** – Rels Credit investigates tradelines by working directly with the credit bureaus.
- **Consumer Interaction** – Rels Credit actively communicates the results of our investigative process to the consumer.
- **Bureau Communication** – Rels Credit Consumer Disputes team works with the bureaus on the consumer's behalf to update incorrect data.
- **FCRA Compliance** – Rels Credit strictly adheres to the guidelines set by the FCRA regarding timeframes, forms and procedures.

Once credit information has been corrected, you can then request Rapid ReCheck, an innovative service offered by Rels Credit, which speeds up the bureau-level update process. Rapid ReCheck provides fast, permanent updating of national repository records – and an updated FICO score. When you obtain your client's original source documentation from the credit grantor, simply forward it to Rels Credit for validation by our credit specialists. Once validated, it will be forwarded to the appropriate credit bureau(s) and processed within three to five business days.

Understanding Non-Traditional Credit

The banking industry has begun to look beyond traditional credit reports and scores as the primary indicators of consumer creditworthiness. The industry is realizing that just because a consumer does not have a complete traditional credit history, it doesn't mean they are a credit risk. For example, many consumers don't believe in debt, they make payments on time and have a decent amount of money in a savings account.

In the past, it was difficult for lenders to ascertain the credit risk for these consumers. However, that has all changed. Innovative new products, such as the Anthem Report from Rels Credit, assess a consumer's credit worthiness by looking at alternative payment histories such as rent, utility and insurance payments. By examining these payment histories, lenders can accurately determine the relative credit risk for a consumer. As a result, many consumers with strong alternative payment histories can now qualify for the same loans as consumers with traditional credit histories and scores.

Non-Traditional Credit Reporting

Over the next decade, a projected 60% of first-time home purchases in the United States will be made by those who fall into traditionally underserved markets. Many of these consumers have little or no traditional credit, but are credit worthy. With Anthem, Rels Credit's suite of alternative credit services, lenders can originate any non-traditional loan and help more homebuyers fulfill the American dream.

The Anthem Report offers the most cost-effective credit reporting solution for consumers with little or no credit history. This powerful reporting tool delivers verified non-traditional credit data in an easy-to-use format that allows lenders to qualify more borrowers.

Know Your Rights

The FACT Act

With the passage of the Fair and Accurate Credit Transaction (FACT) Act in 2004, the federal government created a “Bill of Rights” for consumers that is designed to help consumers understand what is contained in their credit report. Among other things, the FACT Act states that consumers are entitled to:

- A free credit report from each of the three national credit bureaus once a year.
- Removal of potentially fraudulent information from a credit report if a consumer establishes that they have been a victim of identity theft.
- Any information a business has received that is believed to be from someone that has stolen their identity.

Obtaining a free credit report

In response to the passage of the FACT Act, the three national credit bureaus are required to create a single resource for consumers to access their once-yearly free credit report. While there are many other Web sites that claim to provide a “free” credit report, there is only one place that offers a truly free report:

- **www.annualcreditreport.com**

This Web site is officially sanctioned to allow consumers to get a free credit report from Experian, Equifax and TransUnion. You can also arrange to have yearly reminders sent to you to pull your report.

Be cautious: many sites that offer “free” credit reports will require you to sign up for a service that requires you to pay after a limited trial period has elapsed. Only [annualcreditreport.com](http://www.annualcreditreport.com) offers free reports with no strings attached.

Will the free credit report include the credit score?

No. The free credit report will not come with a score. If you would like to order a credit score, you can do so for a nominal fee. However, as covered earlier in this book, there are numerous scores in the market. The national credit bureaus offer several score options to consumers. If you are looking for a score for a specific purpose (home purchase, auto purchase, credit card application, etc.), it is recommended you research which scores those industries will accept.

For More Information

Credit Bureau Contact Information
(For questions or to dispute an item on your credit report)

Equifax Information Service Center

P.O. Box 740241
Atlanta, GA 30374-0241
800-685-1111
www.equifax.com

Experian Information Solutions, Inc.

P.O. Box 2002
Allen, TX 75013
888-397-3742
www.experian.com

Trans Union Corporation

P.O. Box 34012
Fullerton, CA 92834
800-916-8800
www.transunion.com

To Get Your Free Credit Report

www.annualcreditreport.com

To Get Your FICO Score

www.myfico.com/Products/FICOOne/Description.aspx

Credit Education

www.credco.com/crediteducation
www.myfico.com/crediteducation

Credit Counseling

National Foundation of Credit Counseling (NFCC)
www.nfcc.org

The Department of Housing and Urban Development
www.hud.gov/offices/hsg/sfh/hcc/hccprof14.cfm

Association of Independent Consumer Credit Counseling Agencies (AICCCA)
www.aiccca.org

FICO Factor Codes

FICO Scoring System - Factor Codes

This chart lists the score factor codes and corresponding reason statement descriptions for Fair Isaac broad-based credit bureau risk scores and associated Industry Option scores (*Auto, Bankcard, Installment and Personal Finance*) across the major credit bureaus. This chart may be used as a reference when taking adverse action or in customer service when responding to consumers' inquiries as to the reasons for declination.

Reason Statement	Equifax	TransUnion	Experian
	(BEACON 5.0)	(FICO Classic 98/04)	(Alpha/Num) (FICO ID)
Amount owed on accounts is too high	01	01	A/01
Level of delinquency on accounts	02	02	8/02
Too few bank revolving accounts	—	—	C/03
Proportion of loan balances is too high	33	03	I/33
Too many bank or national revolving accounts	04	—	D/04
Lack of recent installment loan information	32	04	Y/32
Too many accounts with balances	05	05	E/05
Too many consumer finance company accounts	06	06	F/06
Account payment history is too new to rate	07	07	G/07
Too many inquiries last 12 months	08	08	H/08
Too many accounts recently opened	09	09	J/09
Proportion of balance to credit limits is too high on bank revolving and other revolving accounts	10	10	K/10
Amount owed on revolving accounts is too high	11	11	L/11
Length of time revolving accounts have been established	12	12	M/12
Time since delinquency too recent or unknown	13	13	N/13
Length of time accts have been established	14	14	O/14
Lack of recent bank revolving information	15	15	P/15
Lack of recent revolving account information	16	16	Q/16
No recent non-mortgage balance information	17	17	R/17
Number of accounts with delinquency	18	18	S/18
Too few accounts currently paid as agreed	19	27	T/19
Date of last inquiry too recent	—	19	—

Factor Codes chart continued on next page

FICO Factor Codes

	Equifax	TransUnion	Experian
Reason Statement	(BEACON 5.0)	(FICO Classic 98/04)	(Alpha/Num) (FICO ID)
Time since derogatory public record or collection too short	20	20	V/20
Amount past due of accounts	21	21	W/1
Serious delinquency, derogatory public record or collection	22	22	X/22
Number of bank or national revolving accounts with balances	23	—	23
No recent revolving balances	24	24	U/1
Length of time installment loans have been established	I/O	—	I/O
Number of revolving accounts	I/O	—	I/O
Number of bank or other revolving accounts	I/O	—	I/O
Too few accounts currently paid as agreed	19	27	T/27
Number of established accounts	28	28	I/O
No recent bankcard balances	—	29	29
Date of last inquiry too recent	—	19	—
Time since most recent account opening is too short	30	30	Z/30
Too few accounts with recent payment information	31	—	I/O
Amount owed on delinquent accounts	34	I/O	34
Lack of recent installment loan information	32	04	Y/32
Proportion of loan balances to loan amounts is too high	33	03	I/33
Amount owed on delinquent accounts	34	31	I/O
Payment due on accounts	—	—	45
Length of time open installment loans have been established	—	—	I/O
Number of consumer finance company accounts established relative to length of consumer finance history	—	—	I/O

Factor Codes chart continued on next page

FICO Factor Codes

Reason Statement	Equifax	TransUnion	Experian
	(BEACON 5.0)	(FICO Classic 98/04)	(Alpha/Num) (FICO II)
Serious delinquency and public record or collection filed	38	38	38
Serious delinquency	39	39	39
Derogatory public record or collection filed	40	40	40
Lack of recent auto loan information	—	I/O	98
Length of time consumer finance company loans have been established	—	98	—
Lack of recent auto information	—	97	—
Lack of recent finance loan information	I/O	—	—
Lack of recent consumer finance company account information	I/O	I/O	I/O

Credit bureau risk score factor reason codes legend

- I/O in the column indicates that the code is only used in one or more Industry Options but is not currently used in the base model.
- A number in the column specifies the code associated with the reason statement for that score.
- A blank in the column indicates that the code is not presently delivered with that particular score.

Fair Isaac has worked closely with the Federal Reserve Board and the Office of the Comptroller of the Currency in developing the statements associated with these score factor reason codes, but in any event we recommend that Fair Isaac be consulted whenever changes to score factor code reason statements are made. If this is necessary, please contact Fair Isaac's toll-free Credit Bureau Scores Helpline at 1-800-777-2066.

BEACON is a registered trademark of Equifax Credit information Services, Inc

Equifax Beacon 5.0

How the Equifax Beacon 5.0 score appears on a Rels Credit Instant Merge Report:

EQX BEACON Score (Subject) = 00595 Score Factors: 00022, 00013, 00010, 00021

Repository Score

*(Based on a consumer's
Equifax credit in file.)*

Factor Codes

*(In descending order, the codes
corresponding to the reasons for
the consumer score)*

Equifax BEACON Adverse Action Codes

The Adverse Action Codes reflect the most significant characteristics contributing to the score a consumer's credit file receives when requesting BEACON. The Adverse Code is a number code that corresponds to the following narratives.

CODE	Explanation
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01.....	Amount owed on accounts is too high
02.....	Level of delinquency on accounts
03.....	Too few bank revolving accounts
04.....	Too many bank or national revolving accounts
05.....	Too many accounts with balances
06.....	Too many consumer finance company accounts
07.....	Account payment history is too new to rate
08.....	Too many inquiries over last 12 months
09.....	Too many accounts recently opened
10.....	Proportion of balances to credit limits is too high on bank revolving or other revolving accounts
11.....	Amount owed on revolving account is too high
12.....	Length of time revolving accounts have been established
13.....	Time since delinquency is too recent or unknown
14.....	Length of time accounts have been established
15.....	Lack of recent bank revolving information
16.....	Lack of recent revolving account information
17.....	No recent non-mortgage balance information
18.....	Number of accounts with delinquency
19.....	Too few accounts currently paid as agreed
20.....	Length of time since derogatory public record or collection is too short

Codes continued

CODE	Explanation
21.....	Amount past due on accounts
22.....	Serious delinquency, derogatory public record or collection filed
23.....	Number of bank or national revolving accounts with balances
24.....	No recent revolving balances
28.....	Number of established accounts
30.....	Time since most recent account opening is too short
31.....	Too few accounts with recent payment information
32.....	Lack of recent installment loan information
33.....	Proportion of loan balances to loan amounts is too high
34.....	Amount owed on delinquent accounts
38.....	Serious delinquency, and derogatory public record or collection filed
39.....	Serious delinquency
40.....	Derogatory public record or collection filed

List of Equifax BEACON 5.0 Reject Messages

The Reject message is a one-byte alpha code that corresponds to the following narratives.

Narrative Table

A	BEACON NOT VALID FOR THIS SERVICE
B	BEACON NOT AVAILABLE, PLEASE CONTACT YOUR SALES REP
C	BEACON NOT AVAILABLE, PLEASE CONTACT YOUR SALES REP
G	BEACON IS TEMPORARILY UNAVAILABLE
H	BEACON IS TEMPORARILY UNAVAILABLE
I	BEACON NOT AVAILABLE, FILE CANNOT BE SCORED
J	BEACON NOT AVAILABLE, FILE UNDER REVIEW
L	BEACON NOT AVAILABLE, SUBJECT IS DECEASED
M	BEACON NOT AVAILABLE, NO QUALIFYING ACCOUNTS PRESENT
N	BEACON NOT AVAILABLE, INSUFFICIENT OR UNKNOWN ACCOUNT HISTORY
O	BEACON NOT AVAILABLE, NO RECENTLY REPORTED ACCOUNT INFORMATION
P	BEACON NOT AVAILABLE, NO QUALIFYING ACCOUNTS PRESENT
Q	BEACON NOT AVAILABLE, PLEASE ALERT YOUR BEACON REP

For more information on Equifax products call 1-800-879-1025.

Equifax is a registered trademark, and BEACON is a registered trademark of Equifax, Inc.

TransUnion FICO Classic 98/04

How the TransUnion FICO Classic 98/04 score appears on a Rels Credit Instant Merge Report:

TUC FICO Classic 04 Score (Subject) = 00571 Score Factors: 005, 018, 010, 013

Repository Score

*(Based on a consumer's
TransUnion credit in file.)*

Factor Codes

*(In descending order, the codes
corresponding to the reasons for
the consumer score.)*

FICO Classic 98/04 Scoring Factors

CODE	Explanation
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00.....	No adverse factor
01.....	Amount owed on accounts is too high
02.....	Level of delinquency on accounts
03.....	Proportion of loan balances to loan amounts is too high
04.....	Lack of recent installment loan information
05.....	Too many accounts with balances
06.....	Too many consumer finance company accounts
07.....	Account payment history is too new to rate
08.....	Too many inquiries over last 12 months
09.....	Too many accounts recently opened
10.....	Proportion of balances to credit limits is too high on bank revolving or other revolving accounts
11.....	Amount owed on revolving account is too high
12.....	Length of time revolving accounts have been established
13.....	Time since delinquency is too recent or unknown
14.....	Length of time accounts have been established
15.....	Lack of recent bank revolving information
16.....	Lack of recent revolving account information
17.....	No recent non-mortgage balance information
18.....	Number of accounts with delinquency
19.....	Date of last inquiry too recent
20.....	Length of time since derogatory public record or collection is too short
21.....	Amount past due on accounts
22.....	Serious delinquency, derogatory public record or collection filed

Codes continued

CODE	Explanation
24.....	No recent revolving balances
26.....	Number of bank revolving or other revolving accounts
27.....	Too few accounts currently paid as agreed
28.....	Number of established accounts
29.....	No recent bankcard balances
30.....	Time since most recent account opening is too short
31.....	Amount owed on delinquent accounts
36.....	Payments due on accounts
38.....	Serious delinquency, and public record or collection filed
39.....	Serious delinquency
40.....	Derogatory public record or collection filed
41.....	No recent retail balances
42.....	Length of time since most recent consumer finance company account established
50.....	Lack of recent retail account information
56.....	Amount owed on retail accounts

FICO Classic 98/04 Message Codes

FICO Classic 98/04 ALERT message occurs when a credit file scored by FICO Classic 98/04 contains one or more of the following: previous bankruptcy, derogatory public record, collection activity or an MOP 7 or higher.

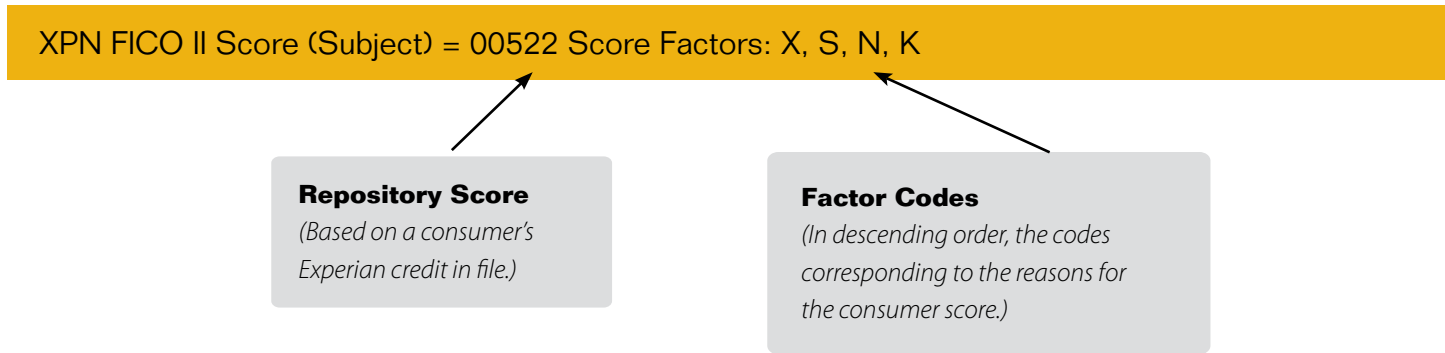
FICO Classic 98/04 NOT SCORED: DECEASED message occurs when the subject's Social Security Number matches the Social Security Administration's deceased Social Security Number file.

FICO Classic 98/04 NOT SCORED: INSUFFICIENT CREDIT message occurs when the subject's credit file contains only new tradelines, or when the subject's credit file contains only tradelines that have not been updated within the last six months.

For more information on TransUnion products call 1-800-916-8800.

Experian FICO II Model

How the Experian FICO II score appears on a Rels Credit Instant Merge report:



Glossary of Experian FICO II Risk Model Score Factor Codes

(Auto Loan, Bank Card Loan, Installment Loan, and Personal Finance Options Included)

Numerical Factor	Alpha Factor	Definition
01.....	A	Current balances on accounts
02.....	B	Delinquency reported on accounts
03.....	C	Too few bank revolving accounts
04.....	D	Too many bank revolving accounts
05.....	E.....	Number of accounts with balances
06.....	F.....	Number of finance company accounts
07.....	G	Unable to evaluate recent payment history
08.....	H	Number of recent inquiries
09.....	J.....	Number of accounts opened within the last twelve months
10.....	K.....	Proportion of balance to high credit on bank revolving or all revolving accounts
11.....	L.....	Current balances on revolving accounts
12.....	M.....	Length of revolving account history
13.....	N	Length of time (or unknown time) since account delinquent
14.....	O	Length of time accounts have been established
15.....	P.....	Insufficient or lack of bank revolving account information
16.....	Q	Insufficient or lack of revolving account information
17.....	R	No recent (non-mortgage) account balance information
18.....	S	Number of accounts delinquent
19.....	T.....	Too few accounts rated "current"
20.....	V	Length of time since legal item filed or collection item reported

Codes continued

Numerical Factor	Alpha Factor	Definition
21.....	W.....	Amount past due on accounts
22.....	X.....	Serious delinquency, derogatory public record or collection filed
24.....	U.....	Lack of recently reported balances on revolving/open accounts
25.....	*.....	Length of installment loan history
26.....	*.....	Number of revolving accounts
28.....	*.....	Number of accounts established
30.....	Z.....	Length of time since most recent account established
31.....	*.....	Too few accounts with recent payment information
32.....	Y.....	No recent installment loan information
33.....	I.....	Proportion of current loan balance to original loan amount
36.....	*.....	Length of time open installment loans have been established
37.....	*.....	Number of finance company accounts established relative to length of finance history
38.....		Serious delinquency, and public record or collection filed
39.....		Serious delinquency
40.....		Derogatory public record or collection filed
98.....	*.....	Lack of recent information on auto loan, or lack of auto loans
99.....	*.....	Lack of recent information on finance accounts, or lack of finance accounts

Experian Exclusion Messages – FICO II

When a score does not appear on the Experian credit profile report for a particular consumer account, an exclusion message is generated as shown below.

CPU Code #	Message	Description
9000	EXPERIAN'S FICO II SCORE NOT AVAILABLE DUE TO SYSTEM FILE PARAMETERS	The Profile report contains more subscriber tradeline and inquiry transactions.
9001	EXPERIAN'S FICO II SCORE NOT AVAILABLE DUE TO REPORT OF "DECEASED" STATUS	The Profile report contains a subscriber transaction with a status code of "21" or an association code of "X" indicating the consumer is deceased.
9002	EXPERIAN'S FICO II SCORE NOT AVAILABLE DUE TO MODEL EXCLUSION CRITERIA	The Profile report does not contain any tradeline which satisfied both of the following: <ul style="list-style-type: none"> • Status date within the last six (6) months OR a balance with the last six (6) months if the status code is not '11' (curr. acct.) • Does not contain disputed information
9003	EXPERIAN'S FICO II SCORE NOT AVAILABLE DUE TO LACK OF CREDIT HISTORY	The Profile report does not contain any tradelines which have been open for at least six (6) months

For more information on Experian products call 1-800-854-7201.

Rels credit, valuation, title, and settlement services:

The single solution to the lending equation

The Rels logo consists of a square icon on the left, divided into four smaller squares by a central cross, followed by the word "Rels" in a bold, red, sans-serif font.