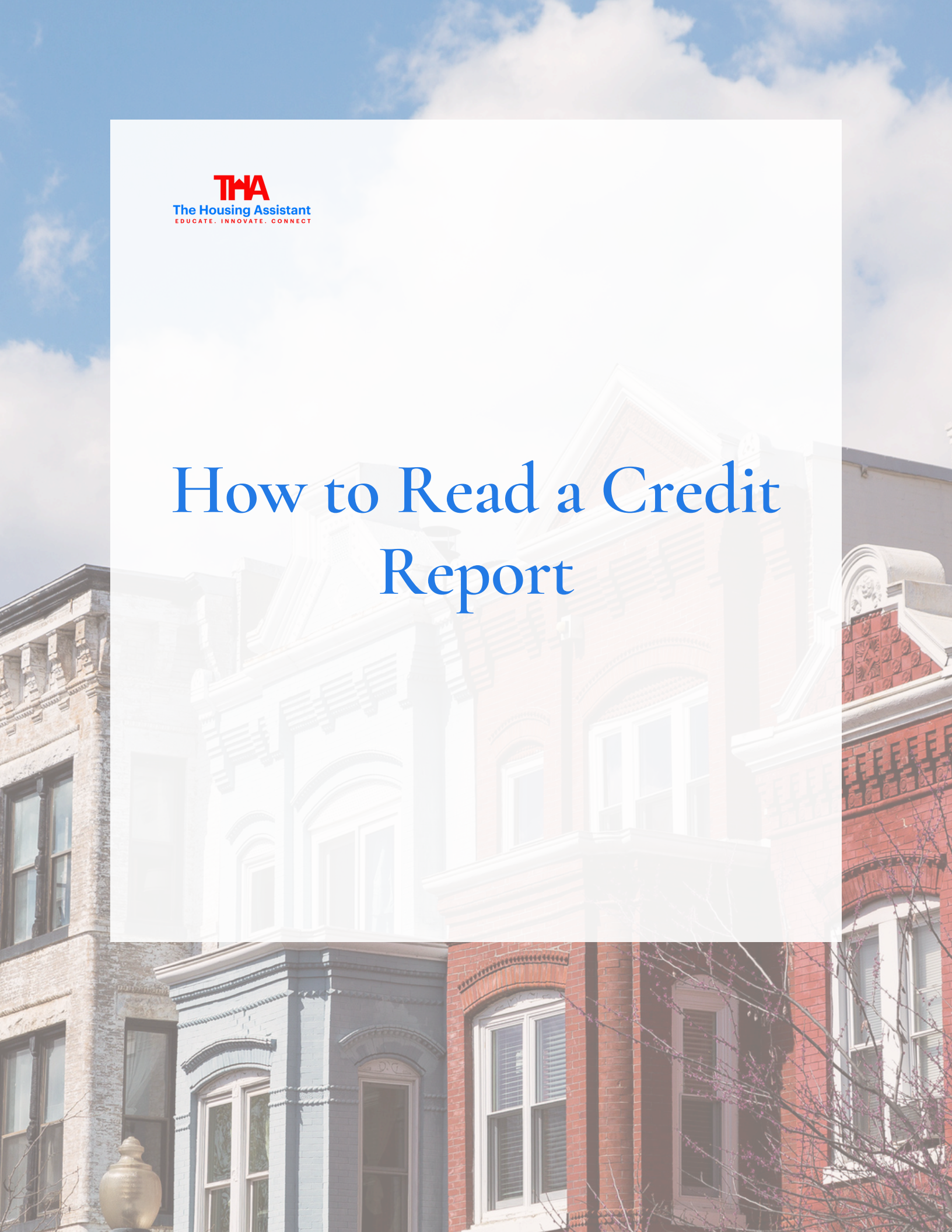


# How to Read a Credit Report



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*A Comprehensive Guide by The Housing Assistant*



## Introduction

Credit reports are critical to mortgage processing and underwriting. They provide a snapshot of a borrower's financial responsibility, debt obligations, and risk level. Mortgage operations staff must be able to accurately read, interpret, and escalate issues found on credit reports to ensure the loan remains eligible and compliant.

## Key Sections of a Mortgage Credit Report

Section	What to Review
Borrower Information	Confirm name, SSN, birthdate, addresses match the loan application (URLA 1003). Watch for alias names or mismatches.
Credit Scores	Review all three bureaus (Equifax, Experian, TransUnion). Use the middle score unless AUS directs otherwise.
Tradelines	Check all open and closed accounts. Review balances, monthly payments, late payments, and account status.
Public Records	Look for bankruptcies, tax liens, civil judgments. Verify resolution or payment if disclosed.
Inquiries	Confirm recent inquiries (within 120 days). Follow up on inquiries that could represent undisclosed debts.
Collections and Charge-Offs	Identify open collection accounts. Confirm if payment is required based on investor guidelines.
Fraud Alerts or Identity Red Flags	Pay close attention to fraud or active duty alerts and escalate immediately.

### Important Things to Watch For

- Name Variations: May signal identity issues or undisclosed debts.
- Mismatched SSNs or DOBs: Must be corrected and verified.
- High Revolving Credit Utilization: Could affect DTI (Debt-to-Income Ratio).
- Disputed Accounts: May need resolution depending on AUS findings.
- New Debt After Credit Pull: Requires re-verification or re-underwriting.
- Mortgage Late Payments: Often a red flag for loan eligibility.

### When to Escalate Issues

- Fraud alerts or identity theft warnings.
- Undisclosed liabilities (e.g., inquiry turns into a new auto loan).
- Serious derogatory activity after underwriting.
- Disputes that materially affect underwriting.
- Address inconsistencies suggesting occupancy fraud.

### Best Practices for Mortgage Ops Teams

- ✓ Always cross-check credit report data against the 1003 (Loan Application).
- ✓ Document all follow-up on inquiries or disputed accounts.
- ✓ Escalate potential red flags early — don't wait until final underwriting!
- ✓ Know investor-specific rules for collections, disputes, and credit requirements.

### THA Tip:

- ◆ Credit reports aren't just for pulling a score — they're risk management tools.
- ◆ A clean, verified credit report keeps your loan eligible, saleable, and audit-ready!