

Q. How can I check my credit report and credit scores before applying for a mortgage?

A. A consumer credit report is factual record of an individual's credit payment history. It is like a snapshot because it reflects information that is current as of that date, but is subject to change. Credit bureaus, also known as credit reporting agencies (CRAs), collect this information from merchants, lenders, landlords, etc., and then sell the report to businesses so they can evaluate your application for credit. The main purpose of a credit report is to help a lender make a decision quickly and objectively about extending credit to an individual.

There are many on-line services that allow the borrower the opportunity to check their credit. We highly recommend that the borrower obtain a copy of their credit report before they begin their home search.

In many cases a lender extending credit may never actually meet the individual borrower. Most of the time, the lender will not have an opportunity to learn what type of a person the borrower is or discover for themselves if that borrower is a trustworthy, capable individual. Often, all the lender has to make a judgment about the borrower's ability to pay is by looking at the credit history, which is an accounting of the borrower's ability to repay debt.

Lenders are primarily looking for three (3) things when they pull the borrower's credit file. First, lenders want to know whether or not the borrower is someone who acts responsibly, takes their debts seriously and pays their bills on time. Second, a lender will look at the borrower's capacity to pay bills on time. This is based upon the borrower's income, or the joint income of the borrower and spouse, and how that corresponds to their total debt. Third, a lender will take a look at the possessions the borrower currently has, or their collateral. The borrower might have a car, valued at \$12,000, that is already paid off. The fact that the borrower was able to pay off this loan demonstrates that they had the ability to eliminate this debt and it further provides the lender with a possession that can be used as security against repaying the new loan.

All three factors can be determined by the borrower's credit report and help provide lenders with needed information which is then used to determine whether or not they think the borrower is creditworthy.

The primary source of credit information comes from the three (3) credit bureaus listed below:

Equifax - www.equifax.com
P.O. Box 740241
Atlanta, GA 30374-0241
Order Report: 800-685-1111
TDD: 800-255-0056

Report Fraud:
P.O. Box 740241
Atlanta, GA 30374-0241
Fraud Line: 800-525-6285

Experian - www.experian.com
P.O. Box 2002
Allen TX 75013
Order Report: 888-EXPERIAN (397-3742)
TDD: 1-800-972-0322

Report Fraud:
P.O. Box 9530
Allen TX 75013
Fraud Line: 888-EXPERIAN (397-3742)

Trans Union - www.transunion.com
P.O. Box 1000
Chester, PA 19022
Order Report: 800-888-4213
TDD: 1-877-553-7803

Report Fraud:
Fraud Victim Assistance Division
P.O. Box 6790
Fullerton, CA 92634
Fraud Line: 800-680-7289

The three nationwide CRAs have set up one website, toll-free telephone number, and mailing address through which you can order your free annual report. To order, visit www.annualcreditreport.com, call 877-322-8228, or complete the Annual Credit Report Request Form and mail it to:

Annual Credit Report Request Service
P.O. Box 105281
Atlanta, GA 30348-5281