

A Glossary of Credit Terms

Link to Online Glossary of Credit Terms:

https://help.equifax.com/app/answers/detail/a_id/398/~glossary-of-credit-terms

A

Account

A business arrangement between a consumer and a credit grantor or service provider in which the consumer may buy things or services and pay for them within a specified future period.

Account Number

The account number reported by the credit grantor

Account Review

A review of a consumer's credit history by one of his/her creditors.

Account Status

Reflects the current status of the account as of the Date Reported.

Account Type

Refers to the account classification, such as Auto, Education, Credit Card, etc.

Active Account

An account for which activity has been reported to a credit reporting company in the last 90 days.

Active Duty Alert

This fraud alert can be requested by a consumer who is called to active military duty away from his/her duty station. It is added to the credit file to help prevent fraud perpetrators from using the consumer's ID to obtain credit or services.

Activity Description

The most recent account activity.

Actual Payment Amount

The actual amount of the last payment (as compared with scheduled payment amount).

Adverse Information

Information which could cause a credit application to be declined or restricted according to a creditor's policy. Examples: late payments on accounts, judgments, collection agency accounts, tax liens, bankruptcies. The word 'adverse' is used instead of the word 'negative'.

Amount Past Due

The amount past due as of the date reported.

Applicant

A person applying for credit privileges, a job or some other benefit.

Assets

Anything owned by a person or business that has financial value, such as a house, other real estate, cars, jewelry, and stocks and bonds.

Authorized User

An authorized user is someone authorized by the contractually responsible party to use an account. Authorized users, unlike users of joint accounts, are most often not considered legally responsible for payment on the account, although in some instances, they may be considered responsible.

B**Balance**

The total amount owed as of the date reported by the Credit grantor.

Balloon Payment Amount

The final payment at the end of a loan term that is considerably larger than regular periodic payments. This is often associated with a second mortgage.

Balloon Payment Date

The date on which the final payment is due.

Bankruptcy

A proceeding in federal court whereby a person who is unable to pay his debts in full may be discharged from the legal obligation to do so. Three types apply to consumers:

1. Chapter 7 refers to a court proceeding where one's unprotected assets are sold and disbursed to pay creditors.
2. Chapter 13 allows the debtor an extended time to repay all or part of his/her debts. The debtor is allowed to keep his/her assets.
3. Chapter 12 refers to a court proceeding where financial obligations are released due to the inability of a family farm to pay their debts.

Business Customer

A Data Furnisher or a Credit Grantor.

C

Case Number

The court docket number assigned to a case by the Clerk.

Central Source

The company setup by Equifax, TransUnion, and Experian in accord with the FACT ACT requirements. The Central Source allows consumers to request an Annual Free Credit Report once every 12 months from each of the nationwide consumer credit reporting companies: Equifax, Experian, and TransUnion.

Charged Off

Accounting term to indicate the creditor does not expect to collect a balance owing and chooses to transfer the account to an accounting category such as 'bad debt' or 'charged to loss'. These accounts are usually turned over to collection agencies. This is the most adverse status reported on accounts.

Closed Account

An inactive credit account; an account that can no longer be used for credit. An account may be closed by the consumer or closed by the credit grantor.

Collection Agency

Most often this term means a professional firm that specializes in collecting money owed when payments are overdue. Sometimes the collection agency collects the money owed and gives that to the creditor; the agency usually adds collection fees to the original debt owed. Sometimes the collection agency purchases the account from the original creditor and then as owner of the account, collects the money owed for their own agency. Some creditors have internal collection departments. Like creditors, collection agencies report account information to credit reporting agencies.

Collateral

The terms of which the credit user delivers possession of real or personal property to the creditor as security for payment of the debt. If the credit user fails to make the payments according to the terms of the note, the creditor has a right to sell the collateral and apply the proceeds to the payment of the debt.

Comments/Comments on Account/Consumer Narrative

A descriptive narrative/comment that may be added by a credit grantor or consumer to provide additional information regarding an item on the credit file.

Commercial or business file

A credit file that contains credit accounts that belong to a particular business, rather than to a consumer. These accounts are the responsibility of the business, rather than of a person.

Company Name

The name of the business or credit grantor that is reporting the credit file information.

Complaint

A formal charge or accusation made by the plaintiff against the defendant.

Conservator

A court-appointed custodian of property belonging to person determined to be unable to properly manage his property. This term is sometimes used interchangeably with guardian.

Consumer

Person who uses and/or buys goods and services for family or personal use.

Consumer Reporting Agency

Also known as a credit bureau. A company that collects, stores, maintains and distributes information on consumer credit history.

Consumer Statement

A consumer may choose to place a statement on his/her credit file which explains information about his/her current or previous credit history. This statement may provide some explanation about why an account (s) was not paid on time.

Cosigner

One who agrees to pay a debt if the credit user does not. The co-signer shares responsibility with the primary applicant for a loan or credit card. A consumer with no previous credit history or with a credit history that includes late payments may need a co-signer to get a loan or to qualify for favorable terms. Because co-signers are liable for debts incurred, co-signed accounts appear also on the co-signer's credit report. Term Co-Maker is sometimes used.

Court

The place where trials are held; the place where plaintiffs and defendants go to petition for their respective rights.

Credit

A trust or promise to buy now and pay later under designated terms for goods or services.

Credit Card

A card used to make purchases or take out cash loans that require the user to pay some or the entire outstanding amount each month.

Credit File

A credit file is the collection of an individual's credit history, identifying information, and other records maintained by a credit reporting company. "Credit file" is sometimes used interchangeably with credit report, but technically a credit file is the source from which a credit report is generated.

Credit Score

A score compiled based upon variables in a consumer's credit file that is indicative of the consumer's creditworthiness.

Creditor (or credit grantor)

A person or firm that extends credit services and to whom credit users are indebted. A company that enables consumers to make purchases on credit and/or lends money to consumers. Sometimes used interchangeably with lender.

Creditor Class

The type of company reporting the account.

Credit History

A record of an individual's past performance with credit. It shows how a consumer has paid credit accounts in the past. It is used as a guide to determine whether or not the consumer is likely to pay future accounts on time.

Credit Limit

The highest amount that a credit grantor allows to be charged on the account.

Credit Reporting Agency

A firm which receives, maintains, and provides information about consumer's credit history. There are three national credit reporting agencies (Equifax, Experian and TransUnion. There are many smaller agencies, but almost all of them get information from one or more of the three major agencies. National credit reporting agencies adhere to the requirements of the Fair Credit Reporting Act (FCRA).

Credit Risk

The likelihood of a consumer to pay back an outstanding debt.

Credit Score

A numerical estimation of the likelihood a consumer will meet debt obligations. A creditor obtains information from a credit reporting company and applies a credit score model to calculate a consumer's credit score.

Credit Status

An appraisal made by an individual credit grantor of individual credit worthiness - the ability and willingness to pay credit obligations. These appraisals are based upon the credit grantor's own, privately developed criteria for granting credit.

D**Date Account Opened**

The date that the credit grantor opened the account.

Date Closed

The date the account was closed (if a revolving account) or paid in full (if an installment or mortgage account).

Date Filed

Date a public record item was filed at the courthouse.

Date of Final Disposition

When an account is charged off (or reaches collection status) it is referred to as the account's final disposition.

Date of First Delinquency

The date when an account became 30 days past due and was never paid, i.e. did not recover.

Date of Last Activity

This could be the date of last activity; or the Date of first Delinquency, which is the date that the account went 30 days late and never recovered from a past due status;

a) Date of last activity for a Trade Line that is current (paid before or within 29 days of due date) can be the date of the last billing statement, the date the consumer last made a payment, or the date of a charge on the account.

b) Date of last activity on a Trade Line for a trade that is in collection, but represents a returned check is the original date the check was written.

c) Date of last activity on a collection item by a third party collector is the date of first delinquency with the original creditor that led to the account being placed for collection.

Date of Last Payment

The date of last payment made on an account.

Date Opened

Date account was originally opened.

Date Major Delinquency and First Delinquency Reported (DMDFD)

The date that the first major delinquency was reported.

Date Reported

Date account information was last updated by the data furnisher.

Death Notice (also called a Death Certificate)

An official document provided by the court to a family member of the deceased person.

Debit Card

A card that allows purchases to be deducted directly from a consumer's personal checking account.

Debtor

One who owes a debt.

Debt Stacking

Debt stacking is a payment strategy that is designed to help you see how you may be able to pay off your debts more quickly. When you pay off your first debt, the amount you were paying toward that debt is added to the amount you pay towards the next debt on your list. By paying more on that second debt, you can accelerate the pay off of that debt. When that debt is paid off, you apply the amount you were paying toward it to the next debt on your list. The total amount you pay each month toward debt in your plan never changes, but the speed with which you start to pay down your debts increases over time as you begin to pay off your debts. When you get to your last debt, the total monthly amount is applied to this one debt each month until it is paid off.

Default

Failure to fulfill an agreed-upon financial obligation, such as making a loan payment.

Defendant

The person against whom the lawsuit is filed and from whom relief is sought.

Deferred

An agreement between the credit grantor and the consumer that the payments can be postponed until a certain date in the future. This frequently occurs with student loans, whose payment is generally postponed until the consumer completes his/her education.

Deferred Payment Date

The 1st payment due date for a deferred loan.

Delinquency

Refers to an overdue debt: late payments or past-due payments on a loan.

Discharge

To release a debtor from responsibility for a debt, often as a result of bankruptcy.

Dismissed bankruptcy

An instance in which a judge has ruled against a consumer's petition for bankruptcy, sometimes at the consumer's request. Such cases are recorded in the public records section of the consumer's credit file, and the debts covered in the bankruptcy remain outstanding.

Disclosure

Term used for the act of providing the credit file to the consumer. Disclosure can be verbal or written. Equifax has an automated system Auto Disclosure, which processes the majority of consumer requests.

Dispute

Term used for the consumer's concerns that the information on his/her credit file is not accurate

or not complete.

Divorce Decree

A legal dissolution (ending) of a marriage.

E

Estate

Applies to all that the deceased person owned; all the assets and liabilities of the deceased person; that person's property and possessions.

Equal Credit Opportunity Act (ECOA)

A federal law that requires lenders and other creditors to make credit equally available without discrimination based on race, color, religion, national origin, age, sex, marital status, or receipt of income from public assistance programs.

F

Fair and Accurate Credit Transaction Act of 2003 (FACTA)

Law which provides greater protection for consumer's against Identity Theft and also enacts new standards for information sharing and credit reporting. Most of the provisions of FACTA took effect on December 1, 2004. FACTA is a part of the FCRA.

Fair Billing Act

Law which provides process for consumer to dispute with a credit grantor an item wrongly placed on his billing statement. The consumer must notify the credit grantor within 60 days of receiving the billing statement, and the notice must be in writing. During the period of investigation conducted by the credit grantor, generally there will be no interest charges or late payment fees charged by the credit grantor to the consumer for this item. At the end of the investigation, the credit grantor will notify the consumer of the results of the investigation, at which time the item would be removed from the consumer's account or placed back upon the consumer's account with interest on that amount again being charged.

Fair Credit Reporting Act (FCRA) 1971, amended in 1997 and 2003

A federal law that among other things enables consumers to learn what information consumer reporting agencies have on file about them, and to dispute errors in the file. It also specifies certain permissible purposes for which credit reports may be furnished. Designed to promote accuracy, fairness, and privacy of information in the files of every "Consumer Reporting Agency" (CRA). It provides consumers with the right to obtain a copy of their report at no charge if they have been turned down for credit.

Fair Isaac Company

The developer of the FICO score, a credit scoring model used by many creditors.

Fast Pay Plan

Your Fast Pay Plan is a personalized debt pay off plan you create as part of your Debt Wise product. Following the plan may allow you to pay down your debts more quickly and save money on interest. The Fast Pay Plan Wizard imports debts you want to include from your Equifax Credit Report™ and allows you to include debts that do not appear on your credit report. Once you complete the necessary information about your debts that you want to include in your plan, the Wizard calculates an optimal order in which you could pay off the debts in your plan and applies a payment strategy known as "debt stacking" to help you see how you may be able to accelerate paying off your debts.

FICO Score®

A credit score derived from the application of a credit scoring model created by the Fair, Isaac Company to a consumer's credit file held by a credit reporting company. FICO scores range from the 300s to the 900s, but almost all consumers have a score between 500 and 850. Equifax provides consumers with the BEACON ® 5.0 version of the FICO Score®.

Filing

The depositing of documents with the court or with other public officials to become preserved as part of the official record.

Finance Charge

Also called cost of credit. The percentage / dollar amount of the charges that a credit grantor adds to the balance owed on a credit account. This varies greatly from one credit grantor to another, but can be 12%, 15%, etc.

Finance Company

A company that mainly lends money to consumers who cannot qualify for credit at a credit union or bank. Finance companies generally charge higher rates than other creditors.

Foreclosure

The legal process by which a creditor may sell mortgaged property to recover a defaulted mortgage.

Fraud/Identity Theft

A crime that involves using another person's identity (e.g. name, Social Security Number, or other personal information) to acquire credit or make purchases.

Fraud Alert

An alert message the consumer can request to be added to his/her credit file. When a credit file with an alert is accessed by a credit grantor, the credit grantor receives an alert message that the consumer may be a victim of fraud. Fraud Alerts generally contain a consumer's contact telephone number, so the credit grantor receiving that application can call the consumer to ensure that the consumer made that application. An initial fraud alert is retained on the file for 90 days; an extended fraud alert is retained on the credit file for 7 years. An **active duty alert** is another alert available if you are on active military duty that remains on the file for 12 months and your name is removed from preapproved firm offers of credit or insurance (prescreening) for 2 years.

Fraud Perpetrator

A person who has committed fraud or is suspected by the consumer of committing fraudulent acts against the consumer.

G**Garnishment**

A legal process wherein a creditor has obtained judgment on a debt allowing him to receive full or partial payment by seizure of a portion of the debtor's assets (wages, bank account, etc.) in order to pay off the debt owed.

Grantor

Term has the meaning of 'gives' and is used as in 'credit grantor', a company that gives credit.

Guardian

A person legally placed in charge of the affairs of a minor or of someone incapable of managing his/ her own affairs.

H**Hard Inquiry**

An indication on a credit file that a lender has obtained a copy of the report in order to evaluate the consumer's loan or credit application. An excess of hard inquiries within a six-month period may lower a consumer's credit rating.

High Credit

Entry on a trade line of a credit file to indicate the highest amount charged by the consumer over the time period reviewed.

Home Equity Loan

A loan secured by a primary residence or second home to the extent of the excess of fair market value over the debt incurred in the purchase.

I**Individual Account**

An account in which only one person is responsible for the debt.

Inquiries

An instance in which all or part of a consumer's credit file is accessed by a company. There are different types of inquiries: hard inquiries, soft inquiries, and promotional inquiries.

Inquiry Date

Date a consumer's credit file was requested.

Installment Account

A credit account in which the amount of the payment and the number of payments are predetermined or fixed.

Interactive Score Estimator

The Interactive Score Estimator is an educational tool included in both the Equifax Credit Report and Score, and the Equifax 3-Bureau Credit Report and Scores products. It helps you understand how your actions can impact your ability to obtain credit - either positively, or negatively. The Estimator works by simulating the impact of certain hypothetical actions on your credit score. There are several ways that you can use the Interactive Score Estimator:

- To understand how payment delinquencies, bankruptcy or foreclosure might impact your credit score
- To simulate the impact to your score of increasing or decreasing your credit utilization, (defined as the ratio of outstanding debt as compared to the total credit limit)
- To see how applying for or adding new mortgage, auto loan, or credit card might affect your score
- To understand how making on-time payments or paying down debts might affect your score

Interest

The cost of borrowing money; usually a percentage of the amount borrowed or loaned.

Investigation

The process a credit reporting company undertakes in order to verify credit report information disputed by a consumer.

Involuntary Bankruptcy

A bankruptcy instigated by creditors rather than by the debtor.

J**Joint Account**

A credit or loan account held by two or more people. All account holders assume legal responsibility for the repayment of the account.

Judgment

A determination by a court of law that, in the case of credit, may require a person to fulfill an obligation-to pay a debt, for example. When a judgement has been satisfied (i.e, the debit has been paid or settled), the consumer has fulfilled their requirements and is no longer liable. Information about judgments is recorded in the public records section of a credit report.

L

Late Payment

A payment delivered after its due date. Payments that are late by 30 days or more may be reported to credit reporting companies and added to a consumer's credit report.

Lease

A contract that allows a consumer the right to use or occupy property (a car or apartment, for example) over a specific length of time, during which the consumer makes regular payments and after which the consumer does not own the property.

Liability

In the context of credit, legal responsibility for the repayment of a debt.

Lien

A legal claim upon the property of another as security to ensure that a debt will be paid. A tax lien is a lien filed by a state government or by the Federal government. The Federal Government's Internal Revenue Service, which collects income taxes from consumers may place notices of liens in county courts, listing the consumer's unpaid federal income taxes.

Lien Released - Means that the lien is paid.

Line of credit

An agreement between an institution and a consumer where the institution agrees to lend a consumer funds up to an agreed upon credit limit. The consumer may borrow as much of the line as needed and pays interest on the borrowed portion only. Payment amounts are revolving, based upon the outstanding balance amount.

Litigant

Persons involved in a law suit.

Litigation

A law suit.

Loan

An extension of money that is to be repaid.

Loan Risk Rating

The Loan Risk Rating describes how lenders may view your level of credit risk based on your individual score from Equifax or all 3 of your credit scores. People with higher credit scores have a greater likelihood to repay loans on time, over time. People with lower scores have a higher risk of becoming delinquent on loan payments.

M

Major delinquency

Most credit grantors consider an item as a major delinquency when a trade line is reported with a '6' collection status; when a mortgage is reported in foreclosure; or when an item is being reported as a collection agency account or a Public Record.

Months Reviewed

The number of months an account is reviewed for late payments.

Mortgage

A loan designed to facilitate the purchase of a home, in which the home itself serves as security for the loan. If the borrower doesn't make the required payments, the lender may through a legal process known as foreclosure sell the home in order to recover the amount owed on the mortgage. "Mortgage" can also refer to the legal document detailing the borrower's responsibilities, including the payment schedule and terms.

N

No Record of File / No File Found

Term used when no credit file information is found for the consumer. This usually means that the consumer has not established credit in his/her own name or that the consumer had had credit in the past, but has not had any credit reported over the past 7 years.

Null

Legal term meaning that the act has no legal force or validity.

O

Obligation

A debt or promise.

Open Account

Account where a customer has agreed to pay the full amount owing within 30 days of billing. No finance charge or interest is charged.

Another and different meaning of open account is an account that is still active or still being paid.

Opt-Out

A choice consumers can make to limit the sharing of information about the consumer to others, such as opting out of credit or insurance offers that the consumer did not initiate.

Original Creditor

Reflects the original creditor who opened the account for the consumer.

Outstanding Debt

The balance that is still due.

Ownership

Designation by a lender of an individual responsible for payment of an account

P**Past Due**

Amount currently past due, which can include late charges and fees.

Payment History

How has the account been paid since the opened date- how many times has it been paid late.

Permissible Purpose

A term defined in the Fair Credit Reporting Act outlining the defined purposes a credit reporting company may furnish a credit report to a third party. This would include purposes of: credit transactions; collection agency process of collecting a debt; child support agency process of collecting unpaid child support; insurance underwriting; employment; etc.

Plaintiff

The person who begins the lawsuit because he/she believes they have suffered some injury or injustice.

Portfolio Type

Indicates the type of loan, such as Installment, Mortgage, Line of Credit, Revolving or Open Account.

Power of Attorney (POA)

A written document by one person authorizing another to act on his/her behalf. Equifax can accept a Power of Attorney only if the document is notarized and contains language that the person is authorized to handle the 'financial affairs', 'credit', etc. for that consumer.

Primary User

The person under whose name is listed on a credit card account. A primary user can authorize other people to use the account, but the primary user is ultimately responsible for repaying all charges.

Principal

The outstanding balance of a loan, exclusive of interest and other charges.

Public Records

Any document on file in a public office that the general public has a right to examine. Public records include: bankruptcies, judgments, and liens.

R

Reaffirm

Generally refers to an account that had been originally included in a bankruptcy but then is later removed by the consumer from the bankruptcy so that the consumer can continue to use the account and pay as originally agreed upon.

Refinance

The rescheduling of payments on an installment contract; generally smaller payments extending over a longer period of time.

Repossession

Forced or voluntary surrender of merchandise as a result of inability to pay as promised.

Revolving Charge Account

An account that requires at least a specified minimum payment each month plus a service charge on the balance. As the balance declines, the amount owed for the service charge, or interest, also declines.

S

Satisfied Judgment

A judgment is considered satisfied when money owed is paid. The plaintiff's attorney should have the judgment marked as satisfied in the court records.

Scheduled Payment Amount

The amount set by the credit grantor as the payment amount. (As compared with actual payment amount)

Second Mortgage

A mortgage taken out on a home that has an existing mortgage. A home equity loan is a type of second mortgage.

Secured Credit Card

A credit card secured by a savings account.

Secured Loan

A loan for which an item of property has been pledged in case of default. A mortgage is an example of a secured loan.

Security Freeze

In certain states a consumer is entitled by state law to place a security freeze upon his/ her credit file. Credit grantors and service providers will not be able to access the consumer's credit file without his/her permission (with the exception of companies with which the consumer has already established credit; with the exception of collection agencies which need access to the file

for collection of a debt owed by that consumer; and with a few other state-specific exceptions).

Service Provider

A company that gives services to consumers, such as utility, water or telecommunication services.

Set Aside

To annul or make void. A judgment that has been set aside (also can be called vacated) can be suppressed from the consumer's credit file.

Social Security Number (SSN)

The unique nine-digit number assigned to every legal resident of the United States by the Social Security Administration. Because no two people are assigned the same number, the SSN is usually the main identifying factor in a person's records, including credit reports.

Settlement

Generally means the resolving of a matter, a final disposition of a matter. A compromise reached by adverse parties, wherein they agree between themselves on their respective rights and obligations, thus eliminating the need for using judicial means to resolve the matter. (For example: a creditor may state that the consumer owes \$2,000 for goods received; the consumer may dispute the quality of the goods received. In settlement, the creditor may agree to reduce the amount owed to \$1,500, which the consumer may agree to pay. As a result, there would not be a need to take the disagreement to court.)

Soft Inquiry

An instance in which a credit report is accessed without affecting a consumer's credit rating. Soft inquiries include a consumer's request for his/her credit report; promotional inquiries by credit card companies; and account review inquiries by a consumer's existing creditors.

Status

Used as in current status- how an account is currently being paid, either paid on time or paid late.

Subject

This term is used to refer to the consumer who is disputing information on his/her credit file as belonging to someone with the same/similar name.

Summons

A process of giving legal notice to a person informing him/ her of the lawsuit and requiring him/ her to appear in court on a certain day, or suffer a default judgment (which means that the consumer must pay the amount of the judgment because the consumer did not appear in court).

T**Term**

The amount of time in which a loan must be re-paid in full.

Terms Duration

The number of installments or payments

Terms Frequency

The scheduled time between payments.

Testamentary (also called a Letter of Testamentary)

A legal document that states the name of the person appointed to be executor of the deceased person's estate. This can also be stated as the person appointed to distribute the assets/ property of the deceased person to others to fulfill the deceased person's wishes.

Trade line

A credit industry term for an account listed on a credit file.

Truth in Lending Act

Part of the Consumer Protection Act, the Truth in Lending Act, among other things, requires lenders to disclose the annual percentage rate, the total cost of the loan, and other terms. It also regulates credit advertising.

U**Unsecured Loan**

A loan based upon a consumer's promise to repay, not on pledged collateral.

V**Vacated**

A judgment that has been rendered void or set aside is said to be vacated. A vacated judgment or lien can be suppressed from the credit file. The consumer may use the term 'filed in error' and mean by that term that the judgment has been rendered void and should never have been filed against him/her.