

## Section C. Credit Reporting Requirements

### Overview

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## 1. Confidential Nature of Credit Information

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**4155.1 1.C.1.a  
Confidentiality  
Policy for  
Credit  
Information**

Lenders must not divulge sources of credit information, except as required by a contract or by law. All personnel with access to credit information must ensure that the use and disclosure of information from a credit report complies with

- [Title VIII of the Civil Rights Act of 1968](#)
  - the [Fair Credit Reporting Act, Public Law 91-508](#)
  - the [Privacy Act, Public Law 93-579](#)
  - the [Financial Privacy Act, Public Law 95-630](#), and
  - the [Equal Credit Opportunity Act, Public Law 94-239](#) and [12 CFR Part 202](#).
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## 2. General Information on Traditional and Non-Traditional Credit Reports

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**Introduction** This topic contains general information on traditional and non-traditional credit reports, including

- required credit report information
- types of traditional credit reports
- purpose and use of non-traditional credit reports
- developing credit information, and
- credit report retention and discrepancy reconciliation, and
- a reference for use of truncated Social Security numbers on credit reports.

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**4155.1 1.C.2.a Required Credit Report Information** A credit report submitted with a loan application must contain all credit information available in the accessed repositories. Additionally, for each borrower responsible for the debt, the report must contain all of the information available in the credit repositories pertaining to

- credit
- residence history, and
- public records information.

*Note:* One report is required for each borrower. The lender may obtain a joint report for individuals with joint accounts.

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## 2. General Information on Traditional and Non-Traditional Credit Reports, Continued

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### 4155.1 1.C.2.b Types of Traditional Credit Reports

The two types of traditional credit reports are the

- three repository merged credit report, also known as a “tri-merged” credit report (TRMCR), and
- Residential Mortgage Credit Report (RMCR).

The minimum credit report that FHA requires is the TRMCR. When required, the lender may also use an RMCR from an independent consumer-reporting agency.

*Note:* An RMCR is required under the circumstances described in HUD 4155.1 1.C.4.a.

*References:* For more information on the

- TRMCR, see HUD 4155.1.C.3, and
  - RMCR, see HUD 4155.1 1.C.4.
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### 4155.1 1.C.2.c Purpose and Use of Non- Traditional Credit Reports

A Non-Traditional Mortgage Credit Report (NTMCR) is

- designed to access the credit history of a borrower who do not have the types of trade references that appear on a traditional credit report, and
- used either as a
  - substitute for a TRMCR or an RMCR, or
  - supplement to a traditional credit report that has an insufficient number of trade items reported.

*Reference:* For more information on requirements for use of an NTMCR, see HUD 4155.1 1.C.5.

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## 2. General Information on Traditional and Non-Traditional Credit Reports, Continued

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**4155.1 1.C.2.d  
Developing  
Credit  
Information** A lender must develop credit information separately for any open debt listed on the loan application but not referenced in the credit report.

Accounts listed as “*rate by mail only*” or “*need written authorization*” require separate written notification for traditional credit reports.

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**4155.1 1.C.2.e  
Credit Report  
Retention and  
Discrepancy  
Reconciliation** The lender must

- retain copies of all credit reports
- document in writing an analysis of the reasons for any discrepancies between credit reports, and
- reconcile inconsistencies if it receives any information that is not consistent with information on a credit report.

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**4155.1 1.C.2.f  
Use of  
Truncated  
Social Security  
Numbers on  
Credit Reports  
(Reference)** For information on the use of truncated Social Security numbers on credit reports, see HUD 4155.1 4.C.2.j.

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### 3. Three Repository Merged Credit Report (TRMCR)

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**Introduction** This topic contains information on the three repository merged credit report (TRMCR), including

- methods of TRMCR submission
  - required TRMCR format
  - required demographic information, and
  - required TRMCR borrower credit related information
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**4155.1 1.C.3.a  
Methods of  
TRMCR  
Submission** Three repository merged credit reports (TRMCRs) submitted by the lender must be

- originals, and
  - either sent electronically and printed on the lender's printer, or
  - delivered by the credit-reporting agency.
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**4155.1 1.C.3.b  
Required  
TRMCR  
Format** The TRMCR must be in an easy to read and understandable format, and should not require code translations.

Whiteouts, erasures, or alterations are *not* permitted.

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**4155.1 1.C.3.c  
Required  
Demographic  
Information** The TRMCR must include the

- name of the company ordering the report
- name, address, and telephone number of the consumer-reporting agency
- name and SSN of each borrower, and
- primary repository from which any particular information was pulled, for each account listed.

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### 3. Three Repository Merged Credit Report (TRMCR), Continued

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**4155.1 1.C.3.d  
Required  
TRMCR  
Borrower  
Credit Related  
Information**

The TRMCR must include

- all inquiries made within the last 90 days
- all credit and legal information not considered obsolete under the Fair Credit Reporting Act (FCRA), including information for the last seven years regarding
  - bankruptcies
  - judgments
  - lawsuits
  - foreclosures, and
  - tax liens, and
- for each borrower debt listed, the
  - date the account was opened
  - high credit amount
  - required payment amount
  - unpaid balance, and
  - payment history.

**Notes:**

- A corrected credit report *must* supplement the TRMCR if the report *does not* verify legal actions such as bankruptcies, judgments, lawsuits, foreclosures, and tax liens.
  - For any open debt listed on the loan application, but not referenced on the TRMCR, the lender must develop credit information separately.
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## 4. Residential Mortgage Credit Report (RMCR)

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**Introduction** This topic contains information on the residential mortgage credit report (RMCR), including

- when an RMCR is required, and
  - required RMCR information.
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**4155.1 1.C.4.a  
When an  
RMCR Is  
Required**

A residential mortgage credit report (RMCR) is required when the

- borrower disputes the ownership of accounts on the TRMCR borrower claims that collections, judgments, or liens listed as open have been paid, and documentation supporting his/her claim is not available
  - borrower claims that certain debts on the TRMCR have different balances/payments, and current statements less than 30 days old supporting his/her claim are unavailable, or
  - underwriter determines that it is more prudent to use an RMCR than a TRMCR to underwrite the loan.
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**4155.1 1.C.4.b  
Required  
RMCR  
Information**

RMCRs must access at least two named repositories and meet all the requirements for the TRMCR, as described in HUD 4155.1 1.C.5. In addition, the RMCR must

- provide a detailed account of the borrower's employment history
- verify each borrower's current employment and income
- contain a statement attesting to the certification of employment for each borrower and the date the information was verified, and
- include a check with the creditor within 90 days of the credit report for each account with a balance.

**Note:** If the certification of employment is not obtained through an interview with the borrower's employer, the credit-reporting agency must state the reason for not completing this interview.

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## 5. Non-Traditional Credit Report (NTMCR) Requirements

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**Introduction** This topic contains information on non-traditional credit report requirements, including

- FHA preference for verification of non-traditional credit references
  - the purpose of non-traditional credit reports (NTMCRs)
  - the format for credit references on an NTMCR when use of an NTMCR is not permitted
  - insufficient credit report information, and
  - consideration of credit that requires periodic payments.
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**4155.1 1.C.5.a  
FHA  
Preference for  
Verification of  
Non-traditional  
Credit  
References** FHA prefers that all non-traditional credit references be verified by a credit bureau and reported back to the lender as a non-traditional mortgage credit report (NTMCR) in the same manner as traditional credit references.

*Note:* Only if an NTMCR is impractical or such a service is unavailable may a lender choose to obtain independent verification of trade references.

*References:* For more information on

- verifying and documenting non-traditional credit providers, see HUD 4155.1 4.C.1.e, and
  - use of non-traditional credit reports provided by credit-reporting agencies, see HUD 4155.1 4.C.1.f.
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## 5. Non-Traditional Credit Report (NTMCR) Requirements,

Continued

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### 4155.1 1.C.5.b Purpose of NTMCRs

NTMCRs are designed to assess the credit history of borrowers who do not have the types of trade references that normally appear on a traditional credit report. An NTMCR can be used as a

- substitute for a TRMCR or an RMCR for a borrower without a credit history with traditional credit grantors, or
- supplement to a traditional credit report that has an insufficient number of trade items reported.

**Reference:** For more information on using an NTMCR as a supplement when there is insufficient credit information, see HUD 4155.1 1.C.5.e

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### 4155.1 1.C.5.c Format for Credit References on an NTMCR

Trade references appearing on an NTMCR should be formatted in a similar fashion to traditional references, and include the

- creditor's name
- date of opening
- high credit
- current status of the account
- required payment
- unpaid balance, and
- payment history in the delinquency categories (for example, 0x30, 0x60, and so on).

**Note:** The report should not include subjective statements such as “satisfactory” or “acceptable.”

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## 5. Non-Traditional Credit Report (NTMCR) Requirements,

Continued

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**4155.1 1.C.5.d**  
**When Use of an**  
**NTMCR Is Not**  
**Permitted**

An NTMCR *cannot* be used to

- enhance the credit history of a borrower with a poor payment record
  - manufacture a credit report for a borrower without a verifiable credit history, or
  - offset derogatory references found in the borrower's traditional credit report, such as collections and judgments.
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**4155.1 1.C.5.e**  
**Use of an**  
**NTMCR When**  
**There Is**  
**Insufficient**  
**Credit Report**  
**Information**

A lender may use an NTMCR developed by a credit-reporting agency that documents all non-traditional credit references when the information in the standard credit report is not sufficient to make a prudent underwriting decision.

If an NTMCR is not available, the lender must develop its own non-traditional credit history consistent with the traditional credit report requirements described in HUD 4155.1 1.C.3.

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## 5. Non-Traditional Credit Report (NTMCR) Requirements,

Continued

### 4155.1 1.C.5.f Guidelines for Determining That a Borrower Has Sufficient Credit References

In order for the underwriter to determine that a borrower has sufficient credit references to help evaluate bill paying habits, the credit history must

- include three credit references, including at least one from Group I (below), and
- exhaust all Group I references prior to considering Group II for eligibility purposes, as Group I is considered more indicative of a borrower's future payment performance.

The table below lists the Group I and Group II categories of credit references the underwriter can use to determine if a borrower has a sufficient credit history.

Group Number	Types of Credit References
Group I	<ul style="list-style-type: none"> <li>• Rental housing payments (subject to independent verification if the borrower is a renter)</li> <li>• Utility company reference (if not included in the rental housing payment), including               <ul style="list-style-type: none"> <li>– gas</li> <li>– electricity</li> <li>– water</li> <li>– land-line home telephone service, and</li> <li>– cable TV.</li> </ul> </li> </ul> <p><i>Note:</i> If the borrower is renting from a family member, the lender should request independent documents to prove regularity of payments, such as cancelled checks.</p>

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## 5. Non-Traditional Credit Report (NTMCR) Requirements, Continued

### 4155.1 1.C.5.f Guidelines for Determining That a Borrower Has Sufficient Credit References (continued)

Group Number	Types of Credit References
Group II	<ul style="list-style-type: none"> <li>• Insurance premiums not payroll deducted (for example, medical, auto, life, renter's insurance)</li> <li>• Payment to child care providers made to businesses that provide such services</li> <li>• School tuition</li> <li>• Retail stores credit cards (for example, from department, furniture, appliance stores, or specialty stores)</li> <li>• Rent-to-own (for example, furniture, appliances)</li> <li>• Payment of that part of medical bills not covered by insurance</li> <li>• Internet/cell phone services</li> <li>• A documented 12 month history of savings evidenced by regular deposits resulting in an increased balance to the account that               <ul style="list-style-type: none"> <li>– were made at least quarterly</li> <li>– were not payroll deducted, and</li> <li>– caused no insufficient funds (NSF) checks</li> </ul> </li> <li>• Automobile leases</li> <li>• A personal loan from an individual with repayment terms in writing and supported by cancelled checks to document the payments</li> </ul>

**Note:** Lenders must underwrite borrowers with no Group I trade references using the criteria set forth in

- HUD 4155.1 4.C.3.b, and
- HUD 4155.1 4.C.3.c.