



Secure More Approvals by Utilizing All Three National Credit Bureaus

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Credit scores are not what they used to be. Just a few years ago, many considered a good credit score 680 and above, but today that same 680 score would be an automatic decline from most recreational lenders. You owe it to your customer, as well as to your dealership, to obtain the most complete credit information available before submitting the loan to your lender partners. This means your F&I department needs to have available all three major credit bureaus' reports.

As every good F&I manager knows, in order to present a credit application to a lender in the best possible light, you must thoroughly review the customer's credit report first and not just submit the application based on score alone. It's critical to understand and determine the strengths of the loan request as well as the challenges. While it's only *necessary* to use one credit bureau, it is to your advantage to have access to reports from the top three credit bureaus: Equifax, Experian and TransUnion, because scores and credit information can *differ greatly* between the three.

Credit scores differ for a variety of reasons:

1. Lenders might not report to all three bureaus.
2. Public records including collections, judgments, liens and bankruptcies might not be reported.
3. Closed accounts might not be reported closed.
4. The last reported date of a tradeline might not be identical.

Because of these differences it is beneficial to receive reports from the top three bureaus to compare credit reports, and see what the lenders are going to see. To help secure approvals, review all three credit bureaus' reports to ensure you don't miss any key information the lenders may be basing their loan decision on. Since it is not unusual to see a wide range of credit scores on the same customer, your F&I department should work with all available information, not a piece of the picture portrayed by a single bureau. Keep in mind lenders typically do not pull all three bureaus, as a rule, which could ultimately influence the credit decision negatively.

Top Three Credit Bureaus

Equifax is the oldest of the three, founded in 1899, and headquartered in Atlanta, Georgia. This bureau operates in 15 countries and employs about 7,000 people. It is the only publicly traded bureau of the three.

Experian, founded in 1986, has several operational headquarters all over the world and employs over 15,000 people in 40 countries.

TransUnion, the largest one, began in 1968, is headquartered in Chicago, Illinois, operates in 25 countries on five continents and holds credit on about 500 million people.

F&I managers that use only one bureau's information and don't receive all of the customer's credit information, gathered from all three bureaus, could receive a less than desirable approval from lenders who use risk based pricing. With risk-based pricing, lenders estimate the probability that the borrower will default on the loan which means that different borrowers can receive different rates and terms on the same amount to finance. Additional factors that can alter the terms of the approval include: the number of trade lines, debt to income ratios, length of time in bureau and overall revolving usage. All of which could be different from one bureau to another. For example, depth-of-credit file on one bureau might be five years, however, another bureau it might be ten years; therefore, the lender might deem that customer to have more risk because they evaluated five years of history versus ten.

It's up to your F&I manager to pull all three credit bureaus, thoroughly review, and point out to the lender any credit bureau discrepancies which might help secure a better approval. More deals will be approved when the F&I manager highlights the strengths your lenders look for to overcome any weaknesses that might exist in the deal. F&I managers must avoid mistakenly qualifying a deal as better or worse than it actually is. It's better to have all of the information, than to be surprised with something that could mean losing the deal, or harming your credibility. To ensure this can be accomplished, review credit information from all 3 major credit bureaus. By doing so, the F&I manager will have all of the information necessary to do the best work for your customer.

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