

FICO SCORES

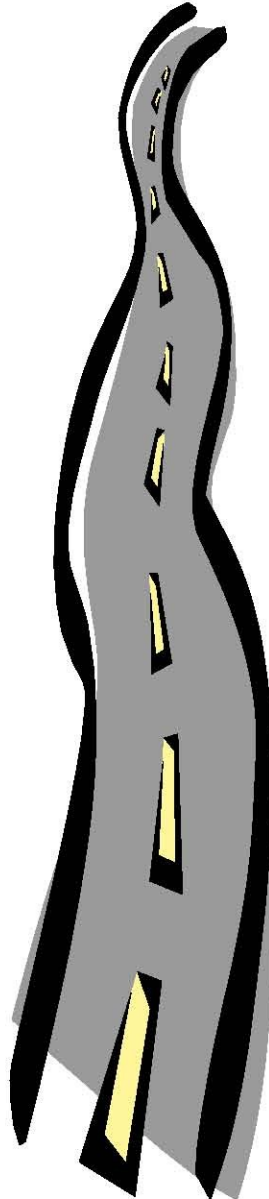
Understanding the Crossroads that Lead to Explaining the Score

What makes up the score?

- 35% = Payment History
- 30% = Capacity (Capacity is King)
- 15% = Length of Credit
- 10% = Search & Acquisition for New Credit
- 10% = Type of Credit

What actions will hurt the score?

- Missing payments (regardless of \$ amounts...It will take 24mo to restore credit with one late pay).
- Credit cards at capacity (i.e. maxing out credit cards).
- Closing credit cards out (this lowers available capacity)
- Opening up numerous trades in a short time period.
- Having more revolving loans in relation to installment loans.
- Loans at finance companies.



What does not Affect the Score

- Income
- Length of residence
- Length of employment

Approximate Credit Weight for each Year

- 40% = current to 12 months
- 30% = 13-24 months
- 20% = 25-36 months
- 10% = 37+ months

How to Improve the Score

- Pay down on credit cards.
- Do not close credit cards. because capacity will decrease
- Continue to make payments on time (old late pays will become less significant with time).
- Slow down getting new loans.
- Acquire a solid credit history with years of experience.
- Move revolving debt to installment debt.