Buying Your Home - FICO Scores

Understanding the crossroads that lead to explaining the score.

What makes up the score?
- 35% = based on payment history
- On-time pays or delinquencies
- More weight on current pay history
- 30% = capacity (capacity is king)
- 15% = length of credit
- 10% = accumulation of debt i the last 12-18 moths
- # of inquiries
- Opening dates
- 10% = mix of credit
- Installments raise the score
- Revolving credit lowers the score
- # of finance company loans (the more you have the lower the score)

What actions will hurt the score?
- Missing payments (regardless of the $ amounts... It will take 24 months to restore credit with one late payment)
- Credit cards at capacity (maxing out your credit cards)
- Closing credit cards out (this lowers capacity)
- Shopping for credit excessively
- Opening up numerous trades in a short time period
- Having more revolving loans in relation to installment loans
- Borrowing from finance companies
- What doesn't affect the score?
- Debt ratio
- 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

Marketing: Buyers, FICO Scores
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BUYERS

FICO Scores

- – Continue to make payments on time (older late pays will become less significant with time)
- – Slow down on opening new accounts
- – Acquire a solid credit history with years of experience
- – Moving revolving debt to installment debt

For more information regarding credit scoring please download this information booklet from one of our 3 Preferred Lending Partners.

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