

Understanding Your FICO Score

FICO = Fair Isaac Company

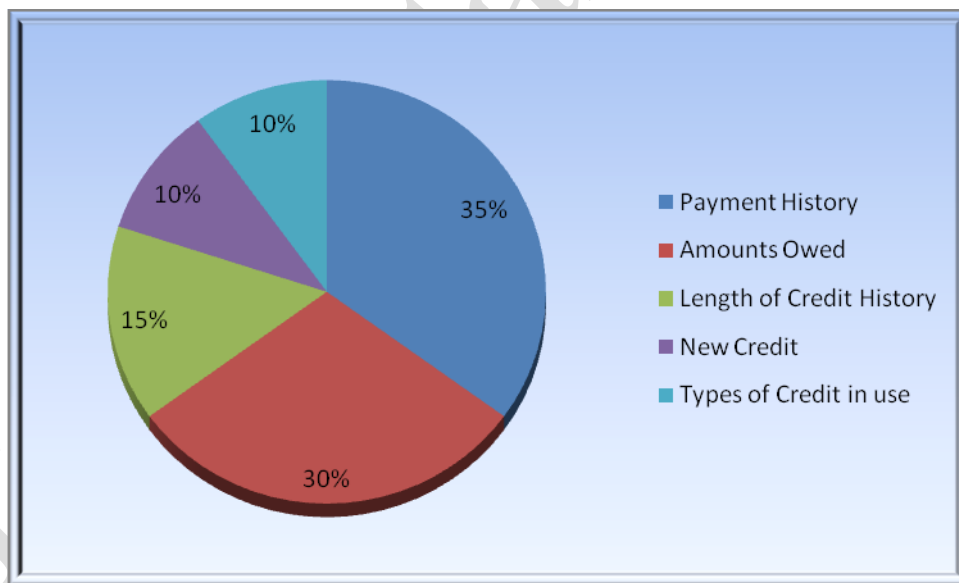
The FICO score was developed in 1989.

It's a measurement of credit worthiness.

Scores range from 300 ~ 850.

Scores are determined by 5 weighted factors

1. Payment History (35%)
2. Amounts Owed (30%)
3. Length of Credit History (15%)
4. New Credit (10%)
5. Types of Credit in use (10%)



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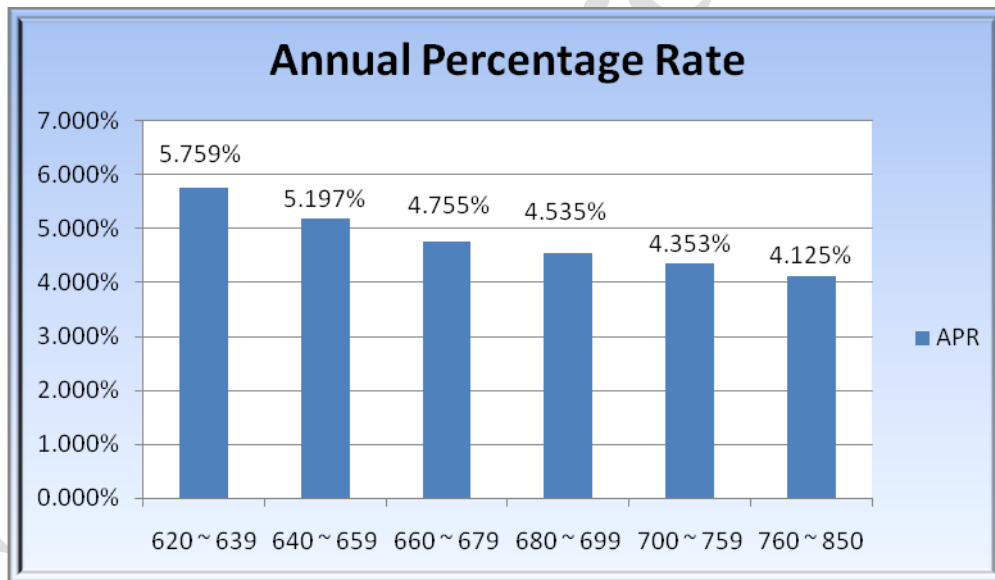
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Based on a 30 year fixed rate mortgage of \$200,000 in California:

A Buyer with a score of 620 ~ 639 will have an APR of 5.759% with mortgage payments of \$1,168 vs. a Buyer with a score of 760 ~ 850 will have an APR of 4.125% with mortgage payments of \$969.

A credit score of 760 or better will save \$71,636 over a score of 639 or below.

FICO Score	APR	Monthly Payment	Total Interest Paid
620 ~ 639	5.759%	\$ 1,168	\$ 220,584
640 ~ 659	5.197%	\$ 1,098	\$ 195,226
660 ~ 679	4.755%	\$ 1,044	\$ 175,803
680 ~ 699	4.535%	\$ 1,018	\$ 166,312
700 ~ 759	4.353%	\$ 996	\$ 158,522
760 ~ 850	4.125%	\$ 969	\$ 148,948

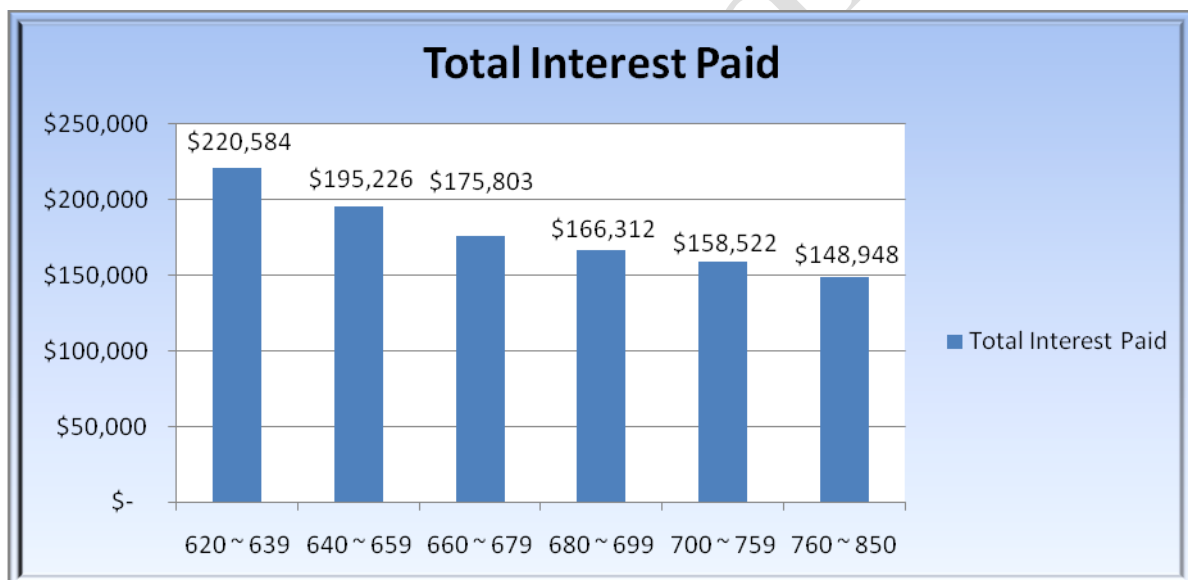
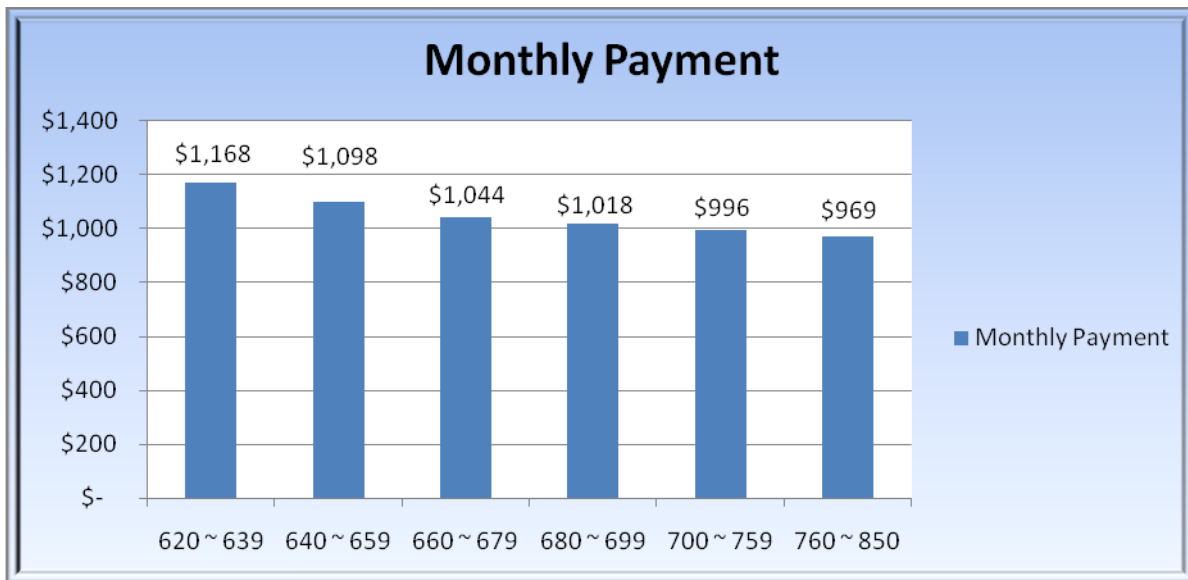


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A Buyer with a monthly mortgage payment budget of \$1,000 would have to have a minimum FICO score of 680.

A Buyer with a credit score of 660 ~ 679 would only qualify for a mortgage of \$195,000 to maintain a \$1,000 monthly mortgage payment while a score of 640 ~ 659 would only qualify for \$185,500 and 620 ~ 639 would be less than \$175,000 (\$174,800).

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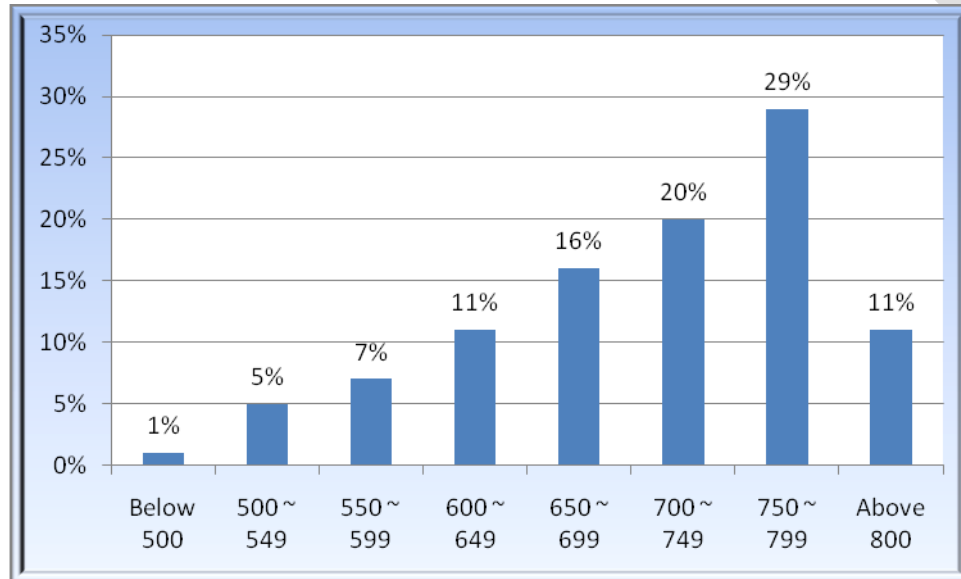
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Most Lenders will not approve a Buyer with a score below 620.

National Distribution of FICO scores



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Understanding Your FICO Score

Repairing Your Credit:

- Check credit reports for accuracy
 - Late payment
 - Collections
 - Mysterious accounts
 - Original dates
 - Available credit limit
 - Type of account
 - Reason codes
 - Payment records (correctly showing is paid in full)
- Dispute discrepancies
- Pay off existing balance
- Do not have too much available credit
- Pay bills on time
- Do not use more than 50% of an available credit line
- Remove derogatory information more than seven years old
- Bring past due accounts current
- Do not open new accounts
- Do not close accounts

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The three major credit reporting agencies are:

Equifax www.equifax.com

Experian www.experian.com

TransUnion www.transunion.com

MyFico is also an excellent resource. www.myfico.com

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