

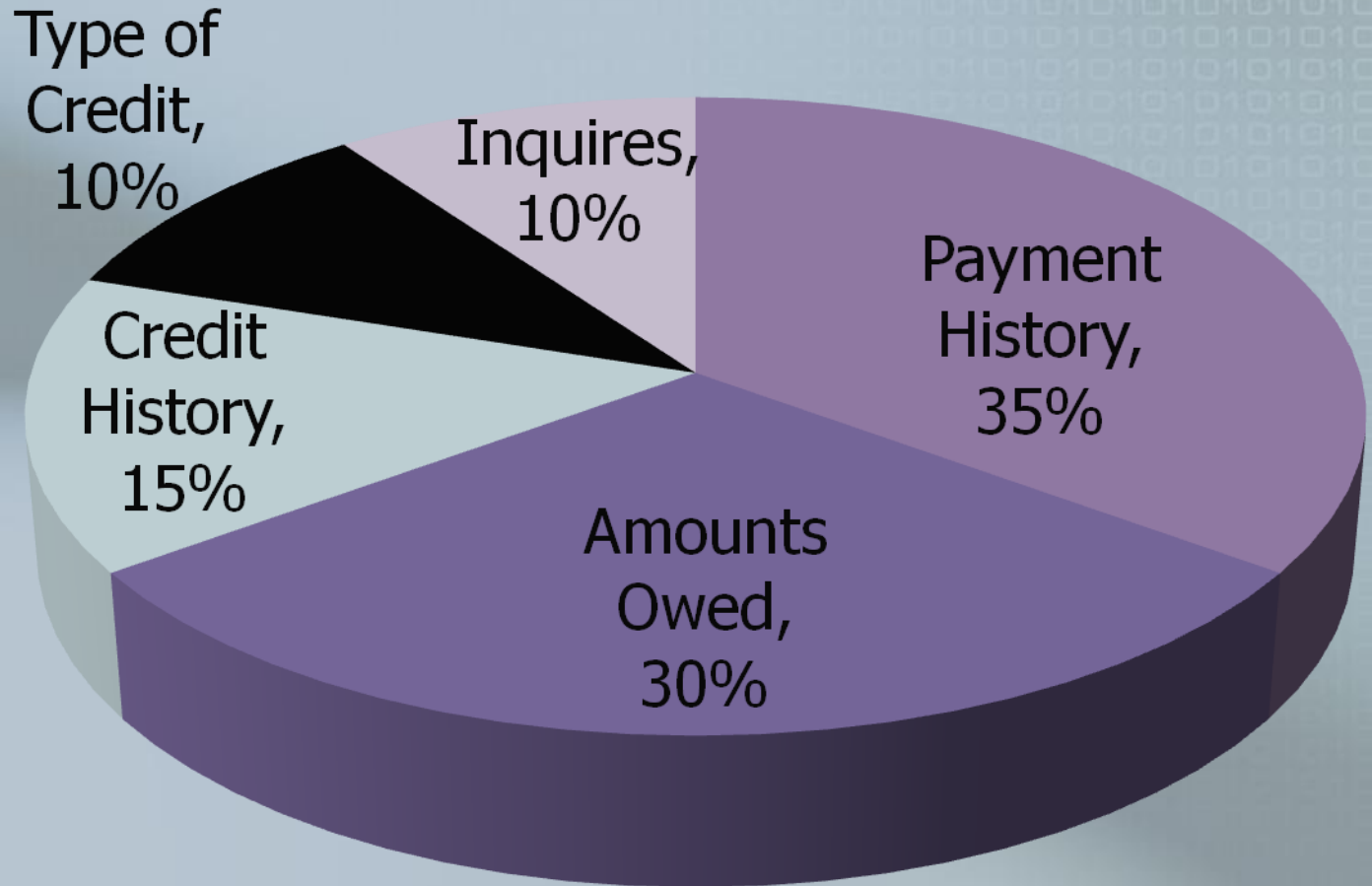
Agenda

- Importance of a Credit Score
- Five Factors of Credit Scoring
- Credit Scores & Interest Rates
- Credit Challenges

Importance of a Credit Score

- Quantifies the likelihood of debt repayment on time
- Impacts many factors of life
 - Car insurance
 - Cell Phones
 - Employment opportunities
 - Mortgage interest rates
 - Credit cards

Five Factors of Credit Scoring



Payment History • 35%

- Paying debt on time and in full
- Presence of adverse records
- Severity of delinquency
- Amount past due on delinquent accounts
- Time since past due or adverse records
- Number of past due items
- Number of accounts paid as agreed

Amounts Owed • 30%

- Ratio of outstanding balance to available credit
- Point breaks at 50%, 30%, and around zero
- Number of accounts with balances
- Proportion of credit lines used and installment loans owing
- Pay balance due before statement date

Credit History • 15% **Type of Credit • 10%**

- Length of time since account opened
- Time since account activity
- Mix of auto loans, credit cards, retail cards, and mortgages
- Always have 2-3 major credit cards open and active



Inquires & New Credit • 10%

- Quantifies the number of inquires in a 12-month period
- Multiple mortgage inquires in 14 days are counted at one inquiry
- Hard inquiries 2-25 points
 - Maximum inquiries to reduce score is 10
 - 11 or more inquiries within 6-12 months will not further impact score

Inquires & New Credit • 10%

continued

- When is it a good idea to open a new account
- Trigger leads – is it legal for the Big 3 credit bureaus to sell our information
- www.OptOutPrescreen.com

Credit Score & Interest Rates

30 year fixed Loan amount \$200,000

FICO Score	Interest Rate	Monthly Pmt	Interest Paid
740-850	5.125%	\$1,088.97	\$192,031
700-739	5.375%	\$1,119.94	\$203,179
660-699	5.75%	\$1,167.15	\$220,172
620-659	6.50%	\$1,280.62	\$255,089

Based on a Value of \$250,000, down payment \$50,000, APRs 5.15%, 5.40%, 5.78%, and 6.53% respectively.

Credit Repair vs. Credit Expert

- What you should know about credit repair companies
- Credit Expert Products
 - Advisor View
 - What if simulator

Credit Challenges

- No credit
- Disputing errors
 - 3 credit bureaus
 - Credit reporting agency
 - Annual Credit Report



www.AnnualFreeCreditReport.com

- How is this score weighted?
 - Scoring models
 - Based on RISK
 - Don't pay for scores
- Not weighted for a mortgage score
- Pull 1 bureau free every 4 months

Improving a Credit Score

- Use credit cards regularly – pay on time
- Keep balances low
- Keep high limits on credit cards
- Don't close an account after paying it off
- Leave collection accounts alone unless required by Underwriting



Websites

- www.AnnualFreeCreditReport.com
- www.OptOutPrescreen.com
- www.ftc.gov/credit
- www.myfico.com
- www.experian.com p:714-830-7000
- www.transunion.com p:800-916-8800
- www.equifax.com p:404-885-8000