



Tips on Credit FICO score
(Fair, Isaac and Company)
Ranges from 300-850

A credit score is "*Predicting the likelihood a borrower will get a 90 days late within the next 24 months*".

Payment History: (35%) The ability to prove you have paid back previous accounts. (Paying your bills on time is the most important thing to do).

Balances Owed: (30%) The amount you owe vs. your available credit limit. Having high balances doesn't always mean you are of high risk, but it would appear you are not responsible with what credit is given to you (it is controlling you). It is best if you try to keep your balances under 50% of credit line.

Length of Credit History: (15%) The longer you have accounts opened the more the trade line has to rate you on. Keeping older accounts open and using them periodically to show still active will benefit your FICO score.

Types of Credit: (10%) Having a good track record with different types of credit accounts will give you a better overall analysis. (Mortgage loans (house/ etc.), Installment loans (cars/ boats/ etc.), Revolving credit (Visa/ MC/ Sears/ Etc.) Only open new credit accounts you actually need. Opening a lot of accounts at once can do more damage than good.

Credit Inquiries: (10%) Every time you apply for a new account you are hit with an inquiry on your credit. FICO scores treats Auto and Mortgage inquires separately preventing each to decrease credit for rate shoppers.

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SAMPLE CREDIT SCORES

740 - and over	WONDERFUL!
720 - 739	Excellent Score!
700 - 719	Good Credit
680 - 699	OK Credit
660 - 679	Borderline
640 - 659	Weak
620 - 639	Shakey
580 - 619	Trouble (double document)

RISK FACTORS

Income – Proof

Debt to Income – Income vs. total bills (45% - or adjustments)

Reserves- Money in the bank in case needed (2 mths +)

Credit – How is past, present, predict future (adjustment for each tier score)

Loan to Value - % of loan to house value (adjustments 5% increments)

Equity – Is equity in house

Seasoned Fund- Can money down be proved

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