

Your Credit Report & FICO

Inside find out how you stack up and what you can do to improve your score. You will find out what is affecting your credit report and credit score. Taking control of your credit score will be the most important move you ever make.

Take control today!

20%	20%	20%	20%	20%
_____	_____	_____	_____	_____
Below 620	620-690	690-740	740-780	Above 780

With a FICO score of 760 or better you will pay \$437 less per month for a \$500,000 30-year, fixed-rate mortgage than a person with a FICO score of 620 – that's a savings of \$5,244 per year.

Percentage Breakdown Based on the General U.S. Population

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Your Credit Report

Credit Reporting Agencies maintain records and files on all borrowers. Lenders buy reports from these agencies regarding potential clients to whom they are interested in lending. The report details a borrower's history with previous and current lenders. The credit report lists what types of credit a borrower uses, how long the accounts have been open, how much credit has been used and whether or not the borrower is seeking additional credit. There are three agencies that provide this report: **Equifax (equifax.com)**, **Experian (experian.com)**, and **TransUnion (transunion.com)**.

Everyone should obtain a report from each of these agencies yearly to verify that there are no mistakes; mistakes on the report can cause devastating affects on your **credit score**. Mistakes can pop up due to an incorrect or misread Social Security Number, loan and/or credit payments applied to the wrong account, credit applications under different names, and other clerical errors.

CREDIT BUREAU REPORT

IDENTIFYING INFORMATION

Jon Agent	12 1st St.	John's Loans
121 Main St.	There, USA 98996	Officer
Here, USA 12423	DOB 2-26-61	1999
	SS# 555-55-5555	

TRADE LINE INFORMATION

INDUSTRY	DATE REPORT OPENED	DATE	HIGH CREDIT	BALANCE	CURRENT RATING	HISTORICAL DELINQUENCY
Bankcard	1-07	3-90	\$7,500	\$2000	30 days	120+ 3yrs ago
Auto Loan	1-07	5-96	10,000	3000	current	
Retail	12-06	7-99	800	100	current	
Pers Finance	1-07	11-05	1000	300	30 days	

INITIATED INQUIRIES

DATE	INDUSTRY	DATE	INDUSTRY
8-12-02	Bank	4-12-03	Auto Finance
7-17-99	Retail	6-12-05	Bank

OTHER INQUIRIES

DATE	INDUSTRY	DATE	INDUSTRY
8-19-99	Bank	12-19-01	Bank

PUBLIC RECORD / COLLECTION ITEMS

5-02 COLLECTION \$700	9-03 COLLECTION \$200
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Identifying Information

consists of a name, address, Social Security Number, birth date, and employment information. This information is not used to generate your credit score.

Trade Lines are your credit accounts. Your lenders report on the type of account, account opening date, credit limit, account balance, and payment history.

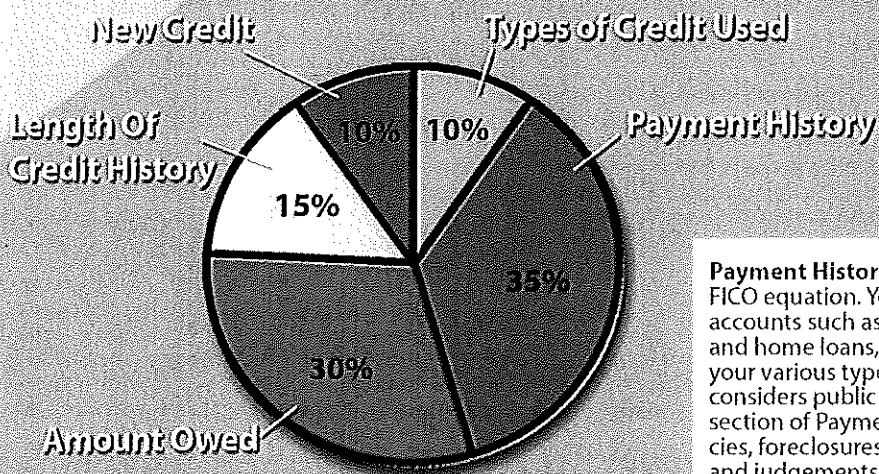
The **inquiries** section shows every time the individual's credit report has been accessed over the past two years. The list shows requests from the individual and requests from loan brokers.

Public Records and Collections provide information on overdue debt from collection agencies, bankruptcies, foreclosures, suits, wage attachments, liens, and judgements.

Your Credit Score

An individual's credit score is based on their credit report through a series of mathematical equations. The credit score is often referred to as the FICO score because the FICO score was created by the Fair Isaac Corporation; most credit bureaus in the U.S.A. and Canada use the FICO credit scoring software. The same three credit reporting agencies which provide the credit report, also provide the FICO credit score. Each agency offers a different version of the FICO score based on the credit report information at each agency. It is possible that each of the three FICO scores may be different due to the way creditors and lenders have reported information to each of the agencies. It is important to check each of the FICO score versions because lenders may use any of the FICO scores. If all information is correct in all three agencies then the FICO score will be consistent throughout the three agencies. If the scores vary it is possible to contact an agency and clear up mistakes.

Lenders will use the FICO score to help them make a decision on whether or not they will give an individual credit. Each lender has different levels of acceptable credit risk so the FICO score is not a cut-and-dry decision maker. The FICO score considers the following:



Payment History is the most important part of the FICO equation. Your payment history considers all accounts such as credit cards, retail accounts, car and home loans, and finance accounts. Besides your various types of accounts, the FICO score also considers public records and collections. This section of Payment History consists of bankruptcies, foreclosures, suits, wage attachments, liens, and judgements. This particular section is considered quite serious. Bankruptcies stay on your record for 7-10 years depending on the type of bankruptcy. The third detail in the Payment History section is information regarding missed or late payments. The main criteria is how much was owed and the delinquency of the payment.

Amount Owed is the second biggest part to the FICO score. This section of the FICO score looks at a number of things such as the number of accounts open, what type of accounts, how much is owed on each account, whether or not the accounts are "maxed out", and if installment loans are being paid down. If the majority of accounts are overextended that does not look good on the FICO score even when minimum payments have been paid on time. The best way to manage amounts owed is to carry small owed amounts in the accounts. This shows the lender credit responsibility.

Length of Credit History is third in line of importance regarding one's FICO score. In general the longer an individual's credit history has been established the better their score will be with all other criteria being equal. Another critique regarding history is the length of time since an account has been active. It may be hurtful to have dormant accounts depending on the situation. Another tip is not to open many accounts rapidly. It will lower the average account age and lower the FICO score. Individuals with a short credit history can still have a good FICO score.

New Credit and the **Types of Credit in Use** round out the bottom of FICO importance. The FICO score takes into account the number of new accounts opened and / or the number of requests for new credit. Opening several new credit cards in a short amount of time is bad for your FICO score. Likewise, multiple credit requests also bring down your FICO score. The FICO system however is able to decipher between rate shopping for one new account and searching for many new credit accounts. Rate shopping does not hurt your FICO score. FICO also looks at all the types of credit accounts an individual holds. It is good for your score to have a mix of accounts that are managed well. However, do not open accounts you will not use to broaden your mix; this will hurt your score.

Interpreting the FICO Score. Beyond the number itself, the FICO score also is delivered with up to four "score reasons" why the score wasn't higher. These reasons will allow the individual to determine if there are errors in the credit report or what to do to improve the credit report which in turn positively affects the FICO score. If an individual was denied credit they have the right to find out why under the **Equal Credit Opportunity Act** within 30 days. If denied, the individual is also entitled a copy of their credit report within 60 days.

The information provided herein is deemed reliable but is not guaranteed

The FICO score ignores:

- Race, color, religion, national origin, sex, and marital status
- Age
- Salary, Occupation, Title, Employer, Date employed, and employment history
- Where you live
- Interest rates on credit cards and loans
- Family obligations or rental agreements
- Certain types of inquiries
- Information not found in the report
- Information not proven to predict future credit performance

Tips to FICO scoring:

- Pay your bills on time
- Catch up on missed payments
- Contact a credit counselor for help
- Keep balances low on credit cards
- Pay off debt over moving it around
- Don't close credit cards to raise score
- Don't open several unneeded accounts
- Shop rates in a short amount of time
- It's OK to check your credit report
- Establishing a positive credit history from a troubled past will raise FICO
- Closing accounts doesn't remove the problem on the FICO score
- Manage credit cards responsibly