



Starting Over, LLC

Target Your Credit.

An Affiliate of the Jamison Law Group, PC.

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Credit Scoring ... Protecting Your Future and your Capital



CREDIT SCORE

What Does it Mean?

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 - ... 300 to 850 for Classic FICO
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- The score is generated by analyzing the information contained in the consumer's credit report at **THAT** point in time

CREDIT SCORE!

Consumer Default: What are the Odds?

Odds on Consumers: 90 Days Late

Score
Odds

Above 800

1292 to 1

760 to 799

597 to 1

720 to 759

323 to 1

700 to 719

123 to 1

680 to 699

55 to 1

Odds on Consumers: 90 Days Late

Score	Odds
660 to 679	38 to 1
620 to 659	26 to 1
500 to 600	8 to 1
Below 500	<i>FORGET IT!</i>

A Low Credit Score Can Cost You BIG!

Compare 30 yr fixed rates on a \$500,000 home

FICO Score	APR Rate	Monthly Payment	Interest Paid
720-850	5.3%	2776.52	\$499,549
700-719	5.9%	2965.68	\$567,647
680-699	6.5%	3160.34	\$637,722
620-679	7.6%	3530.37	\$770,937
560-619	8.4%	3809.19	\$871,305
500-599	9.9%	4350.95	\$1,066,352

Jack & Brad: \$500,000/30yr. Fixed

	Jack	Brad
Salary	Equal	Equal
Credit Score	681	595

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10% return on savings compounded total in 30 yrs.	\$ 2,476,911	\$0

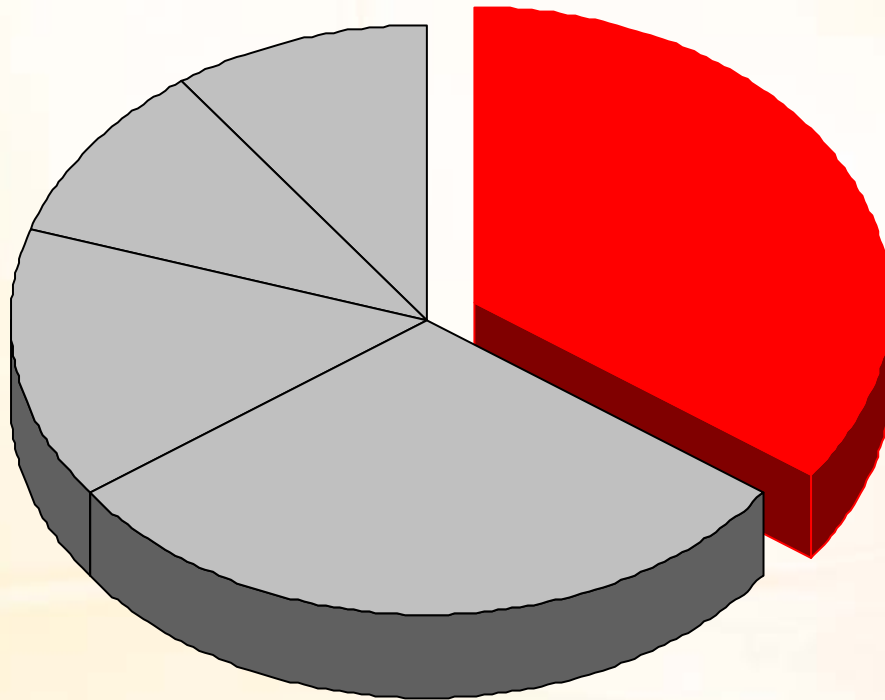
CREDIT SCORE!

What are the determining factors?

Credit Score Components

- 1. Past Delinquencies**
- 2. Revolving Debt Ratio**
- 3. Average Age of File**
- 4. Mix of Credit**
- 5. Inquiries**

1. Past Delinquencies...



35%
of
Credit Score

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- Past Due Notices destroy scores
- Missed payments (low vs. high)
- Pay-off collections in Escrow NOT before

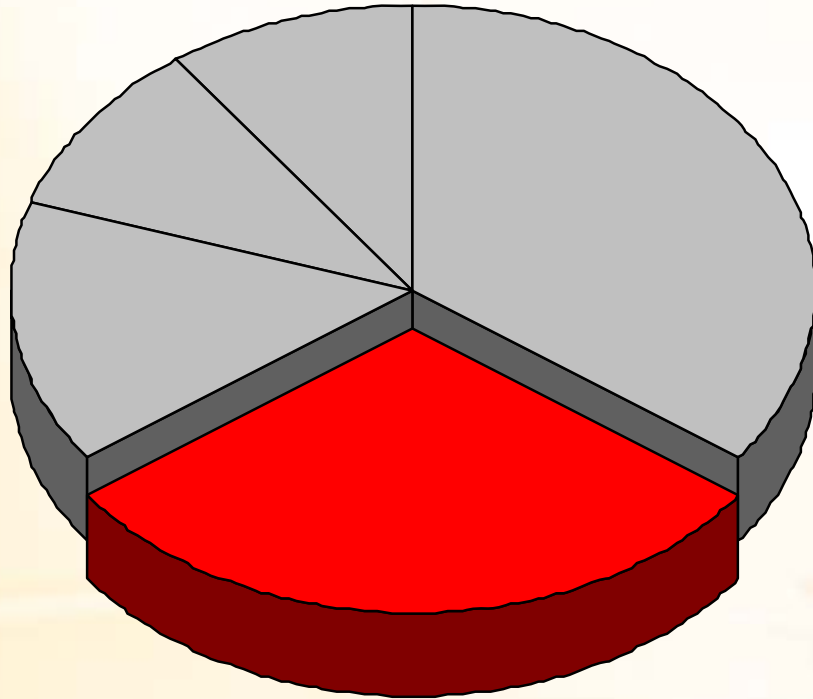
CREDIT SCORE!

How long do delinquencies stay?

Delinquencies on Credit Reports

- Bankruptcies
 - ... Chapter 7 & 11 10 Years from filing date
 - ... Chapter 13 7 Years from filing date
- Tax Liens*
satisfied 7 Years from date
- Late Payments 7 Years
- Charge-offs 7 Years from 1st late pay
- Judgments 7 Years

2. Revolving Debt Ratio



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2. Revolving Debt Ratio: 30% of Score

- Cards:
 - ...Share debt among many cards
 - ...Use each every 6 months
 - ...Do not close credit cards
 - ...Pay-off before closing date
 - ...Get added as an authorizer user

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- Cards:
 - ...Share debt among many cards
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- Credit Limit
 - ...Ask for credit limit increases
 - ...Maintain balances below 10%
 - ...Make sure the limit is reported

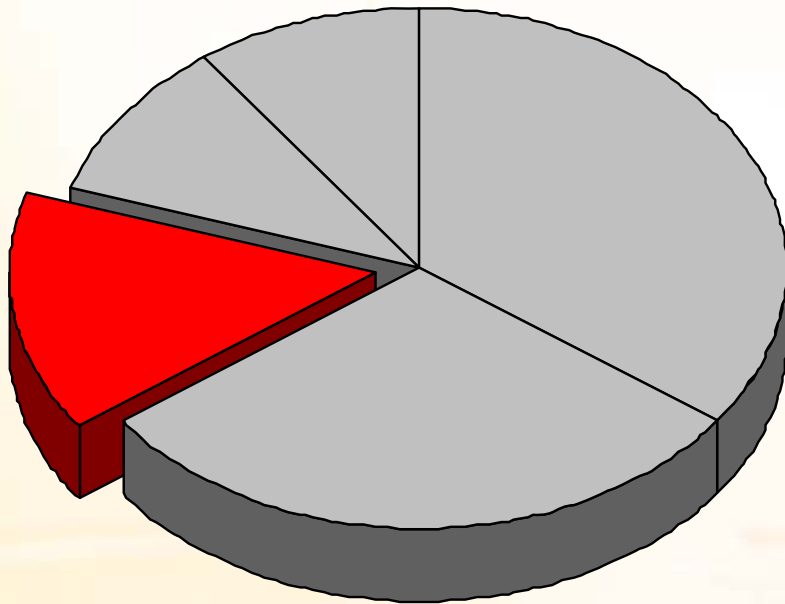
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- Spouse: ...Keep credit separate from spouse
...Transfer debt to one spouse

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- Business ...Utilize Business Credit!
...Reports don't distinguish
personal from business

3. Average Age of Credit File...



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- The longer the history, the better

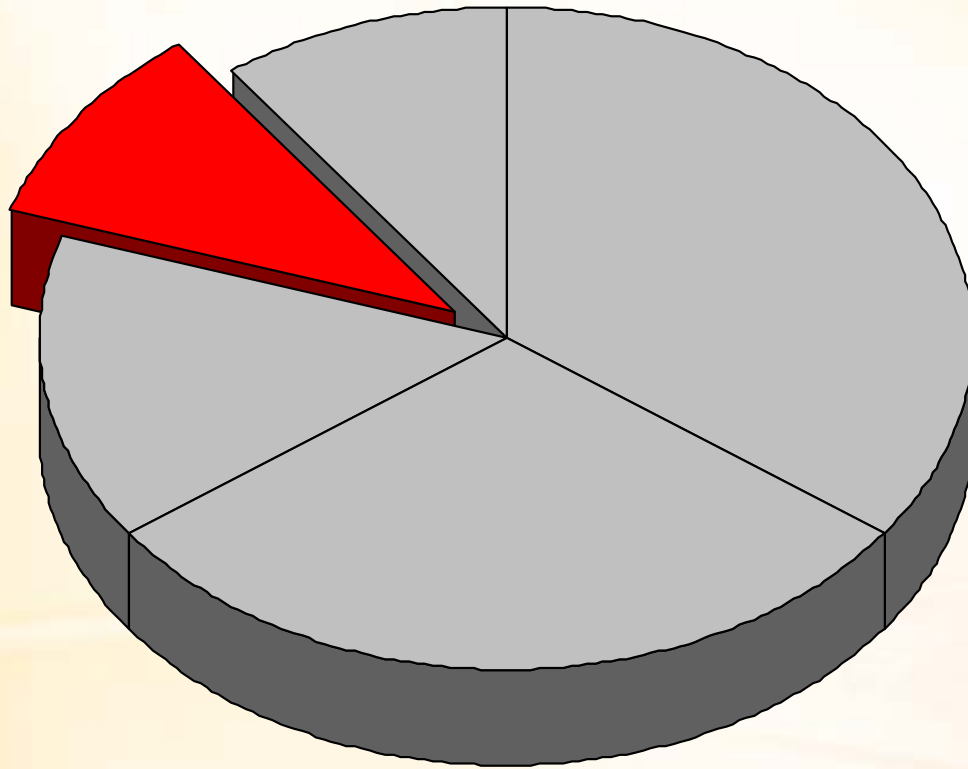
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- The longer the history, the better
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- Piggyback off Mom to get history

4. The Mix of Credit ...



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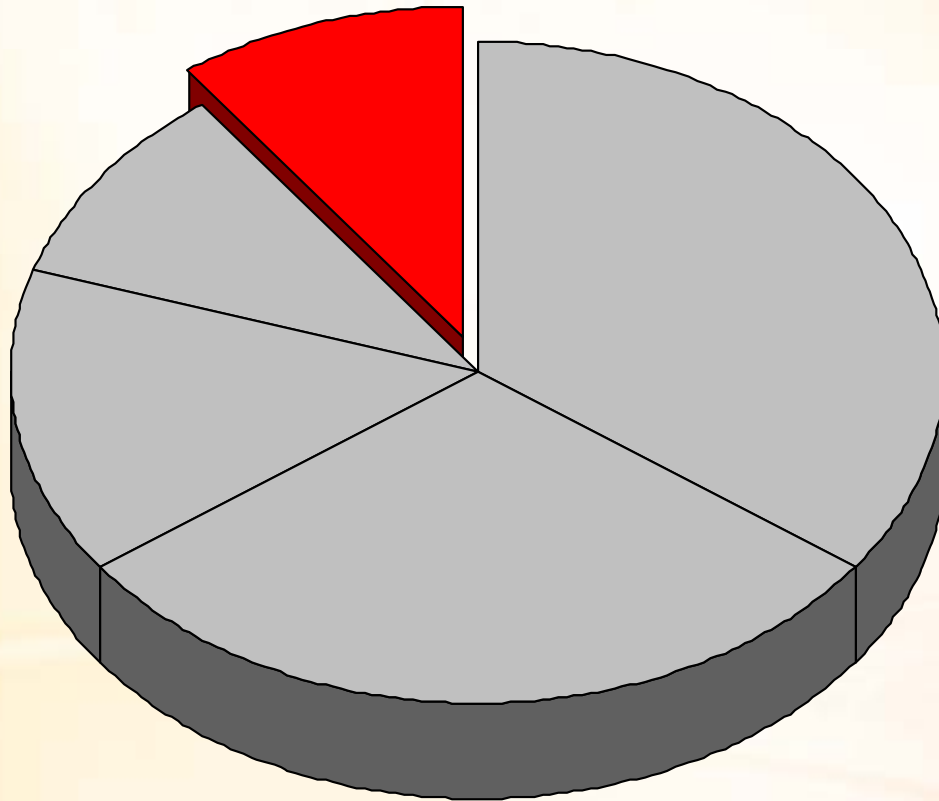
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- A mortgage account
- Auto loan
- Equity lines of credit

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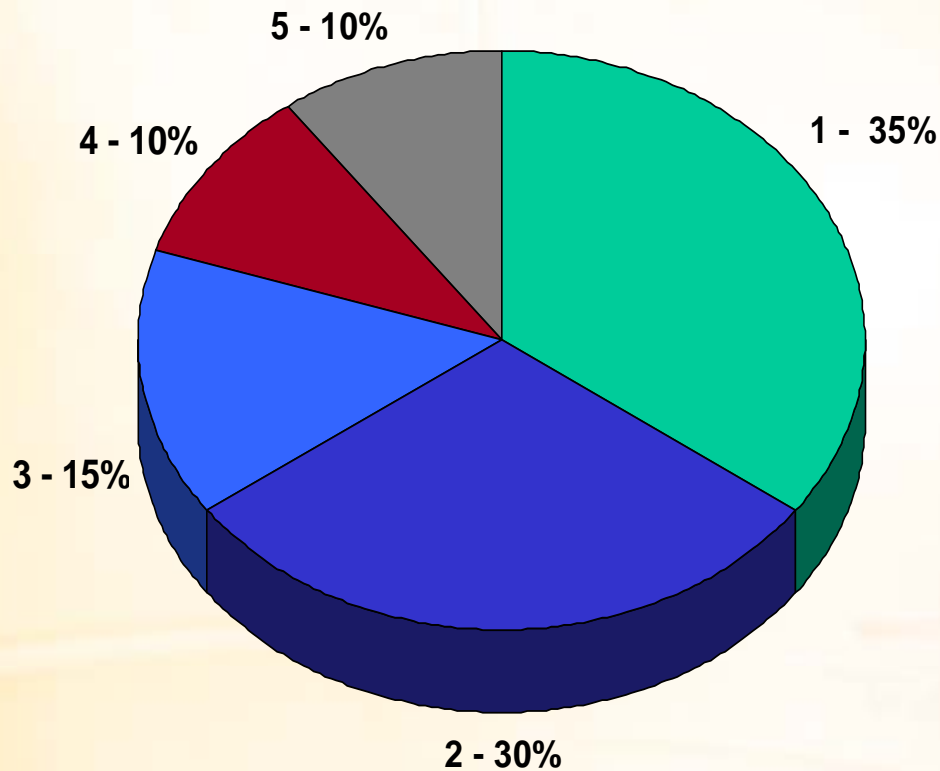
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 - ... have a 30 day buffer period
 - ... within a 45 day period are treated as 1

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- Inquiries affect the score for 1 year
- Inquiries can cost 0 – 50 points
- Score is only reduced for 1st 10 inquiries
- Auto & mortgage inquiries
 - ... have a 30 day buffer period
 - ... within a 45 day period are treated as 1
- Many inquiries don't count
 - ... personal
 - ... promotional & job related
 - ... insurance & account reviews

Credit Score Components



- 1. Past Delinquencies**
- 2. Debt Ratio**
- 3. Average Age of File**
- 4. Mix of Credit**
- 5. Inquiries**

CREDIT SCORE!

Now you Know!