



INCREASING YOUR SCORE

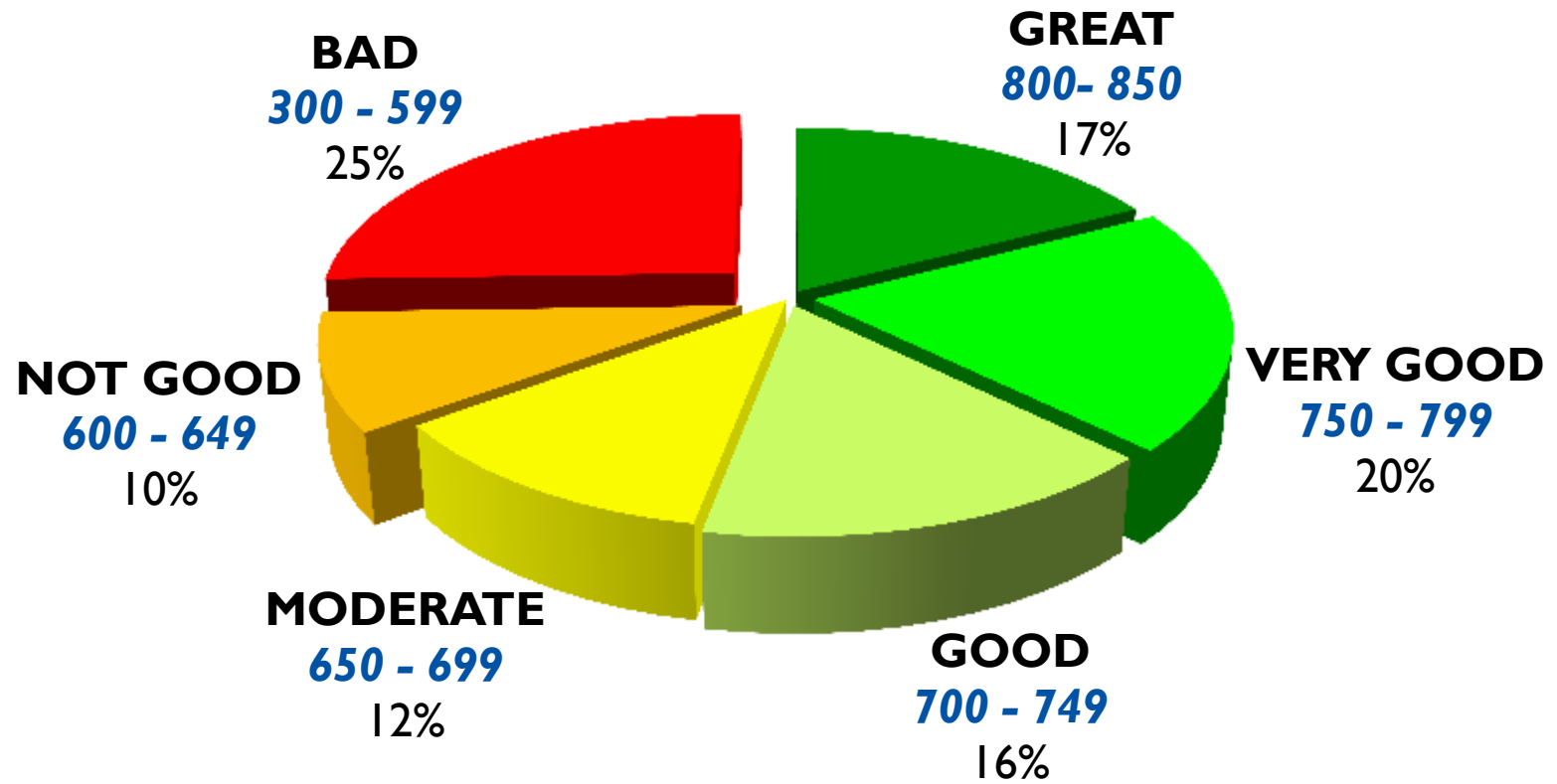
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Average Credit Scores Are Dropping



More than **43 Million** people in the US now have a score below **600**



Source: Fair Isaacs, myFico.com

FICO vs. FAKO Scores



▶ FICO – Fair Isaac Corporation Inc

- ▶ 90% banks/ ~100% mortgage lenders use these
- ▶ Current generation FICO:
 - ▶ Equifax: Beacon® 5.0
 - ▶ TransUnion: FICO® Risk Score, Classic 04
 - ▶ Experian: Experian/Fair Isaac Risk Model V2SM
- ▶ Consumers cannot access these; only lenders can pull

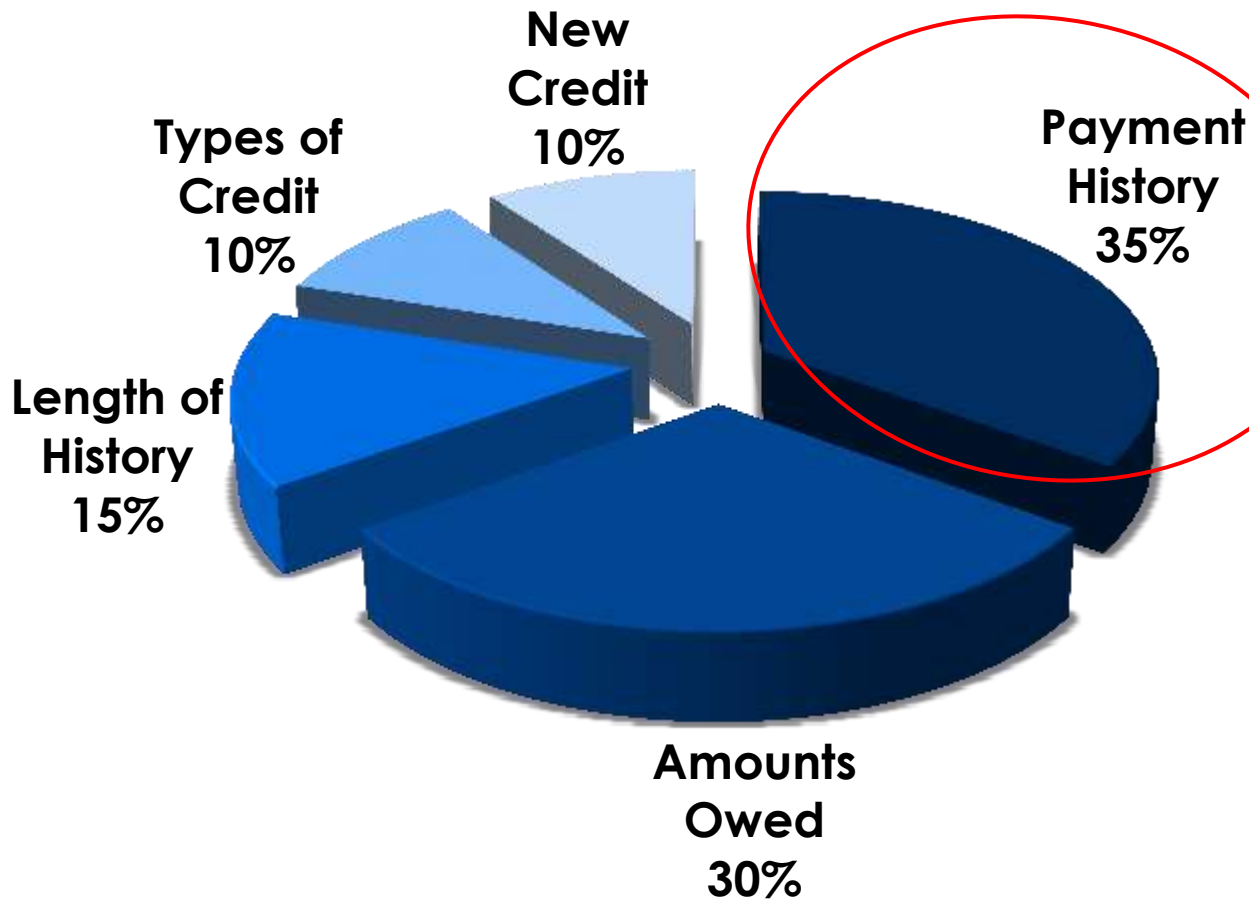


▶ FAKO scores

- ▶ Hundreds of scoring algorithms developed by the bureaus and branded to sell directly to consumers
 - ▶ Score range and weighting of factors can vary as much as 100 points
 - ▶ “Soft inquiry” (FAKO) instead of “Hard inquiry” (FICO)
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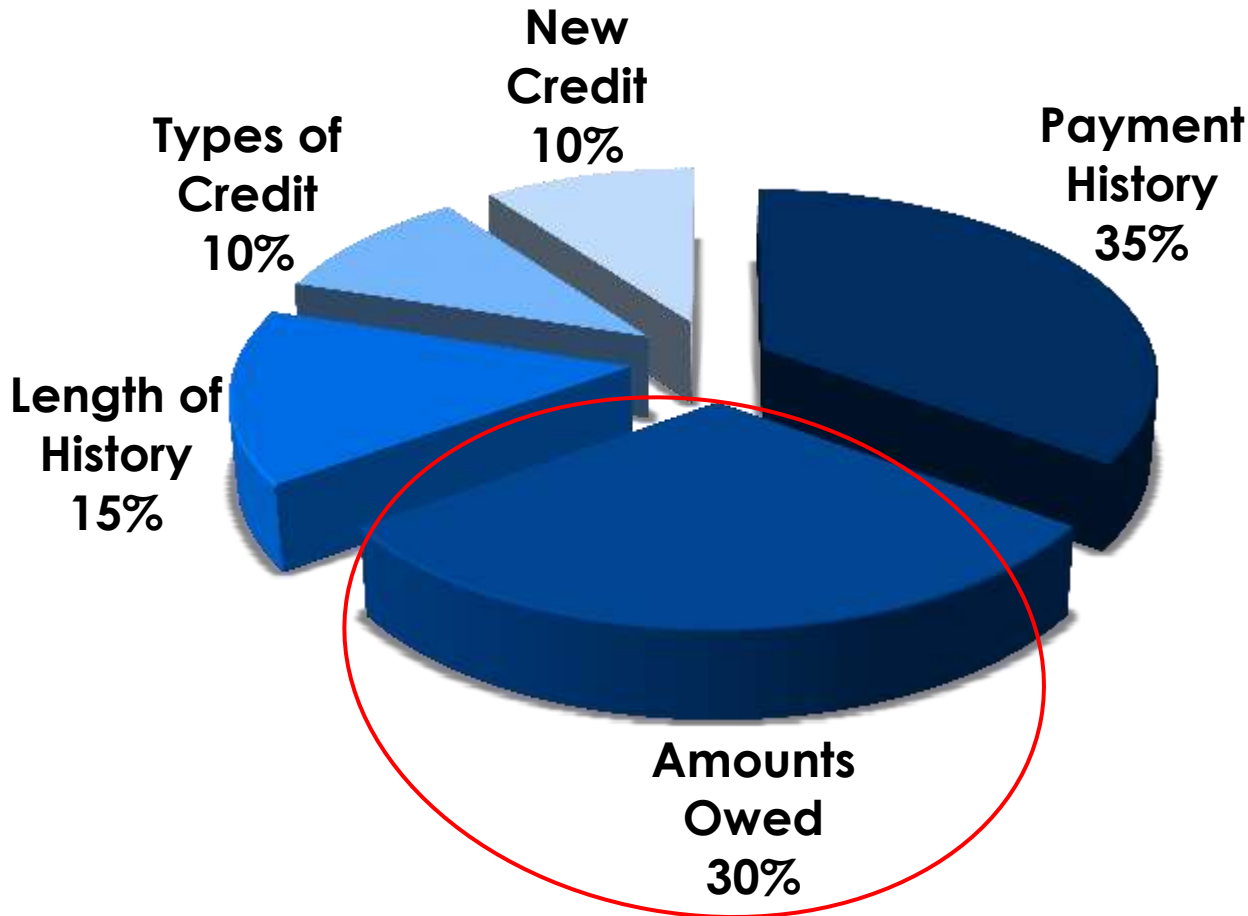


What Makes Up Your FICO® Score?



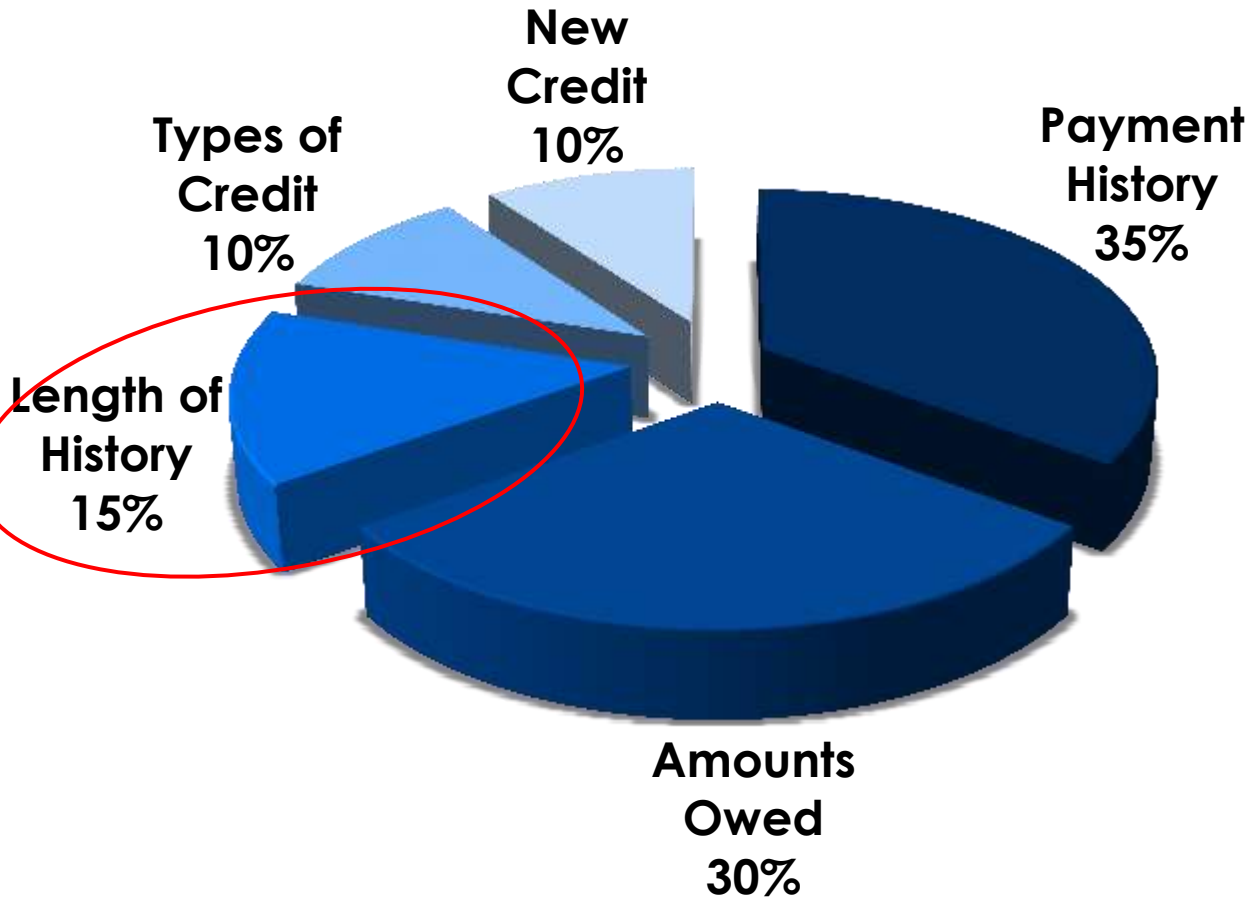
- Last 2 Years most important
- Paying a collection account will *NOT* remove it from your report
- A new 30 day late can drop your score 45 – 110 points!

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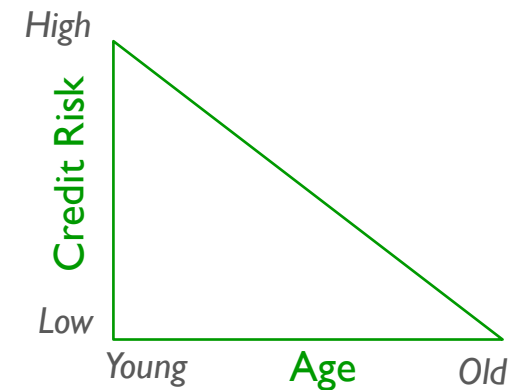


- $\frac{\text{Rev Balance}}{\text{Credit Limit}} \leq 39\%$
- $\leq 9\%$ is Ideal
- Use your card at least every couple of months
- Do NOT close unused credit cards

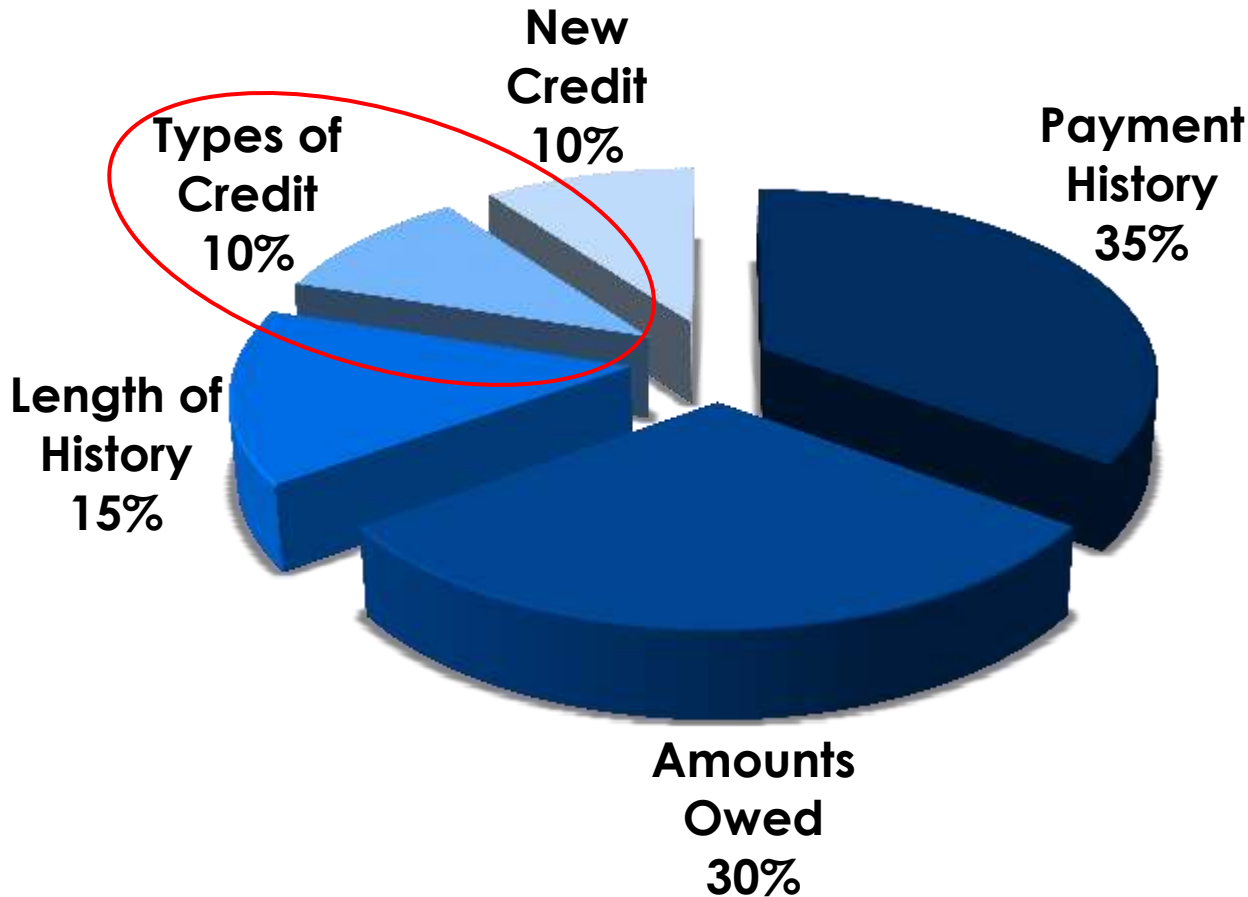
What Makes Up Your FICO® Score?



- Age of your oldest account
- Average age of your accounts
- Age of your open accounts

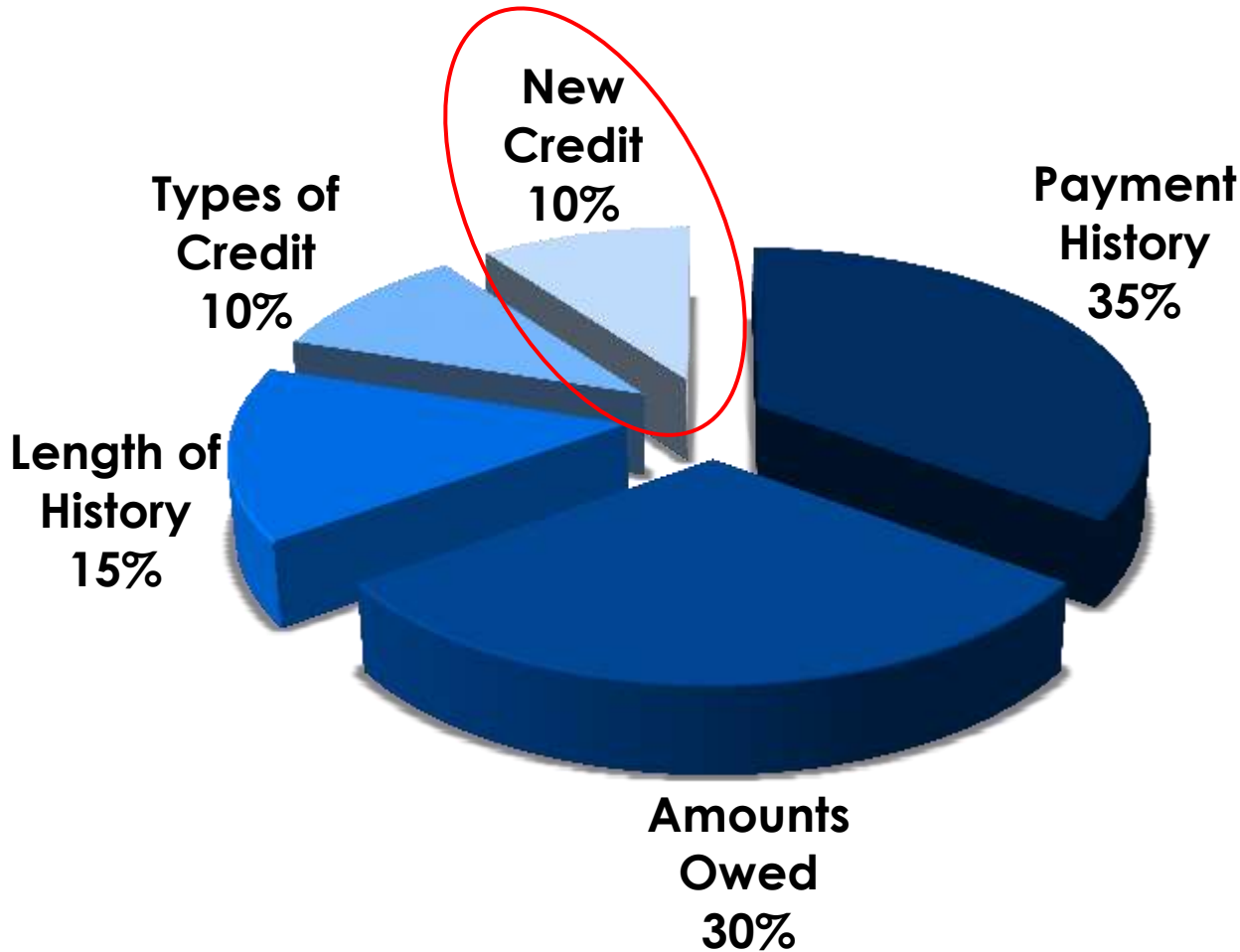


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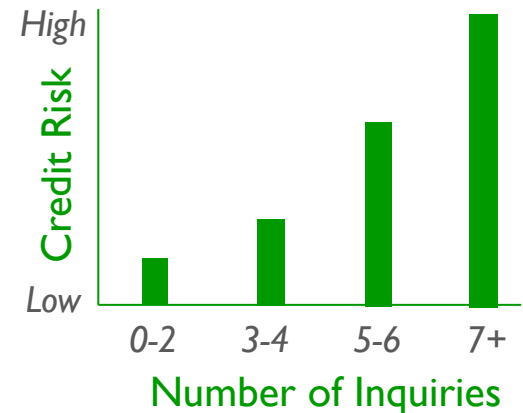


- Debit cards do NOT report to your credit report
- Want Diverse mix
 - Credit cards
 - Car loans
 - Mortgages
 - Student loans

What Makes Up Your FICO® Score?



- Inquiries
- Hard – you applied for credit
- Soft – marketing solicitation, existing lender



4 Ways to Help Raise Your Score in 30 Days



1. Pay down credit card balances

- ▶ Pay off if possible; at least Pay down to <39%
- ▶ Don't worry about paying installment - low impact

2. Remove a recent late payment

- ▶ Call creditor and ask for goodwill adjustment

3. Remove Collection Account

- ▶ Do not just pay a collection – a paid collection does not help your score!
- ▶ Collection account must be deleted – need to negotiate “pay for delete”
IN WRITING
- ▶ Check Statute of Limitations on debt

4. Add Positive Credit...



4. Adding Positive Credit...



No Credit = Bad Credit

- ▶ You must have at least 1 open positive revolving account
- ▶ Must have been used in last 6 months

Authorized User- seasoned tradelines

- ▶ Someone with good credit history must add you as a:
 - ▶ Co-signer: you are equally responsible for all debt on the card
 - ▶ Authorized User: arrange so you have no access to the account



Secured Credit Card

- ▶ Make sure card reports as an unsecured card with your credit limit to all 3 bureaus

Thank You!



Your Dreams Are Important – We Can Help!