

What is FICO?

How To Improve Your Credit Score

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What is FICO?

- Fair Isaac Credit Score
- Different from Advantage Credit Score
- Different from Auto Enhanced Credit Score
- 95% of all financial Institutions use FICO
- Pricing guide
- www.myfico.com

Fico is used for:

- Loan approval / pricing
- Insurance rates
- Background checks for employment
- Qualifying for apartments
- etc



FICO Score Breakdown

Scores range from 380-830

National Averages

- 380-549 "E" 3%
- 550-599 "D" 12%
- 600-639 "C" 5%
- 640-679 "B" 15%
- 680-729 "A" 65%
- 730-830 "A+"



FICO Weight

- 40% = last 12 months
- 30% = 13-24 months
- 20% = 25-36 months
- 10% = 37 + months



Scoring Changes

- Change can occur at any time
- Never know when it is updating
- New tradeline / delete tradeline
- Payment history
- Apply for loan



What Makes Up Your Score

- 35% Payment History
- 30% Capacity
- 15% Length of Credit
- 10% Accumulation of debt in last 12-18 months
- 10% Mix of Credit



What FICO Score Considers

5 Most Important Factors

- Number of tradelines
- Number of months on file
- Number of months since most recent bank card opening
- Number of finance company tradelines
- Number of months since most recent derogatory record



Improving Your Score

- Pay off / down your credit cards
- Don't close credit cards
- Refinance revolving debt into installment debt
- Make payments on time
- Open less new accounts
- Maintain solid credit history over time



What Hurts Your Score

- Missing or late payments
- Maxing out credit cards
- Applying for new credit
- Opening many tradelines in a short period of time
- Having more revolving debt than installment debt
- Closing credit cards
- Borrowing from finance companies



What Won't Hurt Your Score

- Debt ratios
- Income
- Length of residence
- Length of employment
- Your age
- Where you live
- Race, color, religion, national origin, sex and marital status
- Occupation
- Current interest rates



Rate Shopping

When shopping for a mortgage or auto loan, FICO can distinguish between the search for a single type of loan within a 14 day period.

All of these inquiries represent one inquiry instead of multiple inquiries.



Web Links

- www.myfico.com – FICO scores
- www.annualcreditreport.com – free credit reports
- www.optoutprescreen.com – stop credit mailings



Thank You

Please see a Credit Union representative for your personal questions or call us at 714-885-7514.

