FICO® Scoring Questions

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Sample Credit Report
"The Five Information Zones"

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1 IDENTIFYING (PERSONAL) INFORMATION

I. Wishfor Credit	12 Lost Lane	Sam's Gas & Oil
805 Main St.	Somewhere, USA 66666	Attendant
Anytown, America 77777	Date of Birth 1-25-56	
	SSN 888 88 8888	

2 PUBLIC RECORD (LEGAL ITEMS)

9-06 Judgment $1000 Satisfied 3-07

3 COLLECTION ITEMS

7-05 Collection $500

4 TRADE LINE (ACCOUNT) INFORMATION

Industry	Date Reported	Date Opened	High Credit	Balance	Current Rating	Historical Rating
Bankcard	6-08	3-89	$5,000	$0	Current	120+, 6 yrs ago
Auto loan	6-08	7-06	8,000	1,500	Current	
Retail	3-08	6-97	1,000	200	30 days	

5 INQUIRIES

Date	Industry	Date	Industry
7-01-08	Bank	6-01-08	Auto finance
6-15-08	Oil company	2-07-09	Retail

FICO® Score Predictive Information

CONSIDERED

- ✓ Tradelines
- ✓ Inquiries
- ✓ Collections
- ✓ Public Records

NOT **CONSIDERED**

- ☐ Age
- ☐ Address
- ☐ Employment
- ☐ Income
- ☐ Gender

1. Payment History *35%*

5. Credit Mix *10%*

2. Outstanding Debt *30%*

4. Pursuit of New Credit *10%*

3. Credit History Length *15%*

» The exact impact of a loan modification on a credit score depends on a number of factors:

  » Whether or not the lender chooses to report the loan modification event to the credit reporting agency.

  » What information is reported regarding the loan modification.

  » The overall composition of the consumer's credit report.

» When present, negative information is considered in terms of severity, frequency, and recency.

» Generally speaking …

  » The impact on score will not be as noticeable for consumers whose credit files already included missed payments/carry heavy debt loads.

  » Conversely, the downward impact on score will probably be more noticeable on consumer files with no other delinquency/derogatory items and relatively low debt levels.

» Consumers with previous indications of not paying as agreed are more likely to demonstrate higher future risk.

» Measured future risk (recent 12-month performance window) for several population segments of interest.

Population Segment	Description	Bad Rate %
1	No mortgage, clean on other accounts	5.0%
2	No mortgage, has delinquency on other accounts	42.1%
3	Has mortgage, clean on mortgage, clean on all other accounts	2.9%
4	Has mortgage, clean on mortgage, delinquency on other accounts	18.9%
5	Has mortgage, delinquency on mortgage, delinquency on other accounts	49.6%
6	Has mortgage, delinquency on mortgage, clean on other accounts	17.5%

Bad Rate = 90+ days past due on any credit obligation

» Consumers with negative mortgage information experienced future bad rates that are 6 to 17 times higher compared to consumers with no negative items on file.

Mortgage Loan/Mod Workout Reporting

» Industry reporting guidelines (Metro 2) are created by the Consumer Data Industry Association.

  » Includes guidelines for different programs (Making Home Affordable Program, Hope for Homeowners Program, Freddie Mac/Fannie Mae programs).

  » Includes guidelines for trial period, post trial period, renegotiated or refinanced loans, loans in forebearance, short sale, foreclosure.

» Generally speaking …

  » Any account status code indicating not paying as originally agreed and/or any indication of late payments in the mortgage obligation's payment history profile will be considered negative by the score.

  » Special comment codes reported by the lender may or may not be considered negative by the credit score.

Impact on Credit Score Can Vary

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» Let's compare potential score impact for two consumer scenarios:

Alex has a FICO® Score of 680 and:	Mary has a FICO® Score of 780 and:
Has six credit accounts, including several active credit cards, an active auto loan, a mortgage, and a student loan	Has ten credit accounts, including several active credit cards, an active auto loan, a mortgage, and a student loan
An eight-year credit history	A fifteen-year credit history
Moderate utilization on his credit card accounts (his balances are 40-50% of his limits)	Low utilization on her credit card accounts (her balances are 15-25% of her limits)
Two reported delinquencies: a 90-day delinquency two years ago on a credit card account, and an isolated 30-day delinquency on his auto loan a year ago	Never has missed a payment on any credit obligation
Has no accounts in collections and no adverse public records on file	Has no adverse public records on file

Impact on Credit Score Can Vary

» What happens to score if one of the following scenarios takes place and is reported according to CDIA reporting guidelines?

	John (680)	Mary (780)
Bankruptcy posted	530-550	540-560
Foreclosure on mortgage reported	575-595	620-640
Short Sale on mortgage reported	600-620	650-670
New 30-day late on mortgage is reported	600-620	670-690
Enters Loan Mod Trial Period*	580-600	620-640
Enters Loan Mod Trial Period**	no change	no change
Loan Mod Final**	no change	no change
Mort Loan in Forebearance**	no change	no change
Refinance (prev trade closed/new trade posted)	minor change	minor change

* Any comment code reported is considered negative.
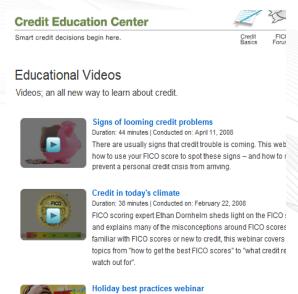** Any comment code that is reported is not considered negative.

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» Delinquency and derogatory related items required to be purged after 7 years*

» As delinquency and derogatory information ages on the credit report, less points are lost for "recency related" characteristics (assumes no new late payments hit the file)

» Demonstration of other sound credit behaviors will help the score
  » Keep balances low
  » Make payments on time
  » Only apply for credit when needed

FICO® Score Resources

» Wealth of credit scoring information at www.myFICO.com

» Consumer can also obtain their FICO score, explanation and underlying credit report to understand their specific credit situation

» Other FICO credit educational brochures and learning aids available as well

THANK YOU

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