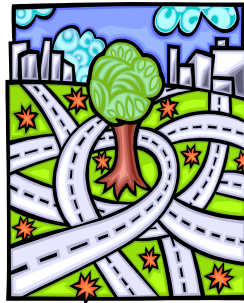


CREDIT SCORES

Understanding the crossroads that lead to explaining your credit score.

What makes up the score?

- 35% = based on payment history (i.e. on-time pays or delinquencies)
 - More weight on current pay history (Reference right sight of sheet)
- 30% = Capacity
- 15% = length of credit
- 10% = accumulation of debt in the last 12-18 months
 - # of inquiries
 - Opening dates
- 10% = mix of credit
 - installment (raises) vs. revolving (lowers)
 - # of finance company loans the, the more the lower the score



What doesn't affect your score?

- Debt Ratio
- Income
- Length of Residence
- Length of employment

Range of Credit Scores

- Credit scores range from a low of 350 to a high of 850

Approximate Credit Weight for each year

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



What actions will hurt you score?

- Missing Payments (irregardless of \$ amounts....it will take 24 months to restore credit with one late payment)
- Credit cards at capacity (i.e. maxing out credit cards)
- Closing credit cards out (this lowers available capacity)
- Shopping for credit excessively
- Opening up numerous trades in a short time period
- Having more revolving loans in relation to installment loans
- Borrowing from finance companies

How to improve the score?

- Pay down on credit cards
- Do not close credit cards because capacity will be decreased
- Continue to make payments on time (older late pays will become less significant with time)
- Slow down on opening new accounts
- Moving revolving debt to installment debt

