

FICO Weight Factors

Past payment history – 35% weight

- Account payment information on specific types of accounts (credit cards, retail accounts, installment loans, finance company accounts, mortgage, etc.)
- Presence of adverse public records (bankruptcy, judgments, suits, liens, wage attachments, etc.), collection items, and/or delinquency (past due items)
- Severity of delinquency (how long past due)
- Amount past due on delinquent accounts or collection items
- Time since (recency of) past due items (delinquency), adverse public records (if any), or collection items (if any)
- Number of past due items on file
- Number of accounts paid as agreed

Amount of credit owing – 30% weight

- Amount owing on accounts
- Amount owing on specific types of accounts
- Lack of a specific type of balance, in some cases
- Number of accounts with balances
- Proportion of credit lines used (proportion of balances to total credit limits on certain types of revolving accounts)
- Proportion of installment loan amounts still owing (proportion of balance to original loan amount on certain types of installment loans)

Length of time credit established – 15% weight

- Time since accounts opened
- Time since accounts opened, by specific type of account
- Time since account activity

Search for and acquisition of new credit – 10% weight

- Number of recently opened accounts, and proportion of accounts that are recently opened, by type of account
- Number of recent credit inquiries
- Time since recent account opening(s), by type of account
- Time since credit inquiry(s)
- Re-establishment of positive credit history following past payment problems

Types of Credit Established—10% weight

- Number of (presence, prevalence and recent information on) various types of accounts (credit cards, retail accounts, installment loans, mortgages, consumer finance accounts, ect.)

Weight Factors and Explanations of the factors were obtained from Fair Isaac Company's Web site

If you have any questions about the issues raised in this brochure please feel free to call Consumer Credit and Budget Counseling, Inc. to speak with our qualified counselors at no cost or obligation.



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Credit Scores

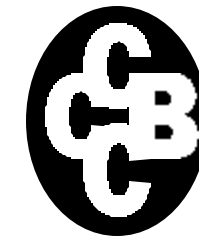
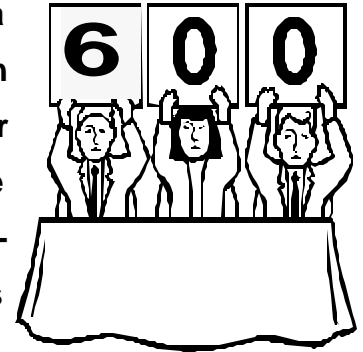
You may wonder how a creditor can look at all the information on your credit report, and some

how make a fair decision

about your credit. One

way creditors do this is by using

a computer model to analyze your credit report and give you a credit score.



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Who We Are

Consumer Credit and Budget Counseling is a non-profit consumer education and financial counseling agency that serves individuals and families in financial distress. CC&BC assists each client to structure his or her consumer debts, primarily credit cards, into a single affordable monthly payment scheduled over a term of 3-5 years.

Consumer Credit and Budget Counseling is not a lending institution. It is not a government entity. It is a licensed non-profit consumer credit counseling agency.

The debt counseling function of CC&BC's business involves a determination of the relationship between how much a client will be able to pay on a monthly basis, as related to the client's monthly income and expense budget, and the total consumer debt to be paid or serviced.

Consumer Credit and Budget Counseling's funding comes from a small monthly service fee which is part of the client's Debt Management Program. The majority of our funding comes from voluntary contributions from creditors who participate in our Debt Management Program. In this way our Debt Management Program serves a dual role of helping the client repay their debts and helping creditors receive the **money owed them**.

What We Do

Consumer Credit and Budget Counseling helps its clients develop a budget which allows them to not only meet essential living expenses but also to pay down consumer debts in three to five years.

We structure the Debt Management Program by negotiating with credit card companies, banks, finance organizations and other creditors to lower payments, lower interest rates and reduce or eliminate late or over-limit fees.

Credit Scores

What is a credit score?

A credit score is used to predict how likely an individual is to repay a new loan, based on experience with millions of consumers. There are several different computer models that can calculate a credit score:

- Fair Isaac Risk Score (FICO)**
- Trans Union Empirica Score**
- Equifax Enhanced Beacon Score**

Points

In general, the computer model assigns points to information in a credit report. For example, making payments on time every month is positive for the score. Charging the maximum amount available on a credit card is negative. The computer adds the positive and negative points, and the resulting number is your credit score.

What is a "good" credit score?

That depends on the credit scoring model and the lender. For example, one computer model ranges scores from 300 to 900; the higher the number, the better. In addition, each creditor decides what credit score range it considers to be a good risk and a poor risk. For this reason, the creditor is the best source to explain what your credit score means in relation to the final credit decision.

Why are credit scores used?

Creditors, including mortgage lenders, use credit scoring because it is a fast, objective way to evaluate a credit report. Credit scoring also protects you. This is

because your age, health, race, religion, gender, national origin, marital status, income, and employment are not considered in determining your credit score.

How can I improve my credit score?

If a creditor has told you that you have a poor credit score and has turned you down for credit because of your score, there are steps you can take! First, you have the right to request a written explanation from the lender that turned you down. The letter must explain the reasons for the credit denial. Then you can make a plan to begin to address these issues. As you improve your credit over time, your credit score will also improve.

Also, remember that the lender, not the credit score, makes the final decision to approve a mortgage loan application. A credit score is simply a tool used by the lender. The lender may take into consideration any special reasons for your past credit problems. In addition, the lender will look at more than just your credit score - - such as your equity investment in the home, job history, income, savings, and the type of mortgage loan you want - - before making the final decision.

FICO Weight Factors

