

5 Secrets of Raising Your Credit Score

by Kevin Panet

The higher your scores

The lower your rates

The more you save

Compare 30 yr fixed rates on a \$500,000 home

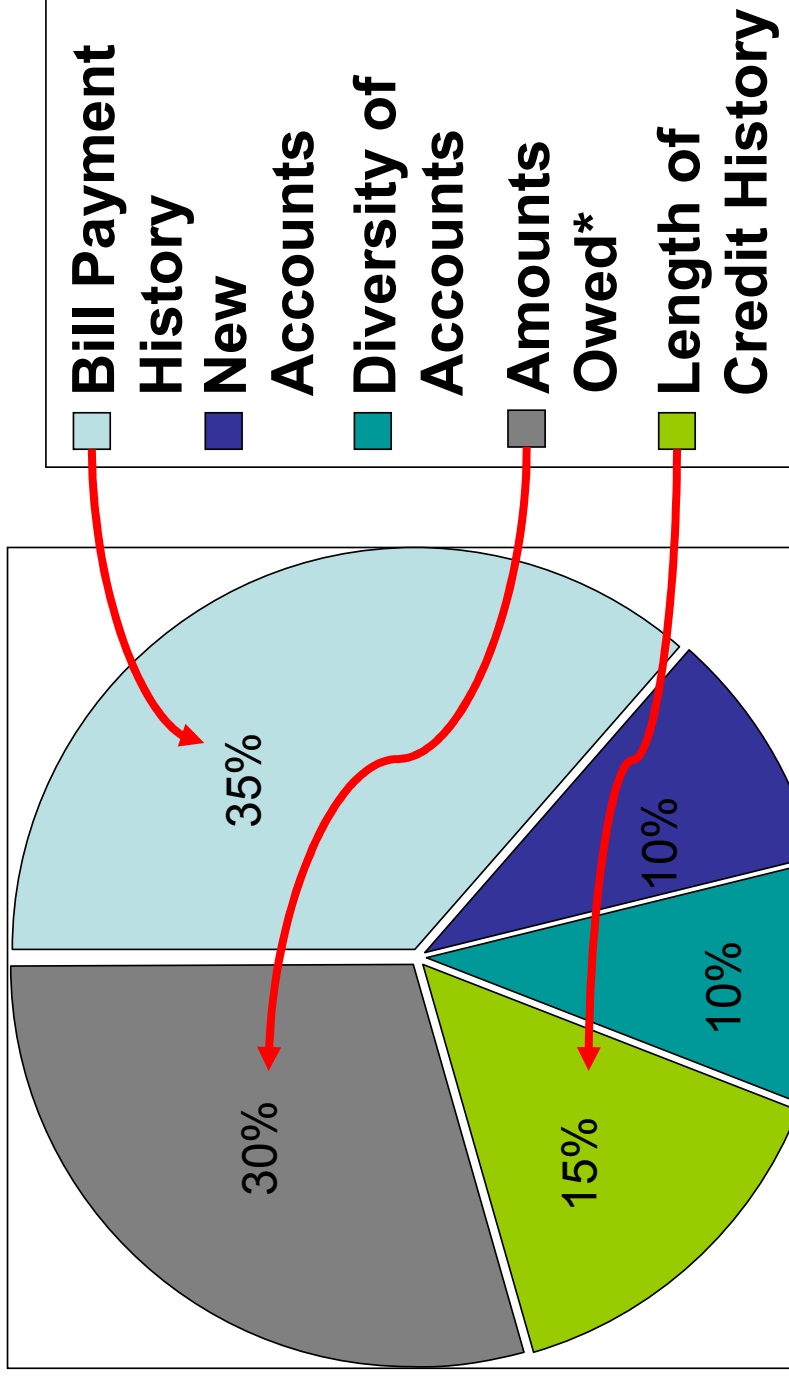
FICO Score	APR Rate	Monthly Payment	Interest Paid
720-850	7.060%	\$3,347	\$704,928
700-719	7.277%	\$3,420	\$731,218
680-699	7.554%	\$3,515	\$765,247
620-679	8.343%	\$3,789	\$864,069
560-619	9.113%	\$4,064	\$962,984
500-599	9.542%	\$4,220	\$1,019,059

Source: www.MyFICO.com

Sam and Larry

	SAM	LARRY
Salary	Equal	Equal
Credit Score	681	595
Yearly Savings	\$14,288	0
Interest Saved over 30 Years	\$428,630	0
10% return on savings compounded total in 30 yrs.	\$ 2,476,911	\$0

5 Parts of a Credit Score



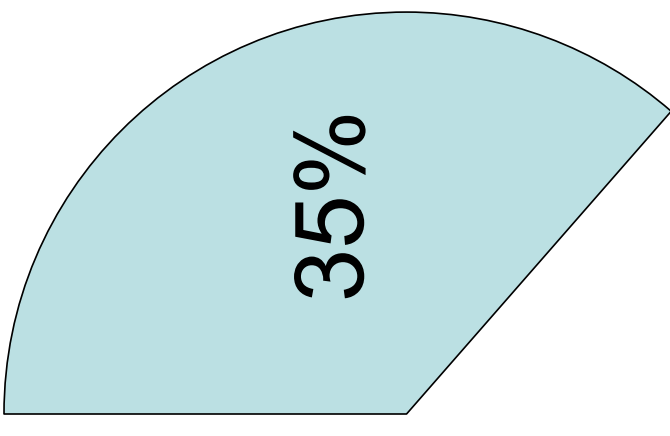
*Balance to Limit Ratios

Source: Fair Isaac – proprietary formula

Stop Delinquencies

- What's considered?
 - Timing of the delinquency
 - Amount of Delinquency
 - Last activity date
 - Past Due Notices destroy scores
 - Missed payments (low vs. high)

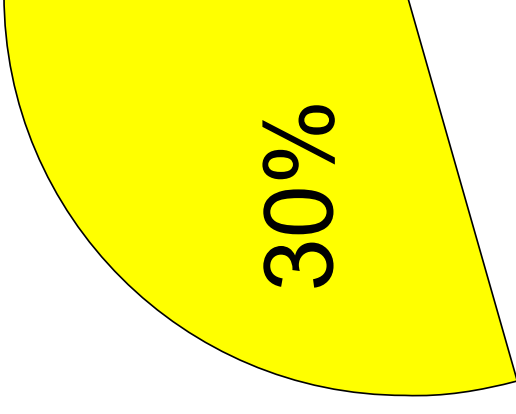
- Bottom Line: Make all payments **ON TIME!***



**Don't rely on "grace periods."*

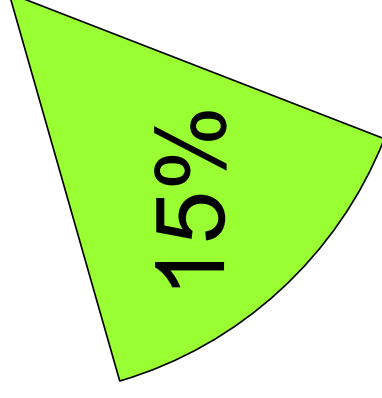
Keep Amounts Owed Low

- ❑ Keep balances under 30%
- ❑ Better to spread out balances
- ❑ Never go above 50%
(if possible)
- ❑ Ask for a credit increase
 - *Ask for a decrease in rate while you're at it*



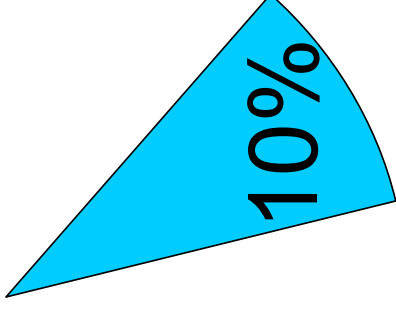
Build Your Credit History

- ❑ Check with your credit union or bank first
- ❑ Use store cards sparingly
- ❑ Use cards every 6 months
- ❑ Pay off debts, no matter how small
- ❑ “Authorized Users” do not count



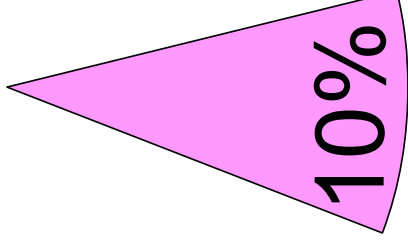
Create a Healthy “Credit Mix”

- Home loan
 - Car loan
 - Home Equity Line of Credit (HELOC)
 - (Does not need to be used)
 - Credit card issued by bank or credit union
-
- Credit card issued by store
 - Credit issued by “rental” companies
-
- “No Payments” for xx months!

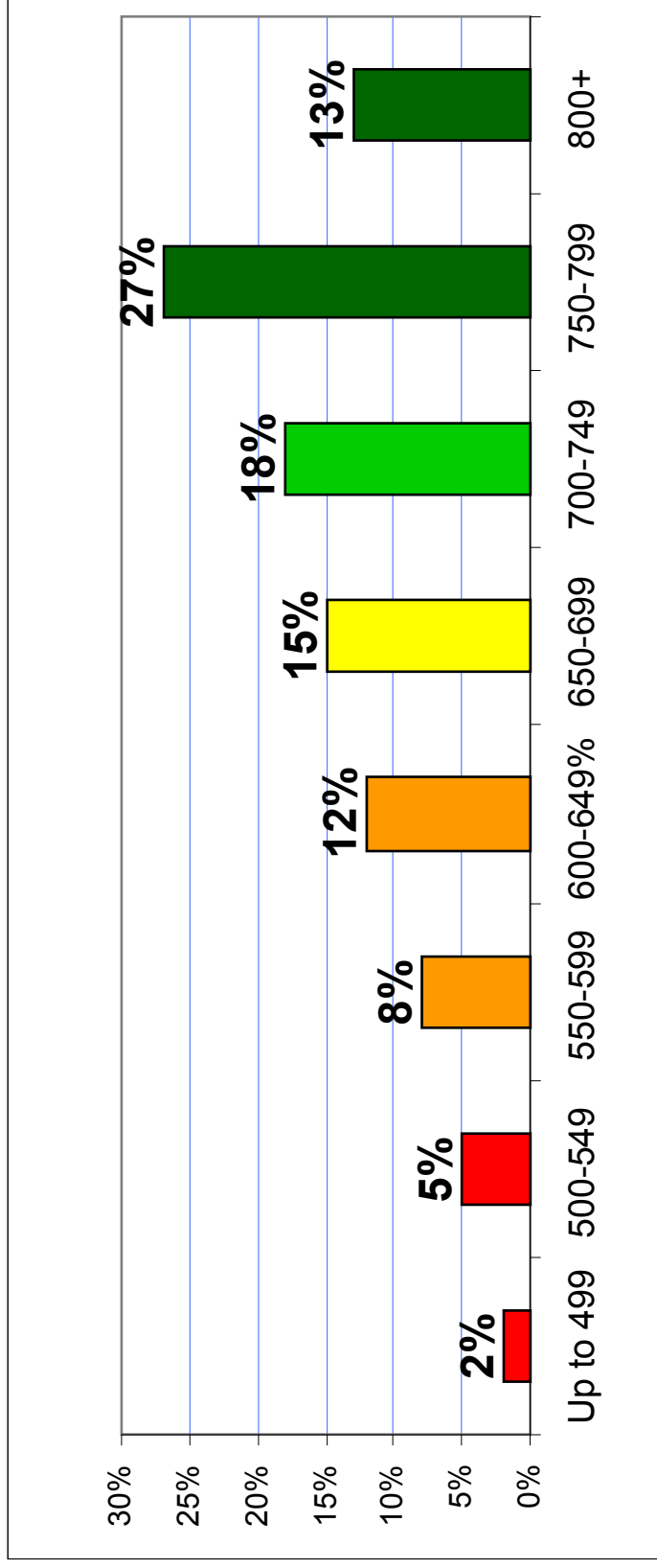


Limit Inquiries

- ❑ Don't apply for too much credit at one time
- ❑ Do not apply for a loan on-line hoping for "several different quotes/offers"
- ❑ Be very wary of handing out your social security number
- ❑ Go to www.OptOutPreScreen.org
 - Reduce unsolicited offers of credit
 - Reduce chances of identity theft
 - No cost to consumers



Where Do You Stand?

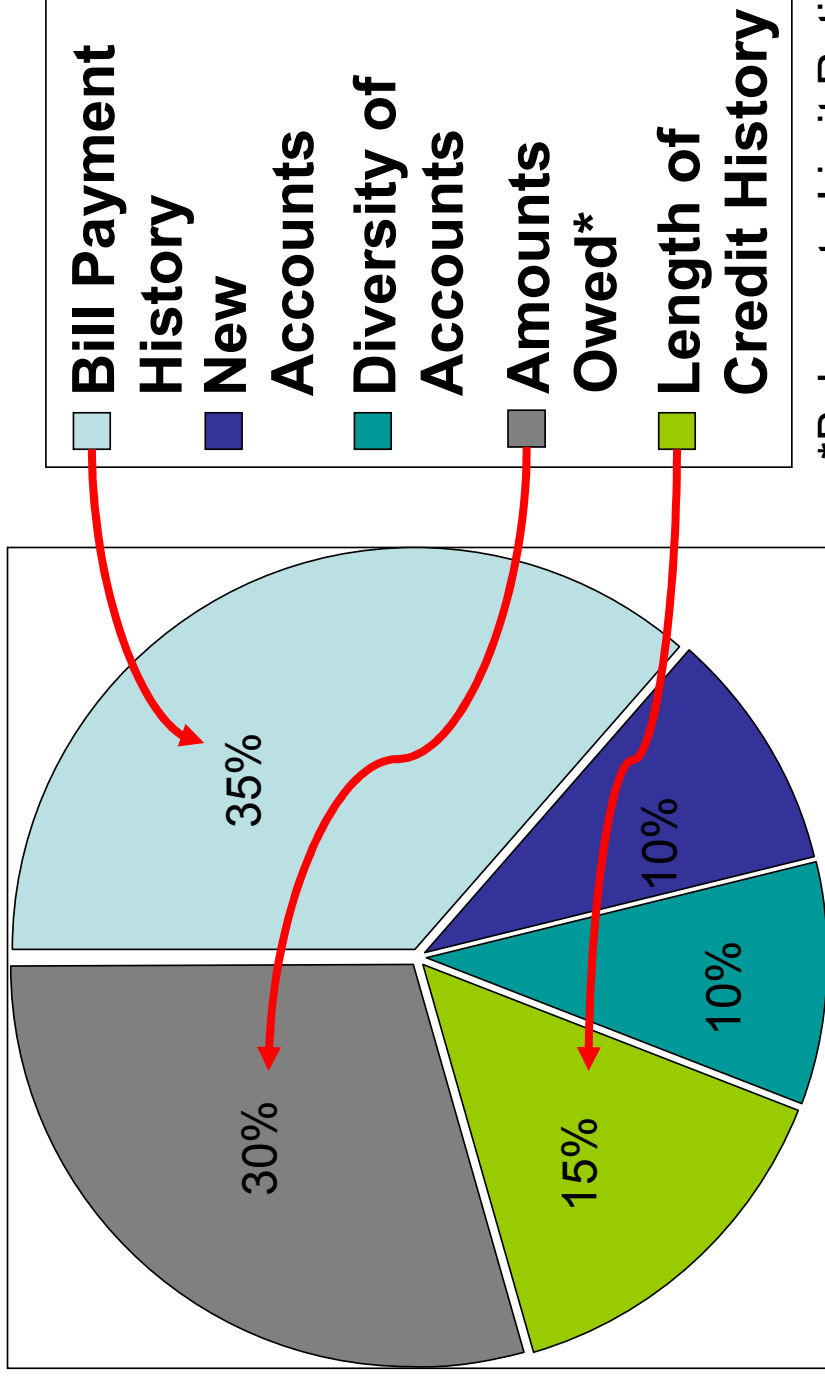


Source: www.MyFICO.com

Credit Myths

- ❑ You should cut up cards that you are not using
- ❑ “Annual Fee” cards improve credit scores
- ❑ Lock up all your credit cards and never use them unless you really have to
- ❑ Carrying higher balances demonstrates you are a better risk
- ❑ Transferring balances can help you
- ❑ No payment for 12 months is a good thing

5 Parts of a Credit Score



*Balance to Limit Ratios

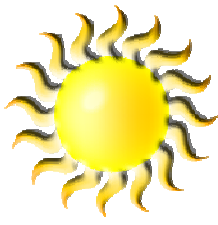
Source: Fair Isaac – proprietary formula

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