



THE FACTS ABOUT CREDIT

Your credit score is one of the most important numbers you have. Not only does your score affect your interest rate when applying for a loan, it can also impact your insurance rate, certain job prospects and even your chances of renting a great apartment. As a result, improving one's credit has become a multi-million dollar industry.

Credit scores were developed by Fair Isaac and company (FICO). The models created using FICO take all the detailed information about your credit report and produce your credit score using different weights and factors contained in the FICO scoring models.

The purpose of a FICO score is to show how likely you are to become at least 90 days late in making payments in the next 24 months based on patterns in your credit history, compared with patterns of millions of past customers. Other credit agencies, such as Experian, Equifax and TransUnion, calculate their own credit scores within their own ranges; however, the FICO score is the standard that lenders use when they pull your credit.

WHAT YOU NEED TO KNOW ABOUT CREDIT

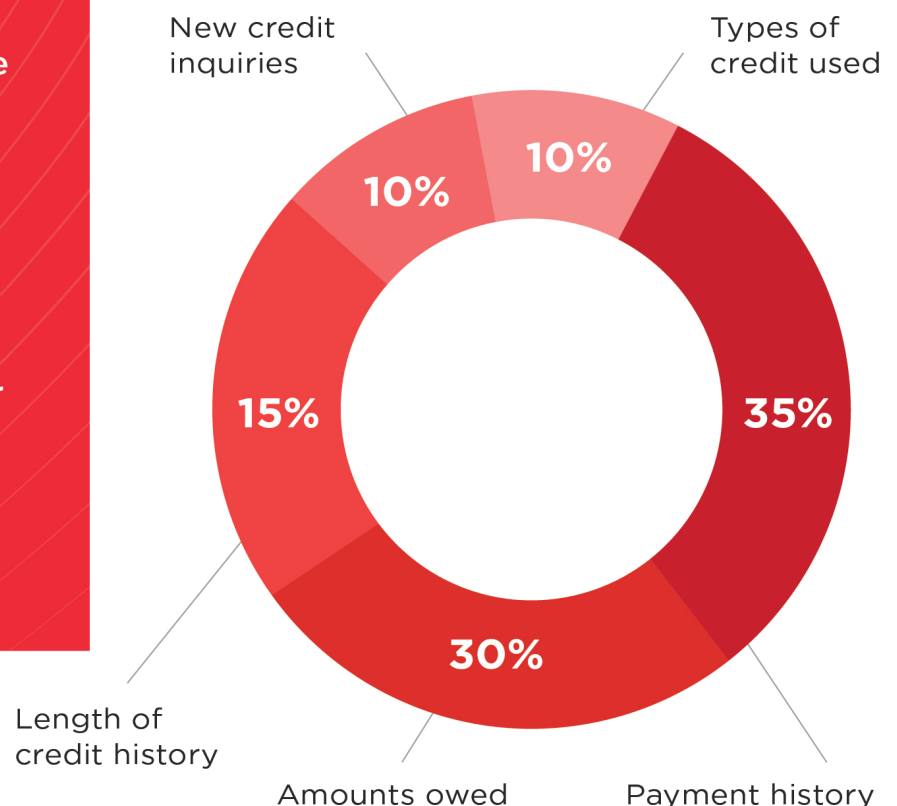
FICO divides the scoring range into five risk categories:

- 780-850 Low Risk
- 740-780 Medium, Low Risk
- 690-740 Medium Risk
- 620-690 Medium High Risk
- 620 and Below High Risk or "Non Prime"

Factors influencing your credit score are:

- Current or late payments
- How late the payments are
- Number of open accounts you have
- How much credit you are using in relation to how much credit you have available
- If there are serious delinquencies on your file like bankruptcy, liens and charge off accounts

How is your credit score calculated?



CREDIT SCORE TIPS

PAY DOWN REVOLVING DEBT

It is best to keep balances low on credit cards and other revolving accounts – maintain balances below 50% of the available credit limit. 24% is optimal.

APPLY FOR NEW CREDIT ACCOUNTS ONLY WHEN YOU NEED THEM

Remember that closing accounts does not make them go away. A closed account with a poor payment history may become a more recent account because the date of activity will change. An open account with a low or zero balance is better than a closed account.

1 No one can change negative information that has been reported correctly

2 The only way to remove accurate negative information from your file is to wait until the legal time period has expired

3 You can repair your credit yourself for free by using sound credit practice

DID YOU KNOW!

- FICO scores are used not only for a mortgage loan and credit cards, but for auto loans, insurance and utilities.
- Credit reports reflect charge-offs or collection accounts for up to 7 years, and bankruptcies for up to 10 years.
- You can order a free credit report annually, at no charge, without impacting your credit score.
- Having a minor balance without missing a payment is better than closing an account.
- Paying off an old collection may result in a drop in your credit score.
- Consolidating credit cards increases your ratio of debt to available credit and can lower your score.
- Using the maximum amount on a credit line can drop your score.



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