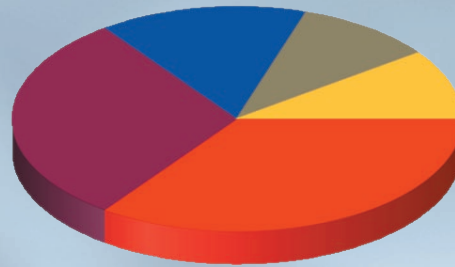


# FICO / Damage Points

**EVEN IN A MORE RESILIENT REAL ESTATE MARKET** like the Great Northwest, good credit isn't just nice to have -- it's essential. Even though local employers like Boeing, Microsoft and Amazon.com have been relatively resistant and responsive to the current economic crisis, having a job isn't the only criteria for qualifying for a new home. Taking care of your credit and knowing where you stand before starting the home buying process is the best way to fix any credit issues you may find. As most people know, lower scores mean higher rates or at the very worst, possibly being turned down for a home loan. Not only can low credit scores hurt your chances of buying a home, but it is oftentimes used by insurance companies, landlords or when applying for certain jobs.

The formula that ranks your credit score is called "FICO" (Fair Isaac Company) score and is calculated by taking into account positive and negative use of your credit. FICO illustrates the five categories and what percentage is used to determine credit scores (the actual formula to determine your score is based on a well guarded secret.) A negative report from any category is called a "damage point" by FICO. What sounds like a phrase pulled from a video game, "damage points" can wreak havoc with your credit.



- PAYMENT HISTORY
- AMOUNTS OWED
- LENGTH OF CREDIT HISTORY
- NEW CREDIT
- TYPES OF CREDIT USED

## ANY "DAMAGE POINTS" CAN AND DO PULL DOWN CREDIT SCORES.

A handy chart from Fair Isaac reveals some of the most common damage points and their effect on credit scores:

### CREDIT MISTAKE

MAXED-OUT CREDIT CARD  
30-DAY LATE PAYMENT  
DEBT SETTLEMENT  
FORECLOSURE  
BANKRUPTCY

### IF YOUR FICO SCORE IS 680

DOWN 10-30 POINTS  
DOWN 60-80 POINTS  
DOWN 45-65 POINTS  
DOWN 85-105 POINTS  
DOWN 130-150 POINTS

### IF YOUR FICO SCORE IS 780

DOWN 25-45 POINTS  
DOWN 90-110 POINTS  
DOWN 105-125 POINTS  
DOWN 140-160 POINTS  
DOWN 220-240 POINTS

**TO KEEP ON TOP OF THESE "DAMAGE POINTS"**, visit the only website that is endorsed by the Federal Trade Commission, the free "Annual Credit Report". To request your free report online or by phone go to [www.AnnualCreditReport.com](http://www.AnnualCreditReport.com), call 1-877-322-8228.

You can either request all three reports at once or order just one report from a single credit agency. You are allowed one free credit report, per credit agency each calendar year.

\*\*\*One tip: To monitor credit throughout the year, request the reports separately, so that you can monitor your credit more frequently throughout the year.\*\*

[http://articles.moneycentral.msn.com/SmartSpending/blog/page.aspx?post=1774480&\\_blg=1,1774476](http://articles.moneycentral.msn.com/SmartSpending/blog/page.aspx?post=1774480&_blg=1,1774476)

<http://www.ftc.gov/freereports>

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<http://articles.moneycentral.msn.com/Banking/YourCreditRating/weston-raise-your-credit-score-to-740.aspx>