VANTAGE POINTE
Vantage Financial Partners Limited

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GET TO KNOW FICO

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You may not know Fair Isaac, but Fair Isaac sure knows a lot about you. In fact, Fair Isaac can influence terms you receive on a credit card, auto loan, or mortgage, and whether such credit will be extended to you. Minnesota based Fair Isaac Corporation is the creator of the FICO score - that magical number that summarizes your credit worthiness to banks and other lenders. It is considered a snapshot of risk used by lenders to evaluate the degree of risk they may be taking if they choose to lend you money. A lower FICO score may indicate there is a risk of defaulting on a loan, filing for bankruptcy, or falling past due on payments. As a result, if lenders do extend credit to individuals with a low score, it will be at a price - higher interest rates, increased collateral, or increased scrutiny when analyzing your income and assets.

THE SCORING SYSTEM

Originally created in 1958, the FICO score is the dominant player in the credit scoring system. The scoring system is a statistical calculation derived from information gathered by the three national credit bureaus: Equifax, Experian and TransUnion. The score is a reflection of information reported to the credit bureaus, and will change as new information is added to your files. Since information at the three credit bureaus is not always identical, your credit score with each bureau may also differ. Therefore, lenders might purchase all three scores and either average them or choose one as representative. The makeup of the score consists of five factors and is weighted as follows:

35% - Payment History

30% - Amounts Owed

15% - Length of Credit History

10% - New Credit

10% - Types of Credit in Use

The compilation of the five factors then offers a range of 300 to 850 where the higher the number, the less risk for lenders. According to a recent release by FICO, 25% of Americans have a credit score below 600 – a definite red flag.

TIPS TO IMPROVE YOUR SCORE

- Pay bills on time and stay current on balances.
- Keep amounts owed at a minimum.
- Minimize balance transfers between accounts.
- Keep inquiries at a minimum and don't apply for multiple new credit lines within a short period of time.
- Be patient! According to myFICO.com, "Raising your score is a bit like losing weight: it takes time and there is no quick fix." You're considered a lower risk when there's longevity in your established credit.

- Don't close that old credit account even if you're not regularly using it. But keep in mind, some companies and/or banks require you to maintain a minimum level of activity in order to keep the credit available.
- Your score will improve with a history of well-managed credit of various types (credit cards, mortgage, auto, etc.).

DAMAGE POINTS

Your score can obviously be impacted by missing a payment or filing for bankruptcy, but in the past the degree of impact has always been a mystery. FICO has made it possible for you to calculate the potential side affect of having a financial misstep. The simulator is not exact science; it is based on your current score and history, and may vary from one individual to the next. To run the simulator, you must first purchase a credit score from FICO. Click here to see a sample.

MONITOR YOUR CREDIT

Review your credit report regularly for errors or unpaid obligations that may be dragging down your scores. You're entitled to receive one free copy every 12 months from each of the three credit bureaus - Equifax, Experian and TransUnion - by visiting AnnualCreditReport.com. We suggest you request one copy from a different bureau every four months. That way, you can monitor the progress of payments, corrections, or new accounts being established. Your Relationship Manager at Vantage can assist you with questions concerning access to your credit report and the overall health of your score.

SAVE THE DATE 'October 8th'
for a fun evening with Vantage.
You'll *LOVE* this event!
For clues visit www.vantagefinancial.com

VANTAGE NEWS

Take a good look at that picture – yes, it is Mike – a bit rough for the wear nonetheless. But how else should you be after 4 days in the Canadian wilderness? Mike headed north over the 4th of July weekend with an old friend and a couple of new ones, to try and catch a few fish – and catch they did! Together they caught over 700 walleyes (and that's not even including the Northern Pike and Bass). What a fabulous time and great adventure! Wish we were there!

We bid a sad farewell to Jonathan Stano as he and his wife Lindsey venture off to the east coast. Jonathan begins an 18th month program in August to obtain his graduate degree in Business. We have been blessed to have Jonathan as a part of the Vantage team these past two years and we all join together to wish them both the best in their new home. We'll miss you!