

CREDIT SCORING THE NEXT GENERATION FICO

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Currently mortgage rates are at an all time low. The actual “low” figure will depend on the credit score you receive from the lender. The lower the credit score, the higher the rate.

Naturally you are motivated to find ways to improve your credit score. Be sure to find out what method your lender uses to generate your credit score, and request they use Next Generation FICO.

Next Generation FICO is an updated version of the credit scoring model that Fair, Isaac and Co. developed to evaluate loan applicants. In this new version, Fair, Isaac and Co. implement many things to help borrowers get better scores. It does not penalize as heavily as the old version and focuses on awarding for good credit characteristics. Be proactive ask for this new model.

If it is that simple do not let lenders think you are a higher credit risk than you really are. Keep in mind that while credit scores are only one variable, they will influence the lender’s decision process in determining you eligibility.