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To: FACTAscoringstudy
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The use of the "FICO Scoring system" Was once a good way for lenders to judge the credit worthy ness of individuals, To match scores with interest rates and terms. But now, And more than ever. Are Insurance companys, Public utilities and even Relators using the credit beureos as a way to judge people and in some cases refuse service's or to increase the cost of these services because the individuals may have had troubles paying a credit card in the past.

I believe the root of the problem is how much the industry relies on credit scoring, In a sense lenders look at the past 7 years even though anything 3 years before might not apply to the person current situation, In this case a series of lates 6 years ago might be grounds for the lender to increase a person interest rate by 1/2 a point. This seems to be common place in the industry, Where not only are FICO scores used but also a persons entire history. I believe the current system is to the lenders advantage where forcing a higher interest rate unto consumers may create problems paying bills on time and/or paying more for a loan. Were looking at an industry that rewards the rich and punishes the poor guy who lost his job 3 years ago and was unable to make payments for a few months.

Under the current FICO system which some see as a complicated system who's variables can change scores drastically in a 1 month period for someone who pays a bill late it means a mark that will remain for 7 years, I believe a 2 years is more than enough time for a late payment to be reported, After all, Even a series of 24 late payments is enough for a lender to see that someone may be in financial trouble and deny a loan. Where as a person has 3 months of lates and a series of on time payments for 21 consecutive months would show that someone is currently in a good position to be able to take the burden of a loan. I also believe 7 years is too long to decide if a person could take the burden of a mortgage. We have to make the industry look at a 3 years max, Bankruptcy, Repo's and other situations would be the only reason to view a persons 7 year score and history.

There is also the problem of insurance companies using score's to increase the cost of insurance, I believe insurance companies should not be able to go back more than 2 years of credit history when using a report to determine insurance rates. These, "Insurance adjusted scores" Should be just like normal FICO adjusted scores but only using 2 years of history adjusted to be in length of a 7 year history. Therefore a person with a 500 FICO using the normal 7 year history might have a 800 score based on the 2 year history. This could mean \$100's in savings for a person without negatively affecting the industry.

I believe that changes are needed, For the economy to improve we need to put more people into houses that they can own someday, Under the current system people like me who made a few mistakes when they were young with credit were forced to live in rent houses and apartments because our credit scores were too low to get a decent interest rate, For the average person who pays \$600 a month for a mortgage someone like me will have to spend \$800 a month for the same house, For that reason were being punished not because were a "Credit Risk" But because the lender feels that a repo 4 years ago is reason enough to charge as higher rate