From: Dupuy, Robert
Sent: Thursday, June 24, 2004 10:42 AM
To: FACTAscoringstudy
Subject: Comments on scoring and auto loan rates

When someone is building credit after bankruptcy, they must establish tradelines.
One of the factors that will lower a score is lack of tradelines with history.

However, as they seek out tradelines, usually they will be limited to only borrowing back their own money via a secured loan.
Whereby they pledge the amount equal to or greater than the loan, via a savings account.

Well, the complication comes in, that many banks are unwilling to disclose any details about their approval process, this is especially true of the banks with, ironically, the best rates, like a large Credit Union. The encourage consumers to only
find out if they are eligible for the loan by applying.

to make a long story short, one will try to rebuild credit by applying for a secured loan, only to discover later that you are turned down for having a bankruptcy on your record, and by the time you do find a bank that understands that secured loans are for rebuilding credit, you will get turned down, now, for having excessive inquiries.

The process of rebuilding my credit--the process which is not in dispute, it does require the establishment of new credit and repayment histories, (you have to have something for the credit score model to actually score)....that process LOWERS your score.

Then when you go get your auto loan, you pay the highest rate. In my case, the highest rate was 9.5% which I understand is a lot lower than many are paying. Still it was the highest rate my Credit Union had, and I didn't get to pay the lower rate, because I was rebuilding credit for the long run. Ironically, if I had made no attempt to rebuild my credit, in the short term I would have been eligible for 8.5% rate.

thanks,
Robert