

## Risk Factor Balancing Chart

RISK FACTOR	A. K. A.	RANGE	IMPACT ON RATES [LOWER IS BETTER!]
Credit Scores	FICO Score	400-850	Higher score = ↓ rates
Liquid Assets	Reserves	Zero to six months' worth of payments, taxes and insurance.	More assets = ↓ rates
Seasoning	N/A	Zero to two months.	Seasoning = ↓ rates
Length of Employment	Time in industry or length of self-employment.	Two years minimum.	Longer = ↓ rates
Debt-to-Income Ratio	DTI	0-55 percent.	Higher = ↑ rates
Loan-to-Value Ratio	LTV	80 percent max (to avoid PMI).	Higher = ↑ rates
Combined Loan-to-Value Ratio	CLTV	103 percent max.	Higher = ↑ rates
Position	1 <sup>st</sup> , 2 <sup>nd</sup> , 3 <sup>rd</sup>	N/A	Higher = ↑ rates
Prepayment Penalty	Prepays	Zero to three years.	Longer can ↓ rates in some situations
Discount Points	Points	Zero to two points.	More = ↓ rates
Fixed interest rate	Fixed; 30-year fixed; 40-year fixed; 15-year fixed.	N/A	Longer fixed rate period = ↑ rates
Adjustable rate	ARM, Hybrid ARM	N/A	Longer adjustable period = ↓ rates