

Figure 1 First Row: Left Panel: A histogram of the Interest Rate in % for the loan lending. Right Panel: A histogram of FICO scores (broken down into numeric values from ranges) for the various individuals applying for loans. Both seems to follow normal distribution.

Second Row: Left Panel: Shows the negative association of Interest Rate and FICO scores as the first step of exploratory analysis. The plot is colored with Loan.Length, The RED is for 60 months and black for 36 months. It shows with increase of loan period the Rates are more. Right Panel: Shows the negative association of Interest Rate and FICO scores, colored by amount funded by the investors (which is a factor variable of 4 levels), with more amount loaned, the interest is more.

Third Row: A lot of the residuals from a linear model relating FICO Scores (broken down into numeric values from range factors), colored by Amount funded by investors . Right Panel. A lot of the residuals from a linear model relating FICO Scores adjusted for 4 -levelfactor variable for amount loaned (Amount.Funded.by.Investors), and 2-levelfactor for Loan.Length. The residuals are colored by amount loaned. Some of the patterns observed in the original residuals have been eliminated.