**Problem Statement:**

To find the credit worthiness of the customer (Subprime Mortgages).

**Challenges:**

1.Not all borrowers have credit history.

2.How big the bank is.

**Dependent Variable:** “1” for Defaulters & “0” for Good loans

**Independent variables:**

1. Banruptcylnd :- Bankruptcy Indicator
2. TLBadDerogCnt :- Bad Dept plus Public Derogatories
3. CollectCnt :- Collections
4. InqFinanceCnt24 :- Finance Inquires 24 Months
5. InqCnt06 :- Inquiries 6 Months
6. DerogCnt :- Number Public Derogatories
7. TLDel3060Cnt24:- Number Trade Lines 30 or 60 Days 24 Months
8. TL5OUtilent :- Number Trade Lines 50 pct Utilized
9. TDel60Cnt24 :- Number Trade Lines 60 Days or Worse 24 Months
10. TDe160CntAll :- Number Trade Lines 60 Days or Worse Ever
11. T75UtllCnt :- Number Trade Unes 75 pct Utilized
12. Tel90Cnt24 :- Number Trade Unes 90+ 24 Months
13. TLBadCnt24 :- Number Trade Unes Bad Debt 24 Months
14. TLDel60Cnt :- Number Trade Unes Currently 60 Days or Worse
15. TLSatCnt :- Number Trade Lines Currently Satisfactory
16. TLCnt12 :- Number Trade Lines Opened 12 Months
17. TLCnt24 :- Number Trade Unes Opened 24 Months
18. TLCnt03 :- Number Trade Unes Opened 3 Months
19. TSatPct :- Percent Satisfactory to Total Trade Lines
20. TLBalHCPct :- Percent Trade Line Balance to High Credit
21. TLOpenPct :- Percent Trade Lines Open
22. TLOpen24Pct :- Percent Trade Unes Open 24 Months
23. TLTimeFirst :- Time Since First Trade Une
24. InqTimeLast :- Time Since Last Inquiry
25. TLTimeLast :- Time Since Last Trade Line
26. TLSum :- Total Balance All Trade Lines
27. TLMaxSum :- Total High Credit All Trade Lines
28. TL\_Cnt :- Total Open Trade Unes
29. ID :- Customer ID

Methods :

1. Logistics Regression
2. Decile Methodology