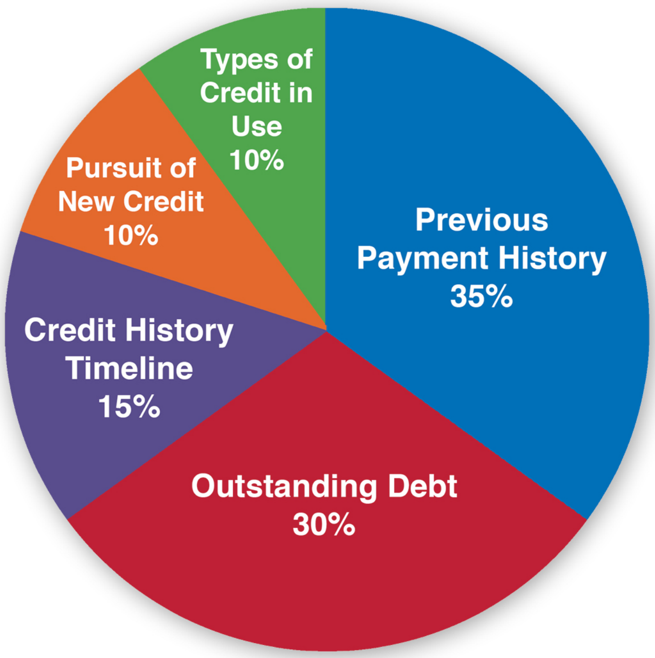
What’s in a Score?

THERE ARE 5 KEY COMPONENTS THAT MAKE UP A CREDIT SCORE.

FICO scores are calculated from different data in your credit report. The importance of the categories determine how it is weighed and your credit score is calculated:



Previous Payment History : 35% impact

Paying your debt on time proves to weigh the greatest. Any late payments, judgments, or charge-offs all negatively impact your score. Recent delinquencies impact greater than mishaps in the past.

Outstanding Debt: 30% impact

Try to keep credit balances as close to zero as possible. Paying off revolving debt (credit cards) monthly sends an excellent message to creditors and in turn increases your score.

Credit History Timeline : 15% impact

Though it’s important to have trade lines, it’s also important to have seasoned liabilities. Showing creditors your ability to repay debt over a length of time proves that you are an excellent credit candidate and shows a positive reflection on your credit score.

Pursuit of New Credit : 10% impact

Recently opened accounts and the type of account can adversely affect your credit. Remember the longer the relationship the better the score.

Types of Credit in Use : 10% impact

Mortgage debt has the most positive impact, installment loans second and revolving debt third. Pay off revolving debt monthly and pay as requested for other loans.

For all of your real estate and mortgage needs, call your trusted local professionals today!

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