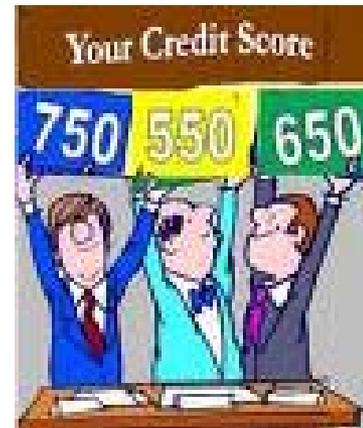




CREDIT SCORES 101

What is a credit score?

- A credit score is a number that summarizes the historical credit information on a credit report. The number reflects the likelihood that you will become delinquent on a loan or a credit obligation in the future.



What is in a score?

- 35 percent of the score is based on your payment history. The score is affected by how many bills have been paid late, how many were sent out for collection and any bankruptcies. When these things happened also comes into play. The more recent, the worse it will be for your overall score.
- 30 percent of the score is based on outstanding debt. How much do you owe on car or home loans? How many credit cards do you have that are at their credit limits? The rule of thumb is to keep your card balances at 25 percent or less of their limits.
- 15 percent of the score is based on the length of time you've had credit. The longer you've had established credit, the better it is for your overall credit score.
- 10 percent of the score is based on new credit. Opening new credit accounts will negatively affect your score for a short time. This category also penalizes hard inquiries on your credit in the past year.
- 10 percent of the score is based on the types of credit you currently have. It will help your score to show that you have had experience with several different kinds of credit accounts, such as revolving credit accounts and installment loans.

Is there one score?

- **One of the most common myths about credit scores is that there is only one credit score. In fact, there are many different credit scores used by lenders (according to some estimates, more than 1,000), although some scores are used more than others.**
- Credit bureau scores are not the only scores used. Many lenders use their own credit scores, which often will include the FICO score as well as other information about you.
- FICO scores are not the only credit bureau scores.
- Your credit score may be different at each of the main credit reporting agencies.
- Your credit score changes over time.



Can you fix a credit score?

- The first step is to pull your credit report



Make sure none of the following are on your report:

- Late payments, charge-offs, collections or other negative items that aren't yours.
- Credit limits reported as lower than they actually are.
- Accounts listed as "settled," "paid derogatory," "paid charge-off" or anything other than "current" or "paid as agreed" if you paid on time and in full.
- Accounts that are still listed as unpaid that were included in a bankruptcy.
- Negative items older than seven years (10 in the case of bankruptcy) that should have automatically fallen off your reports.

Any changes?



- Do the changes in the economy and the new credit card law effect credit scores?
- It Depends. Some consumers have seen their scores increase as they have reduced their debt. Some have seen a decrease in their scores when banks decrease their credit limits