



# A CLOSER LOOK AT CREDIT

## HOW IS A CREDIT SCORE CALCULATED?

### 35% PAYMENT HISTORY

Lenders want to know if you are able to pay your accounts on time so make sure to never miss a payment! This is one of the most important factors for your credit score!

### 30% AMOUNTS OWED

One of the keys to having a good credit score is following the Golden Rules: Don't owe more than 30% of your total credit available. By doing this you can keep increasing your score.

### 15% LENGTH OF CREDIT HISTORY

Remember the longer your responsible credit usage is, the better your score can get over time!

### 10% NEW CREDIT CARD

Be careful of opening too many lines of credit in a short period of time, especially without a long credit history! This can hurt your score in the long run!

### 10% CREDIT MIX

Having diverse types of credit like a car loan and a credit card can improve your score!

#### DID YOU KNOW?

Laying the foundation of your credit score are the big three bureaus; Experian, Equifax and Transunion. According to the Federal Trade Commission, 1 in 5 people have a mistake on one of their reports! Make sure that you check your reports periodically for the most up to date version of your report.

## CREDIT SCORE BEST PRACTICES



Checking your credit score does not hurt your score. What may have an impact on your score are inquiries made by creditors!



Nothing lasts forever! Even if you've faced bankruptcy or foreclosures before, you are still able to improve your credit score. Bad credit usage typically disappears after seven years.



Don't close your accounts! Closing a credit account can hurt your credit utilization ratio by reducing the amount of credit someone is approved compared to total debt. Even using your oldest credit line once or twice as year, it's important to keep it open for as long as possible.

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## IN 1995



Two of the largest U.S. mortgage finance agencies, Fannie Mae and Freddie Mac, recommended lenders use FICO score (a measure of consumer credit risk). Their recommendation gave credit scoring a boost because of the impact it has in the home loan industry.

## SOURCES

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**RANDOM FACTS** [facts.randomhistory.com/credit-score-facts.html](http://facts.randomhistory.com/credit-score-facts.html)

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