

## BOOST YOUR CREDIT SCORE!!!

Your credit score will have a big impact on whether or when you can obtain a loan to purchase a home, and the rates and fees associated with borrowing money. Understanding and building your credit score is an important first step.

Your score is determined by the following factors:

**35% is based on payment history.** Recent late payments, even on very small minimum payments, have a major impact. Collections, charge-offs, bankruptcies, judgments, and liens all lower your score. This is time-based, but derogatory history will remain on your credit report for at least 7 years.

**30% is based on use of credit and account balance to credit limit.** Revolving accounts that are at or close to the credit limit hurt your score. The quickest way to improve your score is to keep these balances low, optimally no more than 10 – 20% of the credit limit.

**15% is based on length of credit history.** Only time can improve this, but if you have little or no established credit, start establishing it now. Get a secured card from your local bank or credit union, keep the balance low, and always pay the bill on time. Lenders are generally looking for at least 3 accounts that have been open and active for at least a year.

**10% is based on new accounts and credit inquiries.** Avoid applying for numerous accounts in a short period of time.

**10% is based on mix of credit.** It is best to have both installment and revolving accounts.

Your “Credit Score” is a number that reflects the information on your Credit Report. Your Credit Report is a record of your credit history. It includes information about whether you pay your bills on time and how much you owe to creditors. Your credit score can change, depending on how your credit history changes. Scores range from a low of 309 to a high of 844.

Under federal law, you have the right to obtain a free copy of your credit report from each of the nationwide consumer reporting agencies once a year. To order your free credit report, call toll-free 1-877-322-8228 or visit [www.annualcreditreport.com](http://www.annualcreditreport.com).

You have a right to dispute any inaccurate information in your credit report. If you find mistakes on your credit report, contact the consumer reporting agency. The three major agencies are:

Experian, 888-397-3742, PO Box 2002, Allen, TX 75013, [www.experian.com/reportaccess](http://www.experian.com/reportaccess)

Equifax, 800-685-1111, PO Box 740241, Atlanta, GA 30374, [www.equifax.com](http://www.equifax.com)

Trans Union, 800-916-8800, PO Box 2000, Chester, PA 19022, [www.transunion.com](http://www.transunion.com)

**Do:** Pay your bills on time; if late, get and stay current; have credit cards but keep your balances low; use credit – if you do not have any credit, you may not generate a credit score at all.

Check your credit report for accuracy once a year at [www.annualcreditreport.com](http://www.annualcreditreport.com).

Find more information on the Federal Trade Commission website: [www.FTC.gov](http://www.FTC.gov).

**Don't:** Close unused credit cards; apply for several new cards or accounts in a short period of time; maintain high balances on revolving accounts; pay for credit repair – companies that say they can “erase bad credit” are a scam. Do not co-sign on accounts unless you are prepared to take full responsibility for the payments and the payment history of that loan. Co-signed loans will have an impact on the amount of money you are qualified to borrow, and late payments or collections on co-signed loans have the same negative impact as loans that were just your responsibility. If you are thinking about buying a home in the near future, do not open ANY accounts without first talking with your mortgage lender.