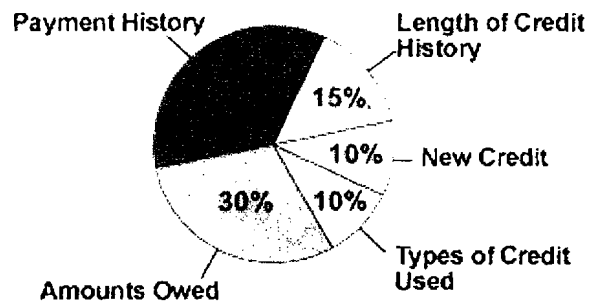


What's In Your Score

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FICO Scores are calculated from a lot of different credit data in your credit report. This data can be grouped into five categories as outlined below. The percentages in the chart reflect how important each of the categories is in determining your score.



These percentages are based on the importance of the five categories for the general population. For particular groups - for example, people who have not been using credit long - the importance of these categories may be somewhat different.

Payment History

- Account payment information on specific types of accounts (credit cards, retail accounts, installment loans, finance company accounts, mortgage, etc.)
- Presence of adverse public records (bankruptcy, judgements, suits, liens, wage attachments, etc.), collection items, and/or delinquency (past due items)
- Severity of delinquency (how long past due)
- Amount past due on delinquent accounts or collection items
- Time since (recency of) past due items (delinquency), adverse public records (if any), or collection items (if any)
- Number of past due items on file
- Number of accounts paid as agreed

Amounts Owed

- Amount owing on accounts
- Amount owing on specific types of accounts
- Lack of a specific type of balance, in some cases
- Number of accounts with balances
- Proportion of credit lines used (proportion of balances to total credit limits on certain types of revolving accounts)
- Proportion of installment loan amounts still owing (proportion of balance to original loan amount on certain types of installment loans)

Length of Credit History

- Time since accounts opened
- Time since accounts opened, by specific type of account
- Time since account activity

New Credit

- Number of recently opened accounts, and proportion of accounts that are recently opened, by type of account
- Number of recent credit inquiries
- Time since recent account opening(s), by type of account
- Time since credit inquiry(s)
- Re-establishment of positive credit history following past payment problems

Types of Credit Used

- Number of (presence, prevalence, and recent information on) various types of accounts (credit cards, retail accounts, installment loans, mortgage, consumer finance accounts, etc.)

Please note that:

- **A score takes into consideration all these categories of information, not just one or two.**
No one piece of information or factor alone will determine your score.
- **The importance of any factor depends on the overall information in your credit report.**
For some people, a given factor may be more important than for someone else with a different credit history. In addition, as the information in your credit report changes, so does the importance of any factor in determining your score. Thus, it's impossible to say exactly how important any single factor is in determining your score - even the levels of importance shown here are for the general population, and will be different for different credit profiles. What's important is the mix of information, which varies from person to person, and for any one person over time.
- **Your FICO score only looks at information in your credit report.**
However, lenders look at many things when making a credit decision including your income, how long you have worked at your present job and the kind of credit you are requesting.
- **Your score considers both positive and negative information in your credit report.**
Late payments will lower your score, but establishing or re-establishing a good track record of making payments on time will raise your score.

How Credit Scoring Helps You

Credit scores give lenders a fast, objective measurement of your credit risk. Before the use of scoring, the credit granting process could be slow, inconsistent and unfairly biased.

Credit scores – especially FICO® scores, the most widely used credit bureau scores – have made big improvements in the credit process. Because of credit scores:

- **People can get loans faster.**
Scores can be delivered almost instantaneously, helping lenders speed up loan approvals. Today many credit decisions can be made within minutes. Even a mortgage application can be approved in hours instead of weeks for borrowers who score above a lender's "score cutoff". Scoring also allows retail stores, Internet sites and other lenders to make "instant credit" decisions.
- **Credit decisions are fairer.**
Using credit scoring, lenders can focus only on the facts related to credit risk, rather than their personal feelings. Factors like your gender, race, religion, nationality and marital status are not considered by credit scoring.
- **Credit "mistakes" count for less.**
If you have had poor credit performance in the past, credit scoring doesn't let that haunt you forever. Past credit problems fade as time passes and as recent good payment patterns show up on your credit report. Unlike so-called "knock out rules" that turn down borrowers based solely on a past problem in their file, credit scoring weighs all of the credit-related information, both good and bad, in your credit report.
- **More credit is available.**
Lenders who use credit scoring can approve more loans, because credit scoring gives them more precise information on which to base credit decisions. It allows lenders to identify individuals who are likely to perform well in the future, even though their credit report shows past problems. Even people whose scores are lower than a lender's cutoff for "automatic approval" benefit from scoring. Many lenders offer a choice of credit products geared to different risk levels. Most have their own separate guidelines, so if you are turned down by one lender, another may approve your loan. The use of credit scores gives lenders the confidence to offer credit to more people, since they have a better understanding of the risk they are taking on.
- **Credit rates are lower overall.**
With more credit available, the cost of credit for borrowers decreases. Automated credit processes, including credit scoring, make the credit granting process more efficient and less costly for lenders, who in turn have passed savings on to their customers. And by controlling credit losses using scoring, lenders can make rates lower overall. Mortgage rates are lower in the United States than in Europe, for example, in part because of the information - including credit scores - available to lenders here. Knowing and improving your score can also lead to more favorable interest rates. [Check out an example of the national averages of interest rates and see exactly how much money you might be able to save.](#)

Improving Your FICO® Score

It's important to note that raising your score is a bit like losing weight: It takes time and there is no quick fix. In fact, quick-fix efforts can backfire. The best advice is to manage credit responsibly over time. [See how much money you can save](#) by just following these tips and raising your score.

Payment History Tips

- **Pay your bills on time.**
Delinquent payments and collections can have a major negative impact on your score.
- **If you have missed payments, get current and stay current.**
The longer you pay your bills on time, the better your score.
- **Be aware that paying off a collection account will not remove it from your credit report.**
It will stay on your report for seven years.
- **If you are having trouble making ends meet, contact your creditors or see a legitimate credit counselor.**
This won't improve your score immediately, but if you can begin to manage your credit and pay on time, your score will get better over time.

Amounts Owed Tips

- **Keep balances low on credit cards and other "revolving credit".**
High outstanding debt can affect a score.
- **Pay off debt rather than moving it around.**
The most effective way to improve your score in this area is by paying down your revolving credit. In fact, owing the same amount but having fewer open accounts may lower your score.
- **Don't close unused credit cards as a short-term strategy to raise your score.**
- **Don't open a number of new credit cards that you don't need, just to increase your available credit.**
This approach could backfire and actually lower score.

Length of Credit History Tips

- **If you have been managing credit for a short time, don't open a lot of new accounts too rapidly.**
New accounts will lower your average account age, which will have a larger effect on your score if you don't have a lot of other credit information. Also, rapid account buildup can look risky if you are a new credit user.

New Credit Tips

- **Do your rate shopping for a given loan within a focused period of time.**
FICO® scores distinguish between a search for a single loan and a search for many new credit lines, in part by the length of time over which inquiries occur.
- **Re-establish your credit history if you have had problems.**
Opening new accounts responsibly and paying them off on time will raise your score in the long term.
- **Note that it's OK to request and check your own credit report.**
This won't affect your score, as long as you order your credit report directly from the credit reporting agency or through an organization authorized to provide credit reports to consumers.

Types of Credit Use Tips

- **Apply for and open new credit accounts only as needed.**
Don't open accounts just to have a better credit mix - it probably won't raise your score.
- **Have credit cards - but manage them responsibly.**
In general, having credit cards and installment loans (and paying timely payments) will raise your score. Someone with no credit cards, for example, tends to be higher risk than someone who has managed credit cards responsibly.
- **Note that closing an account doesn't make it go away.**
A closed account will still show up on your credit report, and may be considered by the score.

Facts & Fallacies

Fallacy: My score determines whether or not I get credit.

Fact: Lenders use a number of facts to make credit decisions, including your FICO score. Lenders look at information such as the amount of debt you can reasonably handle given your income, your employment history, and your credit history. Based on their perception of this information, as well as their specific underwriting policies, lenders may extend credit to you although your score is low, or decline your request for credit although your score is high.

Fallacy: A poor score will haunt me forever.

Fact: Just the opposite is true. A score is a "snapshot" of your risk at a particular point in time. It changes as new information is added to your bank and credit bureau files. Scores change gradually as you change the way you handle credit. For example, past credit problems impact your score less as time passes. Lenders request a current score when you submit a credit application, so they have the most recent information available. Therefore by taking the time to improve your score, you can qualify for more favorable interest rates. [See how improved scores can lead to savings.](#)

Fallacy: Credit scoring is unfair to minorities.

Fact: Scoring considers only credit-related information. Factors like gender, race, nationality and marital status are not included. In fact, the Equal Credit Opportunity Act (ECOA) prohibits lenders from considering this type of information when issuing credit. Independent research has been done to make sure that credit scoring is not unfair to minorities or people with little credit history. Scoring has proven to be an accurate and consistent measure of repayment for all people who have some credit history. In other words, at a given score, non-minority and minority applicants are equally likely to pay as agreed.

Fallacy: Credit scoring infringes on my privacy.

Fact: Credit scoring evaluates the same information lenders already look at - the credit bureau report, credit application and/or your bank file. A score is simply a numeric summary of that information. Lenders using scoring sometimes ask for less information - fewer questions on the application form, for example.

Fallacy: My score will drop if I apply for new credit.

Fact: If it does, it probably won't drop much. If you apply for several credit cards within a short period of time, multiple requests for your credit report information (called "inquiries") will appear on your report. Looking for new credit can equate with higher risk, but most credit scores are not affected by multiple inquiries from auto or mortgage lenders within a short period of time. Typically, these are treated as a single inquiry and will have little impact on the credit score.

To Obtain a Copy of Your Credit Report:

Equifax	1-800-685-1111	www.equifax.com
TransUnion	1-800-888-4213	www.transunion.com
Experian	1-888-397-3742	www.experian.com

In Writing: Equifax Information Services
P.O. Box 740241
Atlanta, GA 30374-0241

To Dispute Information on Your Credit Report to Equifax:

In Writing: Equifax
P.O. Box 740256
Atlanta, GA 30374-0256

Internet: www.equifax.com / Personal Solutions / Online Dispute

To Report Fraud to the Credit Vendors:

Equifax	1-800-525-6285
TransUnion	1-800-680-7289
Experian	1-888-397-3742

Consumer may request to have a "Fraud Victim Statement" placed on their Credit File. Consumer also has the ability to request a "Consumer Statement" be placed on their file i.e. "My ID was stolen Dec. 2004; please call (phone number) before issuing credit".

Note: Consumer only needs to contact one of the 3 credit bureaus and that particular credit bureau will share the consumer's fraud alert request and their information with the other two credit bureaus.

To Obtain Your Annual Free Credit Report From Equifax, TransUnion or Experian:

www.annualcreditreport.com

Toll Free: 877-322-8228

**Write to: Annual Credit Report Request Service
P O Box 105281
Atlanta, GA 30348-5281**

To Stop all Solicitations

In your request state your name, home address and phone number with area code and your signature. The Direct Marketing Association keeps your request on file for 5 years at no charge to you and at the end of the five years you may send in another request.

For Mail:

**Send a request to: Mail Preference Service
Direct Marketing Association
P.O. Box 9008
Farmingdale, NY 11735-9008**

For Telephone:

**Send a request to: Telephone Preference Service
Direct Marketing Association
P.O. Box 9014
Farmingdale, NY 11735-901**

Tennessee Do Not Call Registry: 1-877-872-7030
National Do Not Call Registry: 1-888-382-1222 (www.donotcall.gov)