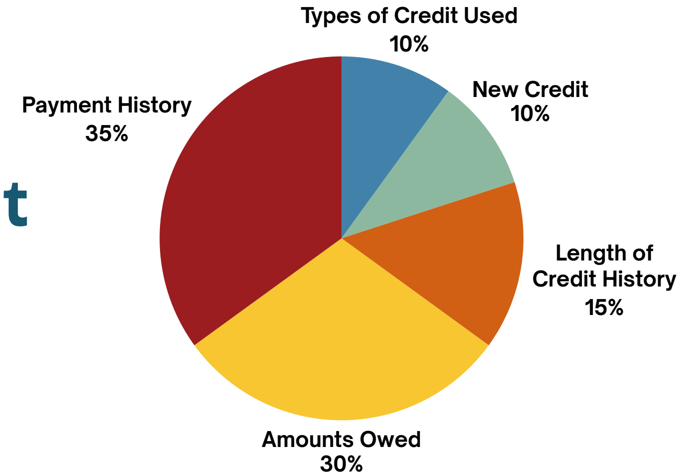
Credit Score Tips

The 5 Main Credit Score Factors



"When it comes to mortgages, auto lending and credit cards, the higher your score, the lower the interest rate you're going to pay," according to credit scoring company Fair Isaac (FICO).

Your credit score can also affect your car and home insurance rates, utility deposits and down payment amounts.

- FICO is the most popular credit scoring model. It is designed to be a risk predictor for potential default.
- FICO scores range from 300-850. The higher your score, the better.
- There is no score number that is universally accepted by potential lenders to automatically give you a loan or credit card. It varies from lender to lender.
- Just one late payment might lower your score by 100 points or more. However, FICO weighs recent problems more heavily than mistakes made several years ago.
- The lower your credit card balances, the higher your FICO score will be. Using half or more of your available credit line can significantly lower your score.
- FICO scoring is all about how you use credit. Having savings, investment & retirement accounts and making a big salary are good things, but they don't improve your score (but it will impress a loan officer).
- FICO says closing a credit card account will never help your score and will generally hurt it – especially if you close a card account you've had for years.
- You don't lose points off of your score for obtaining a copy of your credit report from the credit bureaus. That is a credit myth.

CCOA offers a Credit Report Review in which a Certified Credit Counselor will discuss your credit report and credit score with you. Contact us for an appointment.

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(479) 521-8877
1-800-889-4916
www.ccoacares.com
contactus@ccoacares.com