

# Understanding your credit score.

Fast. Easy. Home.

## What is a credit score and why does it matter?

Your credit score is a three-digit number derived from detailed information about your credit history, and it can be one of your most valuable assets. Your credit score will play an important role in your financial future: it can mean the difference between being able to purchase a home with a mortgage or having to continue renting. Various organizations provide different credit scores, though all are similarly calculated. The FICO® score is the best known and most widely used credit score. A FICO® score ranges from 300 to 850. Borrowers with scores of 740 and higher are typically entitled to the best interest rates.

### How a credit score breaks down.

#### Payment History

The first thing any lender wants to know is whether you've paid past credit accounts on time. This is one of the most important factors in a credit score.

#### Amounts Owed

Having credit accounts and owing money on them does not necessarily mean you are a high risk borrower. However, when a high percentage of a person's available credit has been used, this can indicate that a person is overextended.

#### Length of Credit History

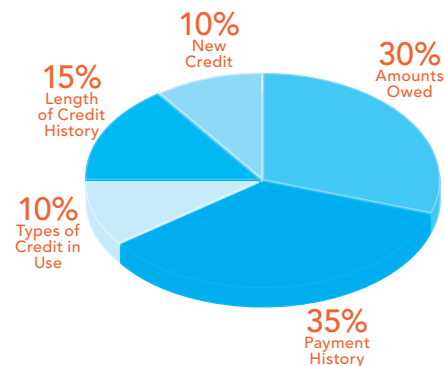
In general, a longer credit history will increase your credit scores.

#### Types of Credit in Use

Credit scores will consider your mix of credit cards, retail accounts, installments loans, finance company accounts and mortgage loans.

#### New Credit

Research shows that opening several accounts in a short period of time represents a greater risk – especially for people who don't have a long credit history.



### Tips to improve your credit score.

- Always pay your bills on time.
- Pay down your credit card balances.
- Never max out your credit cards.
- Pay off debt rather than moving it around.
- Don't open more credit cards than you need.
- Shop for loans within a focused period of time.
- Regularly check your credit report.

### Credit Reporting Agencies

You can check your credit report annually for free from each repository below.

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



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