

# FIVE *factors of* CREDIT SCORES



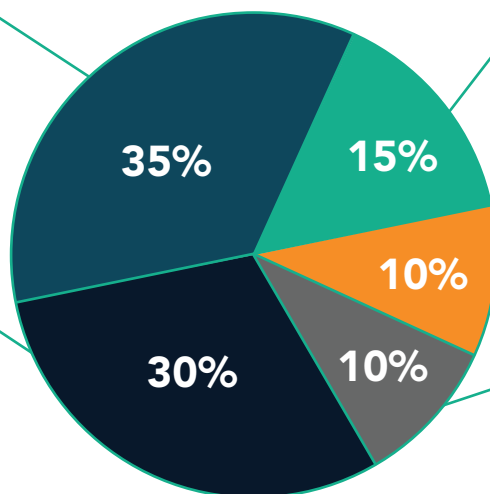
Points are awarded for each component, and a HIGH SCORE is most favorable.

## 1. PAYMENT HISTORY

Paying off debts on time has the greatest positive impact on your credit score. Late payments, judgments, collections, etc., all have a negative impact. Recent delinquencies (in the last two years) carry more weight.

## 2. OUTSTANDING CREDIT CARD BALANCES

This factor marks the ratio between the amount owed and the remaining available credit. Your goal should be to keep your credit balance below 30% of the credit limit at all times. Ideally, you should keep balances as close to zero as possible.



## 3. CREDIT HISTORY

This portion of the credit score indicates the length of time since a particular credit line was established.

## 4. TYPES OF CREDIT

A good mix of credit, which includes three to five open, active accounts with a mixture of installment and revolving is best.

## 5. INQUIRIES

This percentage of the credit score quantifies the number of inquiries made to your credit within a 12-month period. Each new credit inquiry, or "hard" inquiry, can reduce points from your score. Personal inquiries, or "soft" inquiries, do not impact your score.

*How to*  
*improve your*  
**CREDIT SCORE**

1. Check your credit
2. Set up payment reminders to stay current
3. Reduce the amount of debt you owe
4. Keep low balances on credit cards
5. Rate shop for a given loan within a focused period of time
6. Apply for and open new credit accounts only as needed
7. Closing an account doesn't make it go away

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