



The Path to Better Credit

Understanding your credit score can help turn around your old score faster than you thought.

Range of Score:

- 730-850=A+
- 680-729=A
- 640-679=B
- 600-639=C
- 550-599=D
- Below 549=E
- No Score=F

**A higher score
generally
makes your
loan cost less!**

What makes up your credit score?

- 35%= Payment history (i.e. on-time pays or delinquencies)
 - Current payments weighted more
- 30%= Amount owed (a.k.a capacity)
- 15%= Length of credit
- 10%= New credit (accumulation of debt in the last 12-18 months)
 - # of inquiries
 - Opening dates
- 10%= Type of credit
 - Installment (can raise) vs. revolving (can lower)
 - Finance company loans can lower your score

What actions will hurt your score?

- Missing payments
- Credit cards at capacity (i.e. maxing out credit cards)
- Shopping for credit excessively
- Opening up numerous trades in short time frame
- Having more revolving debts in relation to installment debts
- Closing credit cards out (this could lower available capacity)
- Borrowing from finance companies

How can you improve your score?

- Pay off or pay down your credit cards
- Do not normally close credit cards as it may decrease your capacity. The exception is if you had a bad experience with credit cards and you don't want to go down that road again.
- Moving your revolving debt into installment debt
- Continue to make payments on time (older payments will become less significant with time)
- Slow down on opening new accounts
- Acquire a solid credit history with years of experience