

→ Understanding your Credit Score

1. Range of Scores:

- 730-830 = A+ or Platinum
- 680-729 = A
- 640-679 = B
- 600-639 = C
- 550-599 = D
- 549 & Below = E

2. What Makes Up Your Credit Score?

- 35 % = Based on payment history (i.e. on-time pays or delinquencies)
- 30 % = Capacity (capacity is King)
- 15 % = Length of credit
- 10 % = Accumulation of debt in the last 12-18 months
 - Number of inquiries
 - Opening dates
- 10 % = Mix of credit
 - Installment (can rise) vs. revolving (can lower)
 - Finance company loans can lower your score

3. What Action Will Hurt Your Score?

- Missing payments (Regardless of dollar amounts, it can take 24 months to restore credit with one late payment)
- Credit cards at capacity excessively
- Opening up numerous trades in a 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

4. How Can You Improve Your Score?

- Pay off or pay down on your credit cards
- Do not close credit cards because capacity may decrease
- Move your revolving debt into installment debt
- Continue to make payments on time (older late pay will become less significant with time)
- Slow down on opening new accounts
- Acquire a solid credit history with years of experience

5. Approximate Credit Weight for Each Year:

- 40 % = Current to 12 months
- 30 % = 13-24 months
- 20 % = 25-36 months
- 10 % = 37+ months