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| **FICO Credit Score**    **FICO stands for Fair, Isaac & Company** and is the name of the most well known credit scoring system. **The higher your score, the more credit worthy you** are assumed to be by FICO.  Your complete credit profile is reviewed and assigned a score, which is used to estimate credit worthiness.  **Question: Why should you know your credit score?**  Lenders check your FICO score when you apply for any type of major credit. Knowing your score is an important step in the mortgage process. It is important to know how scoring works and how to improve your score from FICO.  **Question: What is my FICO score and How can I improve it?**  It is best to review your credit before you look for a home. You can then make corrections and make sure your loan is based on the most accurate information.  Your score can only be changed by the way that payments are reported directly to the 3 major credit bureaus. Confirmation from the creditor in writing is required.  **Question: How is my score determined?**  Your FICO score is made up of 5 main components:   1. Credit inquiries make up about 10% of your score. Multiple inquiries can be seen as a negative if several credit cards are applied for at one time, especially if other accounts are close to their credit limit. Several inquiries within a 14 day period for a specific loan are only counted as one inquiry. 2. The types of credit you have is about 10% of the score. The stricter the credit requirements of your lending institution, the better it is for you. 3. The length of your credit history is about 15% of your score. The longer your credit has been established, the better it is for you. Opening new accounts and closing proven accounts can bring down your score. 4. Your everyday credit use constitutes about 30% of your score. Lower balances on credit cards is better than higher balances closer to your credit limit. 5. Your past payment history is around 35% of the score. The fewer late payments you have, the better your score will be. Recent late payments will have more negative impact than credit problems in the past. |