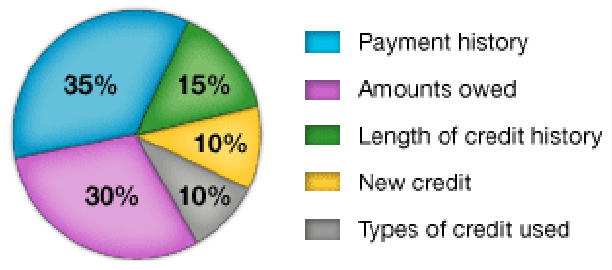
# What’s in my FICO Score

## How my FICO Score is calculated

**The FICO® Score is calculated from several different pieces of credit data in your credit report. This data is grouped into five categories as outlined below. The percentages in the chart reflect how important each of the categories is in determining how your FICO Score is calculated.**

**Your FICO Score considers both positive and negative information in your credit report. Late payments will lower your FICO Score, but establishing or re-establishing a good track record of making payments on time will raise your score.**

**How a FICO Score breaks down**




**These percentages are based on the importance of the five categories for the general population. For particular groups—for example, people who have not been using credit long—the relative importance of these categories may be different.**

## What's not in my FICO Score

**FICO scores consider a wide range of information on your credit report. However, they do not consider:**

- **Your race, color, religion, national origin, sex and marital status.**
  **US law prohibits credit scoring from considering these facts, as well as any receipt of public assistance, or the exercise of any consumer right under the Consumer Credit Protection Act.**
- **Your age.**
  **Other types of scores may consider your age, but FICO scores don't.**
- **Your salary, occupation, title, employer, date employed or employment history.**
  **Lenders may consider this information, however, as may other types of scores.**
- **Where you live.**
- **Any interest rate being charged on a particular credit card or other account.**

- **Any items reported as child/family support obligations or rental agreements.**
- **Certain types of inquiries (requests for your credit report).**
  **The score does not count "consumer-initiated" inquiries – requests you have made for your credit report, in order to check it. It also does not count "promotional inquiries" – requests made by lenders in order to make you a "pre-approved" credit offer – or "administrative inquiries" – requests made by lenders to review your account with them. Requests that are marked as coming from employers are not counted either.**
- **Any information not found in your credit report.**
- **Any information that is not proven to be predictive of future credit performance.**
- **Whether or not you are participating in a credit counseling of any kind.**

# How to repair my credit and improve my FICO credit score

**It's important to note that repairing bad credit is a bit like losing weight: It takes time and there is no quick way to fix a credit score. In fact, out of all of the ways to improve a credit score, quick-fix efforts are the most likely to backfire, so beware of any advice that claims to improve your credit score fast. The best advice for rebuilding credit is to manage it responsibly over time. If you haven't done that, then you need to repair your credit history before you see credit score improvement. The tips below will help you do that. They are divided up into categories based on the data used to calculate your credit score.**

# 3 Important Things You Can Do Right Now

1. **Check Your Credit Report – Credit score repair begins with your credit report. If you haven't already, request a free copy of your credit report and check it for errors. Your credit report contains the data used to calculate your score and it may contain errors. In particular, check to make sure that there are no late payments incorrectly listed for any of your accounts and that the amounts owed for each of your open accounts is correct. If you find errors on any of your reports, dispute them with the credit bureau and reporting agency.**

2. **Setup Payment Reminders – Making your credit payments on time is one of the biggest contributing factors to your credit score. Some banks offer payment reminders through their online banking portals that can send you an email or text message reminding you when a payment is due. You could also consider enrolling in automatic payments through your credit card and loan providers to have payments automatically debited from your bank account, but this only makes the minimum payment on your credit cards and does not help instill a sense of money management.**

3. **Reduce the Amount of Debt You Owe – This is easier said than done, but reducing the amount that you owe is going to be a far more satisfying achievement than improving your credit score. The first thing you need to do is stop using your credit cards. Use your credit report to make a list of all of your accounts and then go online or check recent statements to determine how much you owe on each account and what interest rate they are charging you. Come up with a payment plan that puts most of your available budget for debt payments towards the highest interest cards first, while maintaining minimum payments on your other accounts.**

# More Tips on How to Fix a Credit Score & Maintain Good Credit

## Payment History Tips

**Contributing 35% to your score calculation, this category has the greatest effect on improving your score, but past problems like missed or late payments are not easily fixed.**

- **Pay your bills on time.**
  **Delinquent payments, even if only a few days late, and collections can have a major negative impact on your FICO score.**
- **If you have missed payments, get current and stay current.**
  **The longer you pay your bills on time after being late, the more your FICO score should increase. Older credit problems count for less, so poor credit performance won't haunt you forever. The impact of past credit problems on your FICO score fades as time passes and as recent good payment patterns show up on your credit report. And good FICO scores weigh any credit problems against the positive information that says you're managing your credit well.**
- **Be aware that paying off a collection account will not remove it from your credit report.**
  **It will stay on your report for seven years.**
- **If you are having trouble making ends meet, contact your creditors or see a legitimate credit counselor.**
  **This won't rebuild your credit score immediately, but if you can begin to manage your credit and pay on time, your score should increase over time. And seeking assistance from a credit counseling service will not hurt your FICO score.**

# Amounts Owed Tips

**This category contributes 30% to your score's calculation and can be easier to clean up than payment history, but that requires financial discipline and understanding the tips below.**

- **Keep balances low on credit cards and other "revolving credit".**
  **High outstanding debt can affect a credit score.**
- **Pay off debt rather than moving it around.**
  **The most effective way to improve your credit score in this area is by paying down your revolving (credit cards) debt. In fact, owing the same amount but having fewer open accounts may lower your score.**
- **Don't close unused credit cards as a short-term strategy to raise your score.**
- **Don't open a number of new credit cards that you don't need, just to increase your available credit.**
  **This approach could backfire and actually lower your credit score.**

# Length of Credit History Tips

- **If you have been managing credit for a short time, don't open a lot of new accounts too rapidly.**
  **New accounts will lower your average account age, which will have a larger effect on your score if you don't have a lot of other credit information. Also, rapid account buildup can look risky if you are a new credit user.**

# New Credit Tips

- **Do your rate shopping for a given loan within a focused period of time.**
  **FICO scores distinguish between a search for a single loan and a search for many new credit lines, in part by the length of time over which inquiries occur.**
- **Re-establish your credit history if you have had problems.**
  **Opening new accounts responsibly and paying them off on time will raise your credit score in the long term.**
- **Note that it's OK to request and check your own credit report.**
  **This won't affect your score, as long as you order your credit report directly from the credit reporting agency or through an organization authorized to provide credit reports to consumers.**

# Types of Credit Use Tips

- **Apply for and open new credit accounts only as needed.**
  **Don't open accounts just to have a better credit mix – it probably won't raise your credit score.**
- **Have credit cards – but manage them responsibly.**
  **In general, having credit cards and installment loans (and paying timely payments) will rebuild your credit score. Someone with no credit cards, for example, tends to be higher risk than someone who has managed credit cards responsibly.**
- **Note that closing an account doesn't make it go away.**
  **A closed account will still show up on your credit report, and may be considered by the score.**

**To summarize, "fixing" a credit score is more about fixing errors in your credit history (if they exist) and then following the guidelines above to maintain consistent, good credit history. Raising your score after a poor mark on your report or building credit for the first time will take patience and discipline.**

# How credit scoring helps me

**Credit scores give lenders a fast, objective measurement of your credit risk. Before the use of scoring, the credit granting process could be slow, inconsistent and unfairly biased.**

**Credit scores – especially FICO® scores, the most widely used credit bureau scores – have made big improvements in the credit process. Because of credit scores:**

- **People can get loans faster.**
  **Scores can be delivered almost instantaneously, helping lenders speed up loan approvals. Today many credit decisions can be made within minutes. Even a mortgage application can be approved in hours instead of weeks for borrowers who score above a lender's “score cutoff”. Scoring also allows retail stores, Internet sites and other lenders to make “instant credit” decisions.**
- **Credit decisions are fairer.**
  **Using credit scoring, lenders can focus only on the facts related to credit risk, rather than their personal feelings. Factors like your gender, race, religion, nationality and marital status are not considered by credit scoring.**
- **Credit “mistakes” count for less.**
  **If you have had poor credit performance in the past, credit scoring doesn't let that haunt you forever. Past credit problems fade as time passes and as recent good payment patterns show up on your credit report. Unlike so-called “knock**

**out rules" that turn down borrowers based solely on a past problem in their file, credit scoring weighs all of the credit-related information, both good and bad, in your credit report.**

- **More credit is available.**
  **Lenders who use credit scoring can approve more loans, because credit scoring gives them more precise information on which to base credit decisions. It allows lenders to identify individuals who are likely to perform well in the future, even though their credit report shows past problems. Even people whose scores are lower than a lender's cutoff for "automatic approval" benefit from scoring. Many lenders offer a choice of credit products geared to different risk levels. Most have their own separate guidelines, so if you are turned down by one lender, another may approve your loan. The use of credit scores gives lenders the confidence to offer credit to more people, since they have a better understanding of the risk they are taking on.**
- **Credit rates are lower overall.**
  **With more credit available, the cost of credit for borrowers decreases. Automated credit processes, including credit scoring, make the credit granting process more efficient and less costly for lenders, who in turn have passed savings on to their customers. And by controlling credit losses using scoring, lenders can make rates lower overall. Mortgage rates are lower in the United States than in Europe, for example, in part because of the information - including credit scores - available to lenders here. Knowing and improving your score can also lead to more favorable interest rates.**

# Credit billing & EFT statements – know my rights

**It is important to check credit billing and electronic fund transfer (EFT) account statements regularly. These documents may contain mistakes that could damage your credit status or reflect improper charges or transfers. If you find an error or discrepancy, notify the company and contest the error immediately.**

**The Fair Credit Billing Act (FCBA) and Electronic Fund Transfer Act (EFTA)establish procedures for resolving mistakes on credit billing and electronic fund transfer account statements, including:**

- **Charges or electronic fund transfers that you – or anyone you have authorized to use your account – have not made.**
- **Charges or electronic fund transfers that are incorrectly identified or show the wrong amount or date.**
- **Computation or similar errors.**

- **Failure to reflect payments, credits, or electronic fund transfers properly.**

- **Not mailing or delivering credit billing statements to your current address, as long as that address was received by the creditor in writing at least 20 days before the billing period ended.**

- **Charges or electronic fund transfers for which you request an explanation or documentation, due to a possible error.**

**The FCBA generally applies only to "open end" credit accounts – credit cards, revolving charge accounts (such as department store accounts), and overdraft checking accounts. It does not apply to loans or credit sales that are paid according to a fixed schedule until the entire amount is paid back, such as an automobile loan. The EFTA applies to electronic fund transfers, such as those involving automatic teller machines (ATMs), point-of-sale debit transactions, and other electronic banking transactions.**

# Credit applications – know my rights

**When creditors evaluate a credit application, they cannot lawfully engage in discriminatory practices.**

**The Equal Credit Opportunity Act (ECOA) prohibits credit discrimination on the basis of sex, race, marital status, religion, national origin, age, or receipt of public assistance. Creditors may ask for this information (except religion) in certain situations, but may not use it to discriminate when deciding whether to grant you credit.**

**The ECOA protects consumers who deal with companies that regularly extend credit, including banks, small loan and finance companies, retail and department stores, credit card companies, and credit unions. Everyone who participates in the decision to grant credit, including real estate brokers who arrange financing, must follow this law. Businesses applying for credit also are protected by this law.**

**Your rights under the Equal Credit Opportunity Act:**

- **You cannot be denied credit based on your race, sex, marital status, religion, age, national origin, or receipt of public assistance.**

- **You have the right to have reliable public assistance considered in the same manner as other income.**

- **If you are denied credit, you have a legal right to know why.**