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## My FICO Score Broken Down

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| <b>How Your Score Breaks Down:</b> | <b>35% Payment History</b>          |
|                                    | <b>30% Amounts Owed</b>             |
|                                    | <b>15% Length of Credit History</b> |
|                                    | <b>10% New Credit</b>               |
|                                    | <b>10% Types of Credit in Use</b>   |

### I. Payment History

The first thing that any lender will want to know is whether you have paid past credit accounts on time. This is one of the most important factors in a credit score; therefore, it carries the most weight.

Late payments are not an automatic death sentence to the consumer seeking to gain new credit opportunities. An overall good credit picture can outweigh one or two instances of late credit payments. However, having no late payments on your credit report does not mean you will get a perfect score. Your history is only one part of the five criteria, and these are the things to consider for this section.

- Payment information on many types of accounts. These would include credit cards like Visa, MasterCard, American Express, and Discover; retail accounts that are credit accounts from stores where you do business; installment loans such as car notes, finance company accounts and mortgages.
- Public records and collection items; reports of events such as bankruptcies, foreclosures, suits, wage attachments, liens, and judgments.
- Details on late or missed payments, otherwise known as delinquencies, and public record and collection items.
- How many accounts show no late payments?

### II. Amounts Owed

How much is too much? That is the question that the credit score takes into account when trying to compute this part of the overall equation. Having credit accounts and owning money on them does not mean you are a high-risk borrower with a low score. However, owing a great deal of money on many accounts can indicate that a person is overextended. These are the things considered in this section.

- The amount owed on all accounts.
- The amount owed on all accounts, and on different types of accounts.
- Whether you are showing a balance on certain types of accounts.
- How many accounts have balances?
- How much of the total credit line is being used on credit cards and other revolving credit type accounts.
- How much of installment loan accounts are still owed, compared with the original loan amounts.

### **III. Length of Credit History**

How long have you had credit? For the most part, a longer credit history will increase your score. Borrowers can get high scores though depending on how the rest of the credit report looks. These are the things considered in this section.

- How long your credit accounts in general have been established.
- How long specific credit accounts have been established.
- How long it has been since you used certain accounts.

### **IV. New Credit**

Are you taking on additional debt? How quickly you apply for multiple lines of credit can affect your overall credit score in this area. When a borrower requests multiple forms of credit quickly, it sends up a red flag and they become a greater credit risk. These are the things considered in this section.

- How many new accounts you have?
- How long it has been since you opened a new account.
- How many recent inquiries for credit you have made, as indicated by inquiries to the credit reporting agencies.
- Length of time since credit report inquiries were made by lenders.
- Whether you have a good recent credit history, following past payment problems.

### **V. Types of Credit in Use**

Are the types of credit that you have opened a healthy mix? This part of your score will consider your mix of credit cards, retail accounts, installment loans, finance company accounts, and mortgage loans. It is not necessary to open credit accounts in each category, and it is not a good idea to open up accounts that you do not intend to use. Your score in this section will take this into consideration.

- What kinds of credit accounts you have, and how many of each.

### **VI. What Your FICO Score Ignores**

- Your race, color, religion, national origin, sex and marital status.
- Your Age
- Your salary, occupation, title, employer, date employed or employment history.
- Where you live.
- Any interest rate being charged on a particular credit card or other account.
- Certain types of inquiries (requests for your credit report or score).
- Any information not found in your credit report.
- Any information that is not proven productive of future credit performance.