



Credit Score Basics



PLATINUM
HOME MORTGAGE

CREDIT SCORE BASICS

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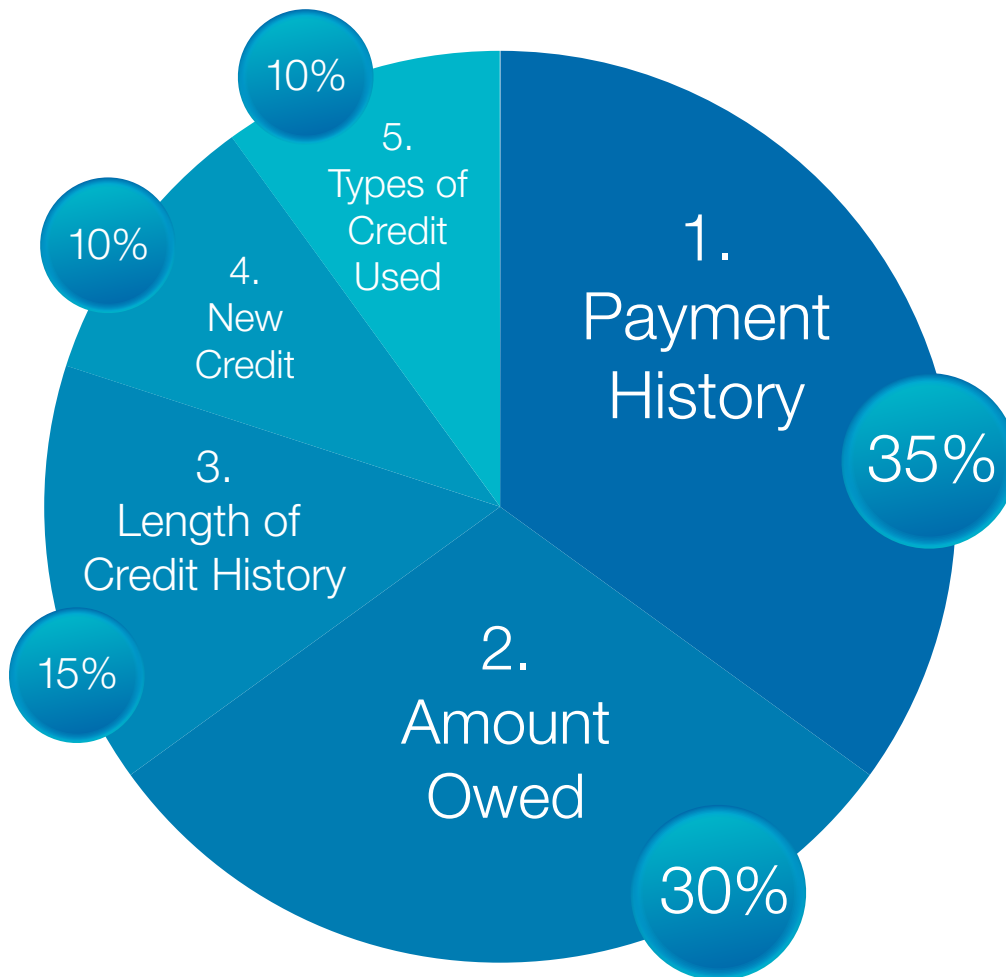


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Credit Score Basics

5 Elements that make up a credit score and the percentage of importance



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1. Payment History

A payment history on all your credit accounts is the most important element of determining your credit score.

- Accounts include:
 - Credit cards
 - Retail store
 - Installment loans
 - Finance company loans
 - Mortgage loans
- Public records will be searched for bankruptcies, foreclosures, lawsuits, wage attachments, liens and judgments which can **decrease** your score.
- Payments made on time will **increase** your credit score.
- Late or missed payments on accounts will **decrease** your score. Details such as how late, the amount, how often and how recently you were late or missed a payment will also affect your score.

2. Amount Owed

Not only will the total dollar amount of your debt affect your score, but so will details about the debt such as:

- the percentage of your available credit line used
- the number of accounts to which you owe money
- the kinds of accounts to which you owe money
- the amount owed on an account relative to the original loan amount

A lower percentage of credit used demonstrates your ability to manage credit and will help **increase** your score. Maxed out credit lines on multiple accounts may indicate high risk of default and **decrease** your score.

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3. Length of Credit History

The length of your credit history and the ages of your various accounts affect your credit score.

An older active account that shows your history of credit worthiness will help **increase** your score.

4. New Credit

New accounts that you have recently opened will be analyzed. Your score can be affected by the number of new accounts, the percent of new-to-old accounts and the number of recent credit inquiries.

Too much recent activity can be a detriment and **decrease** your score. A new account that re-establishes credit by making consistent on-time payments can overcome past poor credit history and **increase** your score.

5. Types of Credit Used

The number and mix of credit types will also influence your credit score. Types can include credit cards, retail accounts and installment loans.

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- Questions to Expect During the Home Loan Process
- Document Requirements for Your Home Loan
- The Difference Between Home Inspection and Home Appraisal

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