

CREDIT SCORES

Your credit score is a numerical representation of your statistical likelihood to repay credit that is extended to you. Scores range from 300-850. Your score is a “snapshot” of a specific moment and can change with new actions and the passage of time.

Until recently, the secrets of credit score calculation have been very closely guarded. We can now estimate how your score is put together.

Payment history = 35%

- Do you pay your credit on time?
- Length of positive credit history
- Severity & quantity of delinquencies

Amount owed = 30%

- Quantity of credit Accounts – too many credit cards with balances can lower a score.

Length of credit history = 15%

- The longer the history, the better.
- How long have your credit accounts been established?
- How long has it been since you used certain accounts?

New Credit = 10%

- Research shows that opening several credit accounts in a short period of time does represent greater risk – especially for people who do not have a long established credit history.

Types of Credit in use (Healthy mix) = 10%

- 2 installment loans
- 3 revolving accounts with balances
- Balances on revolving debt below 30% of the high credit
- No collection accounts
- No public records
- No foreclosures
- No late payments

Tipping the scales in your favor



- Pay all your bills on time or early. Even a 30 day late on a small credit card can have a significant negative impact on your scores.
- Don't co-sign loans – *their late payments are yours!*
- Don't close old revolving accounts no longer in use.
- Don't open new accounts unless absolutely necessary. (Inquiries may or may not affect your score depending on the rest of your credit history.)
- Report fraud immediately. If you find yourself the victim of fraud, immediately contact the credit bureaus, your credit card companies, banks and the FTC at www.ftc.gov.
- Monitor your credit. Order a copy of your credit report once a year from www.annualcreditreport.com.
- If you are planning to refinance or buy a home, do not make any purchases or run up the balances on your credit cards prior to the transaction.

FAQ'S

Will paying off a collection account remove it from my Credit Report?

No, a paid collection will remain on your credit report for seven years from the original date of inception.

If I have a collection, should I pay off the collection agency or the original creditor?

Always pay the collection agency that is collecting for the original creditor.

How can I get accounts removed from my credit report that were awarded to my ex-spouse in the divorce decree?

A divorce degree does not supersede an original contract with a creditor. You must contact each creditor individually and seek the legal bidding release of your obligation.

I have no credit (or only negative credit) and I cannot get a finance company or credit card company to approve me – how can I start to establish credit?

Apply for a secured credit card or have someone add you as an authorized user to one of their existing cards.

How can I get inquiries removed from my credit report that I did not authorize?

You will need to contact the bureaus directly to dispute these items.

Why do Experian, Equifax and Trans Union sometimes have different information?

Creditors voluntarily provide information to the credit bureaus and are not required to report to all three. Some companies do not report to the bureaus at all. The creditors all report information on a national basis, but not always to all of the bureaus.



Avoid Identity Theft

- Monitor your credit report annually!
- Secure your mail
Have it delivered to and mailed from the post office or a secured mail box.
- Electronic keypad signatures
Add the date to the end of your signature.
- Never list your social security number
Never carry it with you!
- Destroy all statements and solicitations
Don't just throw them away — shred, shred, shred!
- Don't leave paper trails
Take all ATM and gas receipts with you.
- Always review your statements
Make sure all of the charges are yours.
- Know who you are dealing with
Don't give out personal information over the phone or internet.
- Know your delivery dates
If the bill isn't there when you expect it — call them.
- Remove bar codes from magazines and shred them
Bar codes can tell volumes about you.
- Keep your medical insurance card safe
Medical ID theft is the newest wave of identity theft.
- If you pay your bills by check
Put your work phone and address on your checks not your personal information.

Additional Resources

www.ftc.gov
Add. Registry 888-832-1222
Opt Out 888-567-8688
www.annualcreditreport.com
www.myfico.com/CreditEducation
www.ftc.gov/bcp/conline/pubs/credit/repair.htm

Advantage Credit Inc. of Colorado offers more than just a credit report.

Credit Analyzer provides easy-to-understand explanations about your credit history, as well as a report helping to identify your potential score improvement and the specific actions necessary.

What-If Simulator allows you to easily explore how different actions may impact credit scores. This simulator allows you to experiment with actions – individually or simultaneously – from making payments to closing accounts, transferring balances, and more. Use it to predict results, develop plans, and make informed decisions for your credit.

Rescore Express can increase scores by correcting errors or updating balances at a bureau level within 72 hours.

Identity Verification is a Trans Union product that verifies names and addresses related to specific social security number, without posting an inquiry to your credit file. This is a fast and low cost way to reduce fraud.

Tax Return Verification (TRV) reports are obtained directly from the IRS, verifying income as well as social security numbers. TRVs are used by mortgage brokers to streamline the loan approval process, while lenders use TRVs as a fraud protection and quality assurance tool.

Automated Valuation Models The Automated Valuation Model (AVM) is a computer generated estimate of home property values. An AVM combines real estate data with property characteristics to generate home value. This product is quickly gaining popularity because of the speed, low cost, and objective neutrality of the AVM versus the traditional appraisal.

Flood Zone Determination Provided by LSI Flood Services, formally Geotrac. Flood Zone Determinations are mandatory reports that determine whether a property is located in areas at high risk of flooding. Now, with the digitization of survey maps and availability of massive map databases, up to 90% of flood zone determinations are automated, with turn around times registering in minutes or less.



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