# How FICO® Scores are Calculated

35%

#### **PAYMENT HISTORY**

- Has credit been paid on time in the past?
- Overall 'good picture' outweighs a few late payments.
- Public records & collection items can have a big negative impact.



15%

# **LENGTH OF CREDIT**

- Longer credit history is generally beneficial.
- Age of oldest, newest & average account are considered.
- How long have specific accounts been established & used?

30%

## **AMOUNT OWED**

- Owing money doesn't necessarily mean high-risk.
- Close to 'maxed out' on available credit could be a sign of being overextended.
- > The number of accounts with balances matters.
- Low usage of revolving debt often benefits credit score vs. no usage.

20%

#### **IN USE & NEW CREDIT**

#### **IN USE**

- Usually not a key factor; more important with shorter credit histories.
- > A mix of different types of credit accounts can help scores.

## **NEW CREDIT**

- > Opening several accounts in a short period of time represents greater risk.
- > Inquiries have a small impact on scores;
- many types of inquiries are ignored.
- FICO scores allow for 'rate shopping.'

# What is NOT part of the FICO Formula?



Age, race, color, religion, national origin, sex & marital status



Where you live



Salary, occupation, employer, date employed or employment history



Your interest rate



Any info not found in your credit report



Items reported as child/family support obligations



Participation in credit counseling of any kind



Certain types of inquiries (requests for your credit report)





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