

UNDERSTANDING YOUR CREDIT SCORE

While there are many factors that go into qualifying you to purchase a home, your credit score is the most important. Use the info below to estimate how your credit score will measure up when applying for a home mortgage loan and other credit opportunities.

WHAT IS A CREDIT SCORE?

A **CREDIT SCORE** is a three-digit proxy representing the health of your full credit report.

THE CREDIT REPORT is a holistic view of your credit showing detailed personal information about your current credit activity and how you've handled debt in the past. Both the report and score are typically sourced from one of the three credit bureaus: **Experian®, Equifax® or TransUnion®**

WHY IS YOUR SCORE IMPORTANT?

Lenders use credit scores to determine who qualifies for a loan (home mortgage, new car, credit cards, etc.), at what interest rate, and what credit limits. In a nutshell, the higher your score, the better you look to potential creditors equaling a lower interest rate and monthly payment cost.

WHAT IS NOT CONSIDERED IN A CREDIT SCORE?

Your race, color, religion, national origin, sex or marital status, age, income, occupation, title, employer, employment history, or where you live.

Note: while income, debt-to-income ratio, or employment history do not feed into your credit score, they may be factors considered by a lender during the loan approval process.

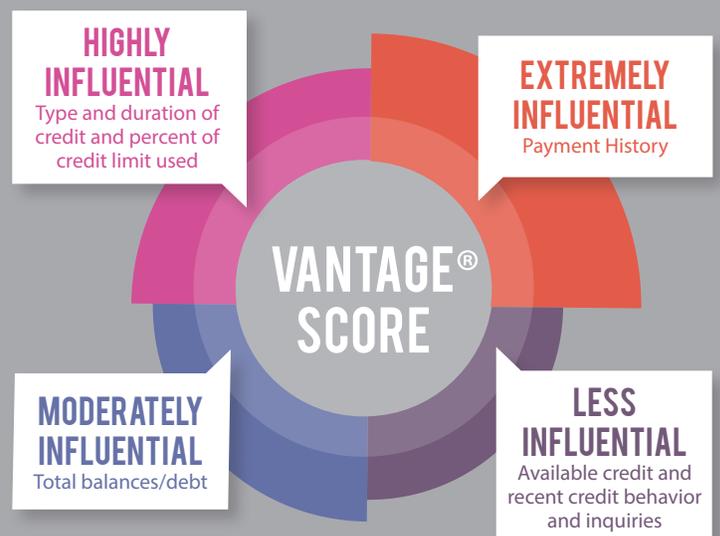
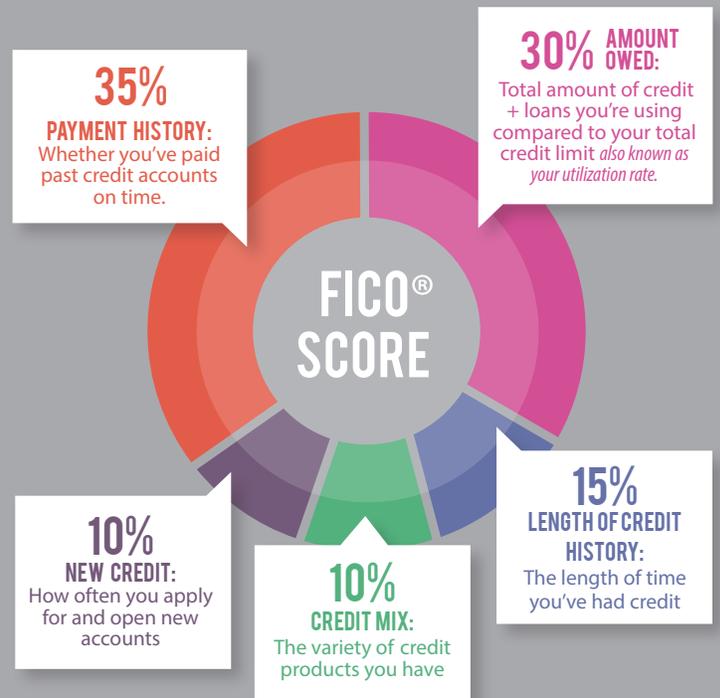
Contrary to urban legend, checking your own credit score does NOT lower it. Checking your own credit report creates a special kind of inquiry (known commonly as a "soft inquiry") that isn't considered in credit score calculations.

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HOW ARE CREDIT SCORES CALCULATED?

There are two main credit scoring models used by different lenders: FICO® and VantageScore®. However, lenders have a clear preference for FICO®; its model is used in over 90% of U.S. lending decisions.





WHAT IS A GOOD CREDIT SCORE?

Scoring models commonly range from 300 to 850. Each lender sets its own standards for what constitutes a good credit score. In general, scores fall along this structure:



VERY POOR
300-579

FAIR
580-669

GOOD
670-739

VERY GOOD
740-799

EXCEPTIONAL
800-850



HOW TO CHECK YOUR CREDIT SCORE

The Fair Credit Reporting Act (FCRA) requires each of the three nationwide credit bureaus to provide you with a FREE credit report, at your request, once every 12 months. Your FREE report does not include your credit score, but you can get your credit score from your credit card company or one of the three major credit reporting agencies: Equifax, Experian, and TransUnion. Fees may apply.

Annual Credit Report.com

The three nationwide credit reporting companies (Equifax, Experian, and TransUnion) have set up a central website where you can order your FREE annual report. Order your reports from each of the three nationwide credit reporting companies at the same time, or a la carte. annualcreditreport.com

Annual Credit Report.com is the only authorized website to fill orders for the FREE annual credit report you are entitled to under law. Read more at: www.consumer.ftc.gov/articles/0155-free-credit-reports

TIPS FOR BUILDING, MAINTAINING, AND REPAIRING YOUR CREDIT SCORE



BE PUNCTUAL

Pay all your bills on time! Late payments and accounts charged off or sent to collections will hurt your score.



MAKE HISTORY

Keep accounts open and active when possible, that gives you a longer payment history and can help your credit utilization.



DON'T BE A CREDIT CARD JUNKIE

Avoid opening too many new accounts at once. New accounts lower your average account age and each application causes a small ding to your score.



MONITOR YOUR CREDIT FILE

Even those with knowingly good credit should track their score! Keeping an eye on your score can alert you quickly to things that might suggest identity theft or fraud, such as new accounts you did not open.

PROTECT YOUR SCORE & IDENTITY

Identity theft is when someone uses your personal information without your permission. They may open a credit card account, get a loan, or access bank accounts using your name. Too often you don't know it's happened until you see your credit report, are notified when trying to apply for credit, or get called by a debt collector.

Legit credit bureaus will NOT send you emails asking for personal information. If you get an email, a pop-up ad, or get a phone call claiming to be from annualcreditreport.com or any of the three nationwide credit reporting companies, do NOT reply or click on any link in the message. It's probably a scam.



A FRAUD ALERT activation will protect your credit from unverified access for one year, but allows creditors to get a copy of your credit report as long as they take steps to verify your identity.



A CREDIT FREEZE locks down your credit by restricting credit report access, making it difficult for identity thieves to open new accounts in your name.

HOW TO APPLY A FRAUD ALERT OR FREEZE

Visit each of the credit bureau websites separately.

Equifax www.equifax.com

Experian www.experian.com

TransUnion www.transunion.com



CREDIT REPAIR SERVICES

For a fee, credit repair companies work with the credit bureaus and your creditors to challenge the negative report items that affect your credit score. They ensure your credit history is up-to-date, accurate and honestly reflects your finances. The companies below have a great reputation for success and operate nationwide.

Credit Security Group <https://creditsecuritygroup.com>

The Phenix Group <https://thephenixgroup.com>

Rising Point Solutions www.risingpointsolutions.com

Synergy Credit Pros www.SynergyCreditPros.com

White, Jacobs & Associates www.whitejacobs.com