



important facts about credit
CREDIT-ED

Everything you need to know
about credit management!

Topic: Your Credit Score Demystified
Brought to you by **Niche Lending**

Why It Matters: Your credit score is what lenders use to determine whether or not to give you a loan or a line of credit. Everyone should be aware of their score, but it is also important to know how your score is determined. There are also some basic things everyone should do to achieve and maintain good credit.

What You Need to Know:

- What is the credit score range? Generally, scores range between 350 and 850.
- What is a good credit score? Usually a score of 720 or higher is best.
- What makes up a FICO, or credit, score? The breakdown of a FICO score is as follows:

35%-Payment history
30%-Amounts owed
15%-Length of credit history
10%-Types of credit
10%-New credit

- Should a person pay off their debt? If you are pursuing a loan, then you should pay off any unsecured, or credit card debt.
- How many credit cards should a person have? New credit users should have no more than two to three. Seasoned credit users with a good history can have anywhere from 5-7 and be safe, although we don't recommend this. Opening too many accounts over a short period of time red flags your file.
- What balance should I carry on my credit cards to maximize my credit score? You should have a very low or zero balance on your credit cards. If you do carry a balance, it should be no more than 30% of the card's limit.
- Should I close any of my credit cards? It may seem like a good idea to open all credit cards offered to you. But creditors look at your potential for debt when considering you for credit. However, once the account is open, the damage is done. Closing credit card accounts will bring **DOWN** your credit score. When and if you do close credit card accounts, close the newest ones with the lowest limits first.
- How do inquiries affect your credit score? An inquiry can affect your score anywhere from 2 to 30+ points, depending on other factors in the report. But only inquiries you make for new credit affect your score.
- Is your FICO score affected if you run a personal credit report? No. Personal credit checks, as well as credit inquiries by potential employers or businesses who want to offer you goods appear on your report as inquiries, but do not affect your score.



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