

VISUAL 1

CREDIT REPORTING AGENCIES

TransUnion

Experian

Equifax

VISUAL 2

WEIGHTS ASSIGNED TO THE COMPONENTS OF YOUR FICO SCORE

Payment History	35%
Amounts Owed	30%
Length of Credit History	15%
New Credit	10%
Types of Credit Used	10%

Source: <http://www.myfico.com/CreditEducation/WhatsInYourScore.aspx>

VISUAL 3

COMPONENTS OF THE FICO SCORE

Payment History	This component of the FICO score looks at whether you pay your bills on time or have missed payments altogether. Payment history is the largest portion of the FICO score, so it is essential when trying to build the highest possible FICO score that you never send a late payment. Keep a calendar to help you remember when to send payments.
Amounts Owed	This component considers how much debt you have outstanding. For example, if you have borrowed the maximum amount available on your credit card and make only minimum payments, you will lose points in this category. Some people think that it's a good strategy to pay off a credit card and then close the account. They are partially correct. It is a good strategy to pay off the credit card, but it is not advisable to close the account. If you have two credit cards with limits of \$5,000 each and owe \$4,000 on one of them, you are looked at more favorably than someone who has one credit card with a limit of \$5,000 on which he owes \$4,000. If you have two credit cards, each with a \$5,000 limit, you have \$10,000 worth of credit available. If you have a debt of \$4,000 on one card and no debt on the other, you are using 40 percent of the credit available to you. On the other hand, if you have one card with a \$5,000 limit and you have \$4,000 on that card, you are using 80 percent of the credit available to you. The lower the percent of available credit you use, the better your score.
Length of Credit History	This component looks at how long you've maintained credit. There isn't much you can do about being young, but the sooner you can begin to establish a credit history, the better. Begin slowly by opening one credit account and managing it well. A cell phone account or a monthly automobile insurance payment could be a good start. Do not open too many accounts too quickly.
New Credit	This component looks at the number of accounts you are opening and how many inquiries have been made to credit bureaus on your behalf. Inquiries are made when you apply for credit. Those to whom you are applying check with each credit bureau to see if you are a good risk. Many inquire for a type of credit, such as credit cards, could indicate that you are seeking multiple credit accounts, which could indicate that you are having financial difficulties. If you are shopping for a credit account to buy a car, for instance, be sure to narrow the time frame of your credit inquiries. When several inquiries for a car loan come close together, it doesn't count against you because it is obvious you are shopping for the best interest rate for a specific purchase.
Types of Credit Used	This component looks at the types of credit cards and installment loans you have. Be careful not to load up on credit cards – be choosy. It's easy to be persuaded to apply for credit when offered an immediate 10 percent discount off your purchase if you open a credit account.

