

CREDIT SCORE WHAT IS IT???

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KNOW



What is a credit score?



What influences credit?



When is your credit score important?

WHAT IS A CREDIT SCORE??

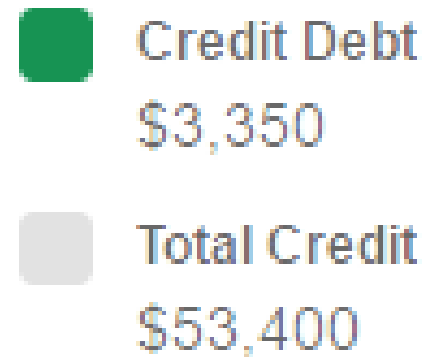
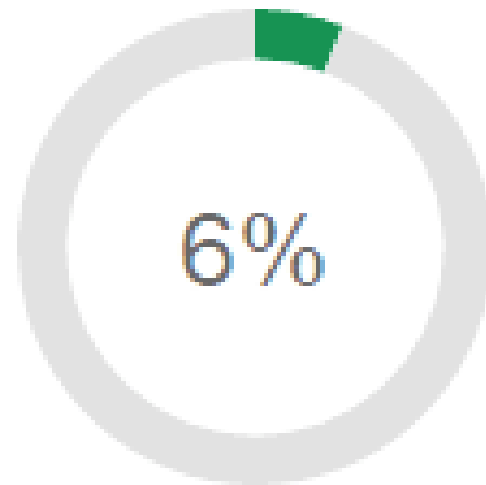
- **A credit score predicts how LIKELY you are to pay back a loan on time. A scoring model uses information from your credit report to create a credit score.**

WHAT IS A CREDIT SCORE??

- **How is it calculated??**
- **Here is an example –**
 - **Your payment history generally makes up 40%**
 - **Credit Utilization is 20%**
 - **Length of your credit history is 21%**
 - **Total amount recently reported balances 11%**
 - **New credit accounts is 5%**
 - **Available credit is 3%**

WHAT IS CREDIT UTILIZATION??

Credit Utilization Rate



$$\text{Credit Utilization Rate} = \frac{\text{Your Total Debt}}{\text{Your Total Available Credit}}$$

WHAT INFLUENCES YOUR CREDIT SCORE??

- **Some factors that make up a typical credit score includes:**
 - **Your bill-paying history**
 - **Your current unpaid debt**
 - **The # & type of loan accounts you have**
 - **How long you have had your loan accounts open**

WHAT INFLUENCES YOUR CREDIT SCORE??

- **Some factors that make up a typical credit score includes (continue)**
 - **How much of your available credit you are using**
 - **New applications for credit**
 - **Whether you have a a debt sent to collections, a foreclosure or a bankruptcy and how long ago**

WHAT DOES NOT INFLUENCES YOUR CREDIT SCORE??

- **These personal details do NOT affect your credit score:**
 - **Age**
 - **Marital Status**
 - **Religion**
 - **Ethnicity**
 - **Employer**
 - **Salary**
 - **Occupation**

WHAT IS YOUR CREDIT SCORE IMPORTANT?

- **Taking out loans for a house or car**
- **Applying for college**
- **Applying for credit card**

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I looked up my credit score
but it was different. Why?



What is a good credit score



Questions?

YOU MAY HAVE MANY DIFFERENT SCORES

- **This is NORMAL**
- **Scores are calculated at different times and in different ways**

Credit Report Data

A score uses data from a credit reporting company, and each may have slightly different data:

- Equifax
- Experian
- TransUnion
- Others

Scoring Models

Companies have created multiple versions of their scoring models and update them frequently:

- FICO
- Vantage Score
- Other custom models

Timing

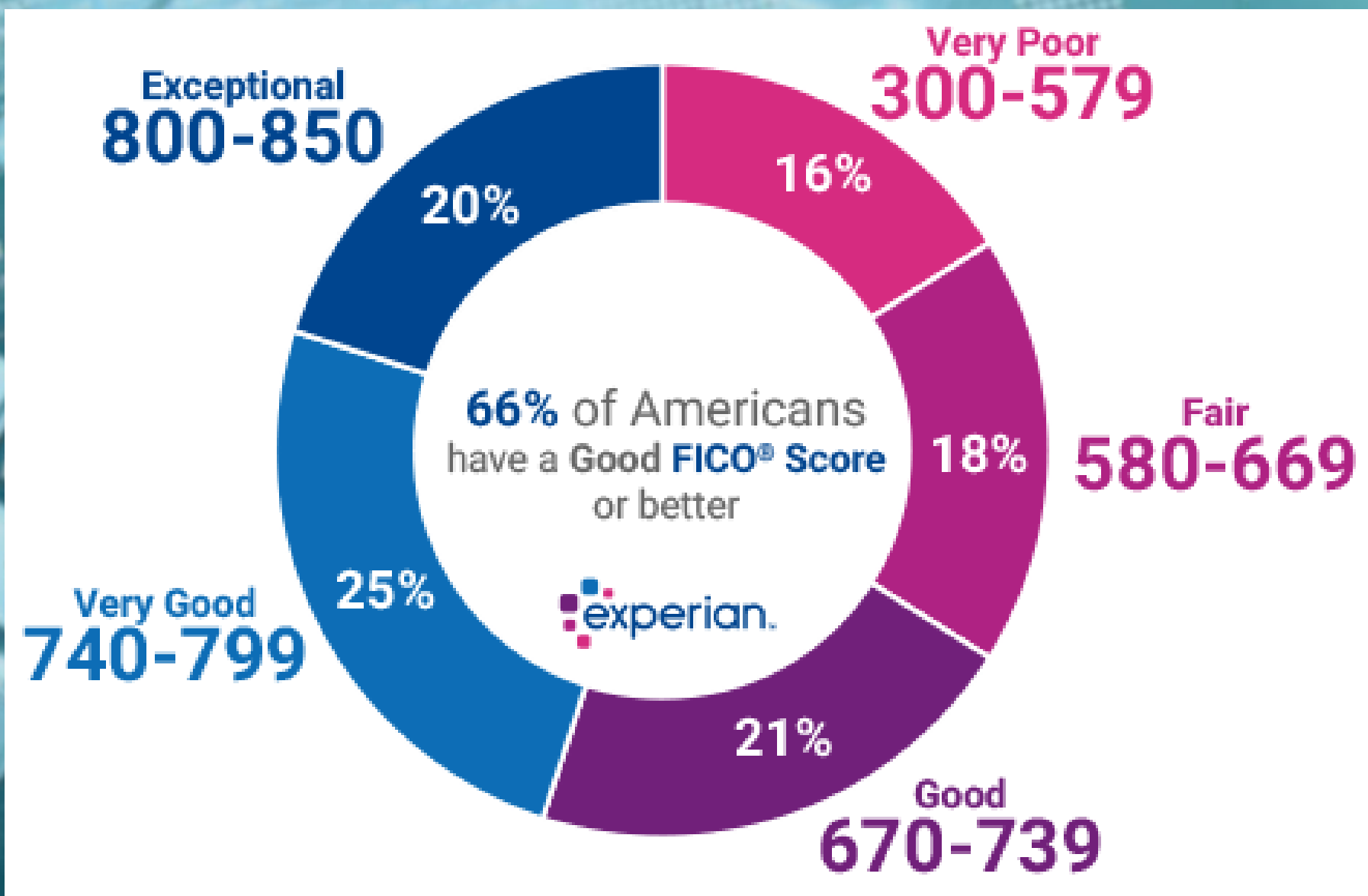
Your scores are not calculated on a fixed schedule, so they depend on:

- When data is updated at a reporting company
- When your score is actually calculated

WHY DOES MY SCORE DIFFER?

WHAT IS A GOOD SCORE?

- **Scores can range from 350-850**
- **The higher the better.**



Credit Score	Rating	% of People	Impact
300-579	Very Poor	17%	Credit applicants may be required to pay a fee or deposit, and applicants with this rating may not be approved for credit at all.
580-669	Fair	20.2%	Applicants with scores in this range are considered to be subprime borrowers.
670-739	Good	21.5%	Only 8% of applicants in this score range are likely to become seriously delinquent in the future.
740-799	Very Good	18.2%	Applicants with scores here are likely to receive better than average rates from lenders.
800-850	Exceptional	19.9%	Applicants with scores in this range are at the top of the list for the best rates from lenders.

HOW TO MAINTAIN A HEALTHY SCORE

- **Typically 6 months' worth of activity will provide enough information to generate a score.**
- **Your score will increase or decrease based on how you pay your bills.**
- **Scores don't change over night**



THANK YOU

ANY QUESTIONS?