

Five components that determine your credit score and how to manage it<sup>1</sup>

## How Your Credit Score is Determined

### Payment History

35% of your credit score is determined by your payment history. Simply, if you make your debt payments on time your credit score will be on the rise. Late debt payments are reported to the credit agencies and can damage your credit.

### Outstanding Debt

30% of your credit score is determined by your outstanding debt. Managing the amount you owe versus your available credit is heavily weighted in determining your credit score. For example, if you have a credit card with a limit of \$1,000 and you have a balance of \$998 your score will be negatively impacted. It is best to keep your balances to at or below 30% of what is available. In our example it would be at or less than a \$300 balance.

### Length of Credit History

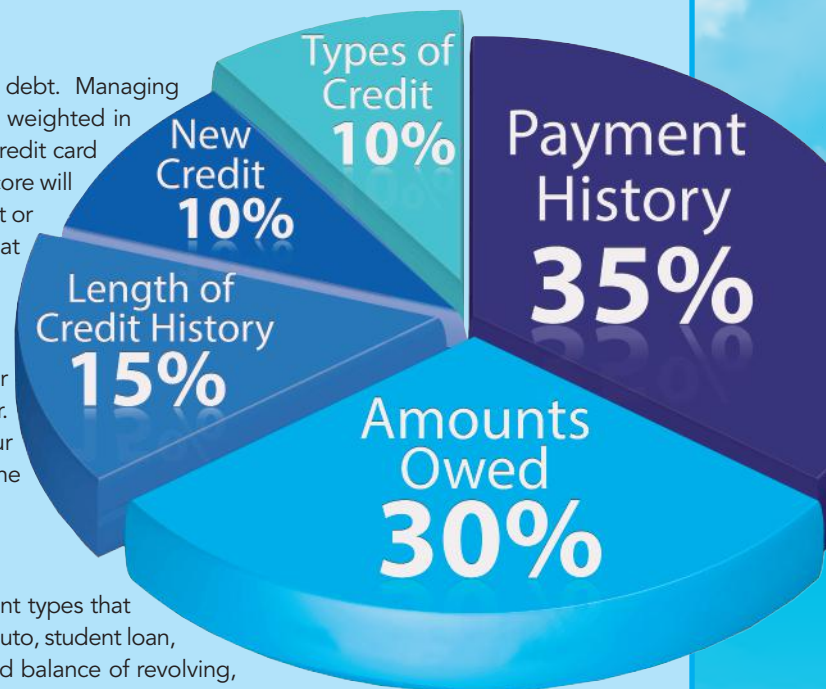
There is a direct positive impact on your credit score the longer you can show a history of being a responsible account holder. However, opening new accounts can negatively impact your credit scores. It is important to keep this in mind with all of the available credit opportunities for consumers.

### Types of Credit

10% of your credit score is determined by the mix of account types that you have. These include revolving (credit card), installment, (auto, student loan, etc.), and mortgage accounts. It is important to have a good balance of revolving, installment, and mortgage accounts within your credit profile.

### New Credit

10% of your credit score is determined by the number of new accounts that you have. Credit inquiries or change to businesses pulling your credit is factored into this category. If you are frequently opening new accounts it can negatively impact your credit score.



<sup>1</sup>HomeServices Lending, LLC is not a credit repair agency. The content of this distribution is for informational purposes only. Dickler, Jessica. "6 Secrets to Improving Your Credit Score." CNBC. CNBC, 27 Mar. 2017. Web. 03 Apr. 2017

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