



## CREDIT SCORES

Three little numbers can have a huge impact in your life - from what you pay in interest to whether or not you're granted a new credit card. Just three little numbers. We've all heard of them, but what exactly is a credit score?

Your credit score is a 3 digit number calculated off the information in your credit report and is integral in helping lenders determine how much of a credit risk you are. Basically, a low credit score indicates that you present a higher risk of defaulting on your debt obligations than someone with a higher credit score.

Credit scores range from a low of 300 to a high of 850. Generally if your score is over 740 you are considered near the top and will reap the benefits when applying for credit, insurance and even employment. There is not a specific lower score cutoff point. Individual entities can determine what their floor is depending on the type of credit requested.

The formula used for calculating your credit score is complicated and not many people understand all that's involved. What's important is how to keep your score in good standing.

1. **Pay your bills on time** – one late payment will drop your score, especially a late on your home loan.
2. **Keep your credit card balances to credit limit ratio low** – having several credit card accounts at their maximum limit will lower your credit score.
3. **Don't open several new accounts in a short window of time** – this creates credit inquiries and too many in a short time will drop your score. Also too many new credit card accounts may look bad to a prospective lender even if you don't use them.
4. **It is better to pay down your debt than moving it around from card to card even if they are offering a lower interest rate.** By doing this you create an inquiry and a new account.
5. **Longevity helps boost your score as well.** The longer you've established a good credit track record the better your score will be.

If you've had problems in the past, it is possible to reestablish a good credit history and get your score moving in the right direction. It takes time, determination and responsible credit usage but it will be worth the effort. For more information on your credit scores, how they affect you and for help with managing your credit contact your local banking professional.

This information is brought to you by the Greater Lakes Association of Realtors

## Greater Lakes Association of Realtors

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GLAR Blog: [GLARMLSBLOG.com](http://GLARMLSBLOG.com)



### This Week's Realtor Member Events:

Sat/Sun	19/20	Mon	21	Tues	22	Wed	23	Thurs	24	Fri	25
	<i>Realtor Open Houses</i>		<i>Special Events Committee Meeting</i>						<i>GLAR Offices Closed</i>		<i>GLAR Offices Closed</i>