

Anatomy of Your Credit Score

Tim Smith, Sr. Loan Originator
Oxford Mortgage Corporation
303-221-9022

Colorado License #LMB100012202
National Mortgage License Registry #237983

Key Points to a Credit Report

- Personal Data
- Trade Lines
- Debt Repayment Terms
- Payment History
- Recent Inquiries
- New Loans
- Public Records

What Goes Into A Credit Score?

- Number of bankcard trade lines
- Number of finance/mortgage/loan trade lines
- Number of months in file
- Number of months since most recent bankcard opening
- Number of months since the most recent derogatory credit
- Number of months since the most recent derogatory public record

Four Areas of Credit Scoring

- Payment History (35%)
 - 30-day late in last 12 months can lower score 70-100 points
 - Public record and collection items
 - Severity, recentness, and frequency of delinquencies



- **Outstanding Debt (30-35%)**
 - Number of balances recently reported.
 - Average balance across all trade lines. Lower balances on more credit cards are better than high balances on a few - optimum 30-35% of credit limit.
 - Relationship between total balances and total credit limits on revolving trade lines.
- **Credit History (10-15%)**
 - Age of oldest trade line
- **Inquiries and New Account Openings (10%)**
 - Number of inquiries and new account openings in the last year. Amount of time since most recent inquiry.

Categories that Lower Credit Scores

- Delinquency - Trade Line and Public Record
- Overextended Credit or Usage
- Lack of Credit Accounts and Age of Credit

Steps for Improving Credit Scores

- **Time**
 - Set a time period (i.e., 6 months, 12 months, 18 months)
- Payoff/Pay down existing debt
- Don't seek new credit
- **PAY YOUR BILLS ON TIME**
 - If you make a late payment one month, the plan starts all over again!

