

A FICO score is a credit score developed by Fair Isaac & Co. Credit scoring is a method of determining the likelihood that credit users will pay their bills. FICO scoring has become widely accepted by lenders as a reliable means of credit history into a single number.

Credit scores are a way of measuring an individual's creditworthiness by using scoring models and mathematical tables that assign points for different pieces of data. This information best predicts future credit performance. Developing these models involves studying how thousands, even millions, of people have used credit. Score-model developers find predictive factors in the data that have proven to indicate future credit performance. Credit-bureau models are developed from information in consumer credit-bureau reports.

Numerous factors in a borrower's credit history are considered when analyzing a credit score such as:

- Late payments
- The amount of time credit has been established
- The amount of credit used vs. the credit amount available
- Length of time at present address
- Employment history
- Negative credit information such as bankruptcies, charge-offs, collections, etc.
- New credit

What if there is an error on my credit report?

If you see an error on your report, report it to the credit bureau. The three major bureaus in the U.S.:

Equifax: 1 (800) 685 1111

Trans Union: 1 (800) 916 8800

Experian: 1 (888) 397 3742

All have procedures for correcting information promptly. You can also contact your mortgage company to help you correct this problem.

FREQUENTLY ASKED QUESTIONS

How can I increase my score?

It is not easy to increase your score over the short run, there are a few tips to increase your score over a period of time:

- Pay your bills on time. Late payments and collections can have a serious impact on your score.
- Do not apply for credit often. When you have a large number of inquiries on your credit report can worsen your score.
- Reduce your credit-card balance. "Maxed" credit cards, will affect your score negatively.
- If you have limited credit, obtain additional credit. Not having sufficient credit can negatively impact your score.

