What helps your FICO score?

1. **Pay down or pay off your credit cards.** Reducing revolving debt is always a good thing.
2. **Keeping credit card accounts active.** Even if you pay off your account, don't close it, because it will reduce your borrowing capacity and lower your score.
3. **Make payments on time.** If you have trouble making timely payments, you may want to consider automatic payment.
4. **Open new accounts judiciously.** It's okay to open a new account now and then, but your credit score will suffer if you open a rash of new accounts.
5. **Keeping a sterling credit history.** Recognize that you build a solid credit history over time and strive to practice good money management skills. You can make up for past mistakes, but you need to keep from repeating them to ensure your credit score is the best it can be.

Recent activity is key

If you have made late payments in the past or have made other decisions that have compromised your credit score, take heart in the fact that your recent activities will affect your score more than past ones. As you continue to pay bills on time, those past transgressions will become less of a factor. Here's the approximate credit score weight for each year:

Current 12 months:	*40%*
13-24 months:	*30%*
25-36 months:	*20%*
37 months or more:	*10%*

Maine Highlands
FEDERAL CREDIT UNION
Personal Service. Shared Value.

Locations

P.O. Box 233
Dexter, ME 04930
(207) 924-5544 · 1-888-806-6920

P.O. Box 697
Guilford, ME 04443
(207) 876-4041

P.O. Box 507
Dover-Foxcroft, ME 04426
(207) 564-8644

P.O. Box 1267
Greenville, ME 04441
(207) 695-0316

P.O. Box 716
Brownville, ME 04414
(207) 965-8377

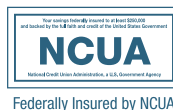
Hours

Monday	7:30 A.M. to 5:00 P.M.
Tuesday	9:00 A.M. to 4:00 P.M.
Wednesday	9:00 A.M. to 4:00 P.M.
Thursday	8:00 A.M. to 5:00 P.M.
Friday	7:30 A.M. to 6:00 P.M.

Drive-Up windows open early at 8:00 A.M. on Tuesdays and Wednesdays.

24-hour ATMs and Night Deposits available at all locations.

www.MaineHighlandsCreditUnion.com



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Rev. 6/15

Knowing the Score

How Your Credit Score is Compiled

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Knowing the Score

How Your Credit Score is Compiled

By now, most people know that they have a credit score and that they can even get theirs for free. But many people don't know how their credit score is compiled. Knowing this can help you decide how best to manage your financial affairs with an eye toward keeping your score on the high side.

What is FICO?

The FICO score is the most widely used credit score model in the country. It is named after Fair Isaac Corporation, who devised this statistical model to help inform lenders. Your FICO score helps financial institutions decide your credit worthiness and can affect everything from your ability to secure a loan to the rate of interest you will pay upon qualifying for that loan.

The three major credit bureaus each have their own version of credit scoring, which means that you actually have not one, but three FICO scores. While your score will vary based on how the bureaus compile their data, the five major components that make up your score are consistent. Here is a typical weighting of those components for the population at large.

35% Payment History

The good news: Paying bills on time is good. The bad news: Missing payments can really sting. If you tend to miss payments, you may want to consider signing up for automatic bill pay to ensure payments are made in a timely fashion.

30% Amounts Owed

An assessment of how much you owe (on mortgages, equity loans, credit cards, car loans, etc.) and how much credit you have available. For example, if you have five credit cards and each has a $20,000 limit, you have $100,000 in available credit. The bureaus are looking for responsible use of credit.

15% Length of Credit History

The longer you've had credit, the better your score will be. If you've had credit with the same issuers for lengthy periods, even better. Jumping around from card to card is not good for your score.

10% New Credit Accumulation

The credit bureaus look at the number of accounts you've opened recently, the number of credit inquiries made about you by creditors and the time that has elapsed since those inquiries.

10% Types of Credit Used

This is the mix of the types of credit you have. Typically, a mix of revolving credit (credit cards) and installment loans (mortgages, car loans) indicates that you know how to manage your financial affairs.

What hurts your FICO score?

1. **Missing payments.**
   Large or small, any missed payment will hurt your score for up to two years.
2. **Maxing out cards.**
   Pushing the limit (or worse, exceeding it) will hurt your score.
3. **Opening several credit accounts in a short period of time.**
   This indicates that you may not be using your existing credit wisely.
4. **Poor debt ratio.**
   If you carry a high level of revolving debt (credit cards, department store cards, etc.) versus your installment debt (fixed payments such as your mortgage), it will hurt your score.
5. **Closing credit card accounts.**
   Because closing an account lowers your borrowing capacity in the eyes of the credit agencies.
6. **Borrowing from finance companies.**
   An indication that you may be in a financial bind.