

Credit Scoring Quick Answers



What does a credit score range from?

Generally between 350 to 850.

What is a good score?

700 or higher points would be considered very good in mortgage lending

What makes up the FICO score?

35% payment history (lates, collections, charge-offs, public records)

30% account utilization (balances being carried)

15% length of credit history

10% types of credit (mixture is best)

10% inquiries (only the first ten count)

Should a person pay-off their debt?

The only debt that should be paid during the loan process is unsecured debt (credit cards.) Paying collections will decrease the credit score due to the date of last activity becoming recent. But if you do decide to pay off a collection, MAKE SURE that the creditor gives you a letter of deletion first.

How many credit cards should a person have?

3 to 5 cards is best.

What balance should I carry on my credit card to maximize my credit score?

As close to zero as possible, but if you can't pay them to zero, try to keep your balances under 30% of the limit at all times.

Should I close any of my credit cards?

NOT during the loan process. In general, if you close credit cards your score will most likely go down. It will appear to the FICO that your debt ratio has gone up. Also, closing a card will effect other factors in the score such as length of credit history. But if you have to close a credit card account, close newer cards with lower limits first.

How much do inquiries hurt the score?

An inquiry can affect a score anywhere from 2 to 25 points depending on other elements in their report. If a borrower needs 5 to 10 points, a hard inquiry could make the difference in immediate loan approval.

Does the score go down if a person runs their own personal credit report?

NO. You can pull your report as many times as you want personally, and it will not affect your score.