

Understand Your Credit Report And Know Your Score!

Lenders look at your credit report every time you apply for credit, but many people don't know what their credit score is or how the score is calculated.

WHAT IS A CREDIT REPORT?

A credit report is a document that lenders use to assess a person's credit risk. It shows your payment history for the last seven years, the amount of money owed, the types of credit in use, the proportion of balances to credit limits, delinquencies and public records including bankruptcies and foreclosures.

WHAT DETERMINES YOUR CREDIT SCORE?

Your credit score is a numeric representation of your financial responsibility, based on your credit history. Your credit score is determined by several factors. Here are just a few:

1. PAYMENT HISTORY:

This is the biggest factor in determining your credit score. It shows whether you've paid your accounts on time and whether you've been delinquent in making any payments. It also shows if you've ever filed for bankruptcy or been foreclosed.

2. AMOUNTS OWED:

This is another big factor in determining your credit score. Having credit accounts and owing money doesn't mean you're a high-risk borrower. But owing a lot of money on several accounts might suggest to a potential creditor or lender that you're overextended, and thus may be perceived as a higher credit risk.

3. LENGTH OF CREDIT HISTORY:

Generally, having a longer credit history is better than having a short credit history. Lenders need to see that you can manage your credit accounts responsibly over time. And the longer or more experience you have managing your money responsibly, the better and more responsible you are likely to be perceived by potential creditors and/or lenders.

4. NEW CREDIT:

Opening several new credit accounts in a short amount of time has a tendency for you to be perceived as a higher credit risk.

5. TYPES OF CREDIT IN USE:

This includes credit cards, retail accounts, installment loans, finance company accounts and mortgage loans.

A FEW MISCONCEPTIONS ABOUT CREDIT SCORES:

Some people think that they can't get a mortgage because their credit score is too low. Actually, this isn't necessarily so. Some mortgage lenders offer loans designed for people with past credit problems. If your past credit history is problematic or far from perfect you may still be able to qualify for a loan. The loan may just cost you a little more than someone with an excellent credit history.

It is also a misconception that paying off a credit delinquency will automatically raise your score. Since delinquencies stay on your credit report for up to seven years, this isn't entirely true. Delinquencies are viewed as a weak commitment to paying off your debts. Though, provided your recent payment history is better, those past delinquencies will bear less weight over time. And you should always pay your delinquencies.

Lastly, the Consumer Federation of America and the Fair Isaac Corporation conducted a study recently and found that nearly 45% of respondents believed that simply making more money will automatically improve their credit score when, in fact, your credit score is not determined by your income, but by the factors listed above. In other words, wealthy people who mismanage their money will generate low credit scores.



Understanding what a credit report is and how your score is determined is a good first step towards working to improve your credit. See the article on the next page, Strive for a Squeaky Clean Credit Score and learn how to start improving your credit score. And for more information about how we might be able to help you improve your credit score, feel free to contact our office today!

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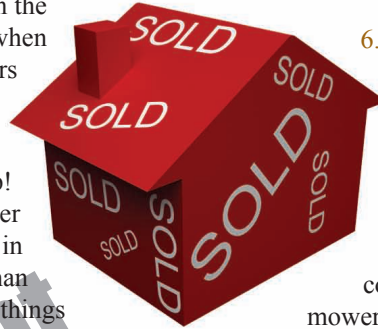
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Nine Tips Every Home Seller Should Consider!

If you're going to be selling your home, here are ten tips you should consider:

1. Besides spring, the best time to put your house on the market, if you plan on buying another home, is when interest rates are low. Low rates benefit both buyers and sellers, and you'll be both.
2. Be Smart: Use a Real Estate Agent. If you're thinking about selling your home on your own, stop! Keep in mind that it'll probably take much longer than if you're using a real estate agent...especially in a buyers' market. When there are more sellers than buyers, real estate agents have the advantage with things like the multiple listing when it comes to getting their homes in front of buyers.
3. Make sure your real estate agent is familiar with your neighborhood.
4. Ask your agent to produce a comprehensive market analysis of your home and have them explain in detail how they're going to market your home.
5. When you sign the listing agreement, consider committing to

between six months and a year. If the agent's doing a good job for you and you're happy with how things are going, then you can always renew.



6. Get your house in shape. Got clutter? Get rid of it. Need painting? Use neutral colors. Consider home improvements if your house is really outdated. Make your home as appealing as it can be to potential buyers.
7. Consider offering some kind of incentive to buyers. For example, offer to pay the closing costs or points. Or consider throwing in the lawn mower or snow blower.

8. Understand the home selling process and learn from your Realtor®. Knowing as much as you can could save you thousands of dollars.

9. Be realistic about your asking price, the time it takes to sell a house, the process and the market. If you go in thinking it will take only a week and you'll get exactly your asking price, you'll most likely be disappointed. Be real and you'll have a much better experience.

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Strive for a Squeaky Clean Credit Score!

You are your own best resource when it comes to maintaining a good credit score. Here are 10 tips designed to help make your credit report shine:

1. Pay your bills on time. Nothing ranks higher than consistent and timely payments.
2. Have credit cards — but manage them responsibly. Credit cards and installment loans that you pay on time will raise your score. Someone who has no credit cards tends to have a lower score than someone who has managed credit cards responsibly.

3. Maintain low credit card balances. Some experts advise not to use more than 50% of your limit on any one card.
4. Rotate and use all of your credit cards. Contrary to popular belief, a dormant account does not help your credit score.
5. Never use credit cards to pay other credit cards. It's better to pay down those you have. And it's generally best to start with the ones with the highest interest rates or balances.
6. Don't open multiple accounts at the same time. Too many credit report inquiries lower your score and increase your credit risk.
7. Don't have credit card accounts you don't need. A lot of available credit lowers your score and increases your credit risk.
8. If you fall behind on your bills, work with your creditors. A telephone call to explain why your payment will be late may prevent a delinquency from being reported.
9. Know your FICO score. FICO scores range from 300 to 850. Scores of 720 and above are considered top tier. These scores enjoy the best credit options. Conversely, scores of 620 and lower fall into a higher risk category.
10. Check your credit report for accuracy. You can inquire about your own credit through one or all of the credit reporting agencies (Experian, TransUnion, and Equifax) without it affecting your score.



There are no tricks or quick fixes to getting a good credit score, but you can raise your score over time by demonstrating a consistent history of responsible credit use. With a higher credit score you'll be able to qualify for better interest rates, higher credit limits, and more types of credit than you would with a low score, so it's always in your best interest to manage your credit responsibly.

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