

# The Facts about Credit

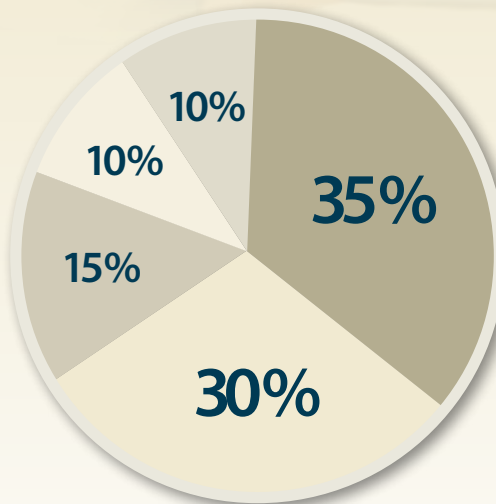
Your credit score is one of the most important numbers you have. Not only does your score affect your interest rates when applying for a loan, it can also impact your insurance rates, certain job prospects and even your chances of renting a great apartment. As a result, improving one's credit has become a multi-million dollar industry.

## What's your credit score?

Your credit score indicates to lenders and other businesses how much of a credit risk you pose if they allow you to borrow money. The **Fair Isaac Company (FICO®)** uses an algorithm that takes into account 30 different factors within your credit report to arrive at a score from 300-850. The higher the score, the better the credit risk you are to lenders. Other credit reporting agencies, such as **Experian**, **Equifax** and **TransUnion**, calculate their own credit scores within their own ranges; however, the FICO® score is the standard that lenders use when they pull your credit score.

Visit [www.nabilcaptan.com](http://www.nabilcaptan.com) for more information about taking control of your credit.

\*Source: Nabil Captan, The Credit DVD



## How is your credit score calculated?

- 35%** Payment history
- 30%** Amounts owed
- 15%** Credit history
- 10%** Inquiries, new credit lines
- 10%** Types of credit in use

## How long will dings to your credit be held against you?

In most cases, it's only a matter of time before they fall off your credit report. The good news is that the older the negative information, the less it impacts your credit score.

If you have had...	It will stay on your credit report...
Late payments	7 years
Judgments	7 years
A short sale	7 years
A foreclosure	7 years
Chapter 13 bankruptcy	7 years (from filing date)
Tax liens	Until lien is paid in full, plus 7 years (though they may remain indefinitely)
Chapter 7 bankruptcy	10 years (from filing date)

# Improve Your Credit Now

Although it's easy to become obsessed with improving your credit score, especially if you're getting ready to apply for a loan, it's best to focus on improving your overall credit report. After all, a great credit history will help to boost your credit score.

**Review your credit report once a year.** Type [annualcreditreport.com](http://annualcreditreport.com) directly into your address bar on your browser for a free copy of your credit report from each of the major credit reporting companies: **Equifax**, **Experian** and **TransUnion**.

*Although many websites will promise you a free copy of your credit report, they may also try to lure you into credit-monitoring services that you may not need. Since you're entitled to a free credit report each year, you may not need to pay a third party to monitor your credit for you.*

**Report any errors that you find.** If you see a mistake, contact the credit reporting company in writing and be sure to include copies of any supporting documentation.

**Eliminate debt.** Since reducing debt takes time, set short-term goals to tackle each debt, starting with the debt that has the highest interest rate. And once you've eliminated your debt, try to use less than 35% of your available credit.

*Hard inquiries into your credit history may remain on your credit report for two years, but FICO® will only count them against your credit score for 12 months.*



## 3 Reasons You Don't Need a Credit Repair Company

The Federal Trade Commission encourages consumers to be cautious about companies that promise to repair your credit and remove negative information for a fee.

**1** No one can change negative information that has been reported correctly.

**2** The only way to remove accurate negative information from your file is to wait until the legal time period has expired.

**3** You can repair your credit yourself for free by using sound credit practices.