

Your Credit Score

When we lend money, we have to be reasonably sure the loan will be repaid. If it isn't, it affects all members as their savings are used to fund member loans.

One of the things we consider when making a loan decision is your score from the TransUnion FICO Classic 2008 scoring system.

The score condenses your credit report and other factors into one three-digit figure which measures creditworthiness. Scores range from 300 up to 850, the higher your score, the better your credit.

How Your Credit Score is Determined

Your score has five components:

- **Payment history**

Do you pay your bills on time, or have you been late or missed payments? Have you failed to repay loans?

- **Current Debts**

How much do you owe right now, to how many creditors, and the ratio of your debt to your available credit limits.

- **How long have you been using credit**

The longer you've used credit responsibly, the better your score.

- **How much new credit you're applying for**

Applying for a lot of credit can be a negative indicator. That's something to think about when the department store offers you a 10% discount for opening an account with them.

- **Types of credit**

Having a lot of unsecured debt, such as personal loans and credit cards, can be more damaging than secured debt such as mortgages and auto loans.

Repairing Your Credit Score

If you have been denied credit because of a poor credit score, here are some things you can do to improve your rating.

- **Make on-time payments**

A year or two of on-time payments demonstrates that you're a responsible borrower.

- **Keep your debt ratio low**

Try to use no more than about 40% of your available credit. It's better to have moderate debt on several cards than to be maxed out on one card.

- **Keep your oldest accounts open**

You should close unused accounts, but since your score is partly based on longevity, close your newest accounts first. They don't do much to improve your score.

Credit Bureaus

Credit reporting is a system lenders use to decide whether or not to give you credit or a loan and how much interest they can charge you for it. Your credit report is based on the bill payments you have paid on time and those you have missed or been late paying, loans that you have paid off, plus your current amount of debt.

A credit report contains information on where you work and live, and whether you've been sued, arrested, or filed bankruptcy. Consumer Reporting Agencies (CRAs) gather this information and sell it to creditors, employers, insurers, and others. The most common type of CRA is the Credit Bureau.



The three major national credit bureaus are:

- Equifax, 1-800-685-1111
Fraud Hotline: 1-888-766-0008
- Experian, 1-888-397-3742
Fraud Hotline: 1-888-397-3742
- TransUnion, 1-800-916-8800
Fraud Hotline: 1-800-680-7289
- Free Credit Report
www.annualcreditreport.com
877-322-8228

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