

# Understanding FICO Scores

## What makes up a FICO score?

- **35% Payment history**  
On time pays or delinquencies  
More weight on current payment history
- **30% Capacity... it is the king**
- **15% Length of credit**
- **10% Accumulation of debt within the last 12–18 months**  
Number of inquiries  
Opening dates
- **10% Mix of types of credit**  
Installment (raises score) versus revolving (lowers score), number of finance company loans, the more the lower the score

## Approximate credit weight for each year

- **40% current** (less than 12 months)
- **30% 13–24 months**
- **20% 25–36 months**
- **10% 37+ months**

## How to improve your score

- Pay down your credit card balances.
- Do not close credit cards because capacity will decrease.
- Continue to make payments on time. Older payments will become less significant with time.
- Slow down on opening new accounts.
- Acquire a solid credit history with years of experience.
- Move revolving debt to installment debt.

## What actions will hurt the score?

- **Missing payments**  
It will take 24 months to restore credit with one late payment
- **Credit cards at capacity** (at their limits)
- **Closing out credit cards**  
It lowers available capacity
- **Shopping for credit excessively**
- **Opening up numerous trades in a short period**
- **Having more revolving loans in relation to installment loans**
- **Borrowing from finance companies**

## What doesn't affect your score?

- **Debt ratio**
- **Income**
- **Length of residence**
- **Length of employment**

Information provided by New Dimensions Federal Credit Union

## Credit Report Analysis

We're looking out for our members' best interests!  
We'll teach you how to read your credit report,  
increase your credit score, and get better loan rates.  
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