

1. FICO scores range from 350-850. In the thousands of credit reports I've seen, there have only been a few with scores under 400 and only about 20 with scores over 800. If your FICO scores are above 720, your credit is excellent and there's nothing to worry about. If your scores are 680+ then you won't have a problem getting most loans or credit cards but you could probably do a couple things to make your credit better. If your credit is 640-680, you could definitely improve but you can still get good A paper loans usually. Credit scores from 585-640, probably have a couple late pays or collections, and you need to work on cleaning up your credit. You can still get good rates but not as good as if your credit was a little better. A score below 585 has either multiple collections and/or multiple late pays. It will be difficult to obtain financing, and if you do, the rate and terms of the loan will not be the best.
2. The longer an account is open and the more payments that have been made on time, the more credit score points you'll earn. Thus, taking a new auto loan (installment credit) will lower your score at first, because longevity has not been established and because the balance in proportion to the original balance is high. If nothing else changes on your credit, then your score will bounce back to where it was within a few months. (People buying houses should wait to take out a loan for furniture, appliances, auto, SUV, boat, Jet Ski, etc. until after their home loan has closed.)
3. The most emphasis is placed on recent information. For example, a late payment one month ago is weightier than a late payment a year ago. Therefore, time will gradually 'heal' bad credit. Late payments and collection accounts have a major negative impact on the credit score. Collections, or charge-offs, are especially damaging. Even after a collection has been paid off with a zero balance, the fact that it is on your report will significantly lower your score for a few years. *A \$10 collection last month is more damaging than a three year old bankruptcy!*
4. Frequent delinquent payments are more damaging than an isolated delinquency. Also, sporadic late payments (a 30 day late last month and a 30 day late three months ago) are more damaging than successive late payments, (successive 30 day late payments are called a "rolling 30" and it counts as only one late) because of how it reflects on a person's financial habits.
5. How severely delinquent the payment was (30, 60, 90 days) affects the credit score. The more severe the delinquency, the more damaging it is to the score. (Creditors should only report late pays that are more than 30 days late.) Utility companies in the St. Louis area do not currently report late payments unless they go to collection but in Illinois, AmerenIP (formerly Illinois Power) reports to the credit bureaus on a monthly basis. Therefore, if you have to be late on something, be late with something that won't report you to the credit bureaus! (Be sure to make satisfactory arrangements to pay the account current as quickly as possible, so it doesn't end up as a collection.)
6. Chapter 7 and Chapter 13 bankruptcies affect your credit score equally. A Chapter 13 can actually hurt your credit for a longer period of time since the discharge of the bankruptcy doesn't report until you make your last payment 3-5 years from the time of filing. Many times Consumer Credit Counseling is a better solution than a Chapter 13 Bankruptcy.
7. Having more than three open credit cards lowers your score. Having less than three bank cards will not give you as high of a score as having three. Therefore, three open bank cards, all with low balances, is one way to raise your score. **But** do not close any open accounts after they are open, unless the company terms are no longer favorable. By closing an account, it will reduce the amount of available credit and have a negative influence on overall debt ratios. A person who has \$50,000.00 in available credit and is using \$30,000.00 will have lower scores after they close several "unused" accounts and only have \$40,000.00 in available credit.