

# Brad Wadden

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## Credit Scoring

The credit score, also referred to as a “FICO Score,” is a mathematical formula created by Fair Isaac and Company. The credit score is used by most companies to determine if an applicant is a good financial risk or not.

Equifax and TransUnion crunch the numbers from a credit report to give an applicant a score between 300 and 900. A low score indicates bad financial risk, while scores of 650 and above puts applicants more in favor of getting approved by a lender.

### How Scores Are Calculated

Factor	Weight	Points
Payment History	35%	315
Amounts Owed	30%	270
Length of Credit History	15%	135
New Credit	10%	90
Types of Credit	10%	90
<b>Potential Totals: 100%</b>		<b>900</b>

### How to improve your score

- 1) Pay your bills on time.
- 2) Get a copy of your credit report, review it, and repair any errors. Have a professional review it and make sure you understand it.
- 3) If you had questionable credit in the past, you need to open new credit, pay it well, and establish 12 months of perfect repayment history.
- 4) Having credit card and installment loan payments will help your credit, as long as the balance of your total debts isn't too high.
- 5) Keep your credit card and line of credit balances at 75% of the available credit limits or less, after you go over 75% it can negatively impact your credit score.

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