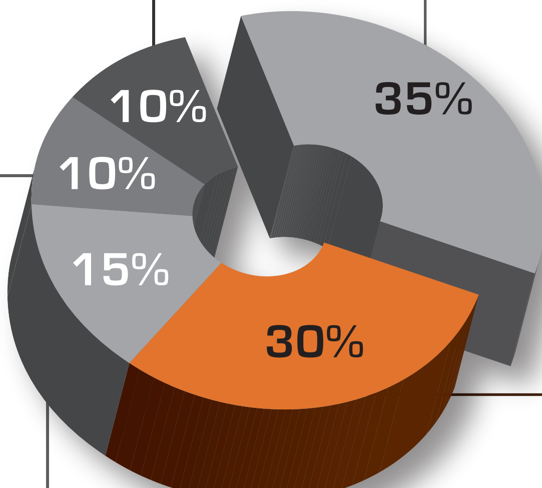
CREDIT SCORES
THE HIGHER, THE BETTER

WHAT DETERMINES MY CREDIT SCORE?

CREDIT MIX
Your credit score will reflect a combination of credit cards, retail accounts, installment loans, finance accounts and mortgage loans. While a healthy mix will improve your score, it is not necessary to have one of each, and it's not a good idea to open credit accounts you don't intend to use. The credit mix usually won't be a key factor in determining your score, but it will be more important if your credit report doesn't have adequate information on which to base a score.

PAYMENT HISTORY
The factor that has the biggest impact on your score is whether you've paid past credit accounts on time. However, an overall good credit picture can outweigh a few late payments, which will continue to have less impact over time - unless the late payment is a mortgage.

NEW CREDIT
People today tend to have more credit and shop for credit more frequently. Opening several credit accounts in a short period of time can represent greater risk, especially for people with short credit histories. Requests for new credit can also represent great risk.



AMOUNTS OWED
Having multiple credit accounts and owing money doesn't mean you're a high-risk borrower. But having a high credit utilization on numerous accounts can suggest that you are financially over-extended and may be more likely to make some payments late or not at all. Part of the science of scoring is determining how much debt is too much for a given credit profile.

LENGTH OF CREDIT HISTORY
In general, a longer credit history will increase your credit score because it shows that you can responsibly manage your available credit over time. However, even people who have not been using credit very long may get higher scores, depending on how the data drives your score through your credit report.

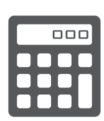
CREDIT SCORE MYTHS

One of the most popular myths about credit scores is that closing an account will improve your credit score. While having too many open accounts may hurt your score, closing an account puts an end to your credit history with the creditor. Your credit history is a vital part of calculating your credit score. If you want to improve your score, it's generally better to pay down your balances than it is to close your accounts, especially older accounts.

Another popular credit score myth is that ordering a report can hurt your credit score. While applying for a new line of credit may affect your score negatively, ordering a credit report does not hurt your credit. If you're in the market for a new home and you need to inquire with several lending companies, it's a good idea to do so in a short period of time. Multiple inquiries within a 45-day period are generally treated as a single inquiry.

Have you heard the myth that paying off a negative record means it's removed from your credit report? Generally, negative records, such as collection accounts and late payments, will remain on your credit report for up to seven years from the date of first delinquency. Paying off the account sooner doesn't mean it's deleted from your credit report; instead it's listed as "paid." You can expect the negative record to have some effect until it is purged from your report.

Don't be fooled by those who say co-signing doesn't mean you're responsible for the account. Regardless of this credit myth, if you open an account jointly or co-sign a loan, you will be held legally responsible for the account. Activity on the joint account is displayed on the credit reports of both account holders. The only way to end the dual liability is to have one party refinance the loan or persuade the creditor to formally take you off the account.



Contrary to the credit myth that paying off a debt boosts your score by 50 points, it's almost impossible to calculate the difference in points changing one factor might make. It's wise to pay your bills on time, work to lower your debts and ask that any inaccuracies be corrected. A proven record of sound financial behavior and time will have the most significant impact on your score.

One final myth is that seeking consumer counseling is as damaging to your credit as filing for a bankruptcy. While this type of counseling may alert potential lenders of a credit concern, most lenders look at the bigger picture. Some even see consumer counseling as a positive sign of a commitment to making lasting changes in your credit payment habits.