

## What is a credit report and credit score?

A **credit report** is a report containing information about your identity, credit relationships, some court actions, consumers statements and previous inquiries into that file. Credit reports are compiled by agencies that gather information about your credit relationships known as credit bureaus. Currently there are three major credit bureaus (more info. below).

**Credit scoring** is a system lenders use to help determine whether to give you credit (car loans, credit cards, home mortgages, etc.) that is closely associated with your credit report. Information about you and your credit experiences, such as your bill-paying history, the number and type of accounts you have, late payments, collection actions, outstanding debt, and the age of your accounts, is collected from your credit application and your credit report(s).

Using a **statistical program**, creditors compare this information to the credit performance of consumers with similar profiles. A credit scoring system awards points for each factor that helps predict who is most likely to repay a debt. A total number of points, a credit score, helps predict how creditworthy you are, that is, how likely it is that you will repay a loan and make the payments when due.

### What is a good credit score?



A high credit score is often the key to obtaining the most attractive interest rate (a credit score over 700 will increase your likelihood of getting approved for the best credit card rates, benefits, etc.). A high credit score will also help you to obtain the best rates on other types of loans, as well as the lowest insurance rates.

The following graph will give you an idea of how card issuers view your credit score. This is meant only as a general guide- each issuer has their own credit guidelines.

#### Credit Score Rating Example

720 - 850	Excellent (A – Loan)
680 - 720	Good (A – Loan)
660 - 680	Fair (Alt-A – Loan)
350 - 660	Poor (Sub-Prime Loan)
000 - 349	No/Limited Credit