



5 Questions and Answers About Credit Scores

Homebuyers—especially first-time homebuyers—often wonder about how their credit score affects the homebuying process. Some don't know what a credit score is or why it's important. The following questions and answers provide some basic information about credit scores; for more information, please consult a qualified professional.

- 1 What's a credit score?** Your credit score is a three-digit number on a scale of 300–850. Here is how FICO, the most well-known score-calculating company, explains how different factors impact your score:
 - 35% payment history
 - 30% amounts owed
 - 15% credit history
 - 10% types of credit use
 - 10% new credit lines or inquiries
- 2 What is a "good" or "bad" score?** Generally, scores that are 700 or above are considered good, and scores between 750-800 are considered excellent. Scores of 550-580 or below are considered very poor, but there are strategies to bring your score up.
- 3 Does everyone have a credit score?** No. If you've never opened a credit card or taken out a loan, you may not have a score, meaning you're "credit invisible." This can make taking out a loan challenging, but not impossible.
- 4 What score do I need to get a mortgage?** There's no clear-cut answer to this question because different programs have different requirements. People with lower credit scores may be able to get an FHA Loan, and there's no minimum credit score for VA Loans. We can talk about your options based on your credit score.
- 5 What's a credit report?** While many people talk about credit scores, lenders like Academy Mortgage will want to see your entire credit report. There's a difference here; your score is just that three-digit number. Your credit report details what factors went into the equation that resulted in your score.

Contact us with any questions.



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Note: Academy Mortgage and its Loan Officers do not provide credit repair or credit counseling services. You should seek independent information and advice before taking any course of action. MAC1221-1472951