

CREDIT SCORES

The Basics

How much do you know about your credit score?

Homebuyers—especially first-time homebuyers—often wonder about how their credit score affects the homebuying process.

Well, let me provide you with the basics.

What is a credit score, and how is it calculated?

A credit score is a three-digit number on a scale of 300–850 that indicates to lenders how much of a credit risk you pose if they lend money to you. Translated that means they want to know how likely you are to fulfill your obligation. Are you reliable or not so reliable? A credit score provides some insight into this. Your score is based on several factors (see chart below).

Why is my credit score important? What minimum credit score do lenders require?

Your credit score affects your interest rate when applying for a home loan. Most lenders require a minimum credit score of 620; however—and this is important—different loan programs have different requirements. Contact your Academy Loan Officer for specific information.

HOW IS MY CREDIT SCORE CALCULATED?

35%
Payment History

30%
Amounts Owed

15%
Credit History

10%
Inquiries,
New
Credit
Lines

10%
Types of
Credit in
Use

Contact me today for more information!



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