**SUBJECT: the truth about your credit**

Did you know there are more than 55 different scoring models? FICO is the most common; it’s the one most people have heard of. The letters in FICO stand for the company responsible for it: Fair Isaac & Co. Two men — Fair and Isaac — founded the company 60 years ago. So now it’s an acronym that everyone knows — but few people know anything about.

FICO is a measure of our credit worthiness based on the debt agreements we have, and whether we’ve made payments on time, what our outstanding balances are, and so on.

The major reporting agencies — companies separate from FICO, including Experian and TransUnion, look at common factors, break them up into categories, types of debt, and then the lender — not the reporting agency by the way — makes a decision.

The main areas lenders look at are how long you’ve had credit and how you’re using it. That’s the number of credit accounts and the number of years they’ve been open, and then balance information — how much you’ve borrowed against the total amount available.

**Will Credit Inquiries Impact My Credit Score?** Inquiries. That’s when someone checks your credit. They have a temporary effect on your credit numbers. When a potential lender pulls your credit report they see who looked at your credit over the last six months. After six months it falls off. Basically every inquiry affects your score by 1 to 2 points. It doesn’t sound like a lot but if you apply for several cards it adds up The lender will look at the inquiries and say, “This person is applying for a lot of credit — more credit than the income from their job would support.

**What about the credit card or line of credit that you haven’t used it in a long time: should people keep the accounts — the “trade lines” — open?** When you close out a card you’ve had for 10 or 20 years you cut off 10 or 20 years of positive credit history. It’s better to have a card open and unused than to have had the card and then close the account completely. Just keep the zero balance. Of course, it’s better to use it occasionally and make sure there’s no annual fee.

**What about short sales, foreclosure, or bankruptcy?** First there’s a time line involved — how long will you have to wait, what were the conditions when credit or that home loan went bad for you, what kind of loan are you trying for now, and so on.The general range for “seasoning” as we call it is between 2 and 7 years

For additional questions regarding your credit and to be connected to a quality lender for a full credit report, reach out to me using my contact information provided on this email.

*For any Real Estate Advice that pertains to financial, legal, or tax related information please contact the professionals in those fields. The practice of Real Estate representation can vary by state. Ask your Real Estate Representative for agency information pertaining to your state and company.*

Warmly,

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