

# The 5 Major Factors that Make up your Credit Score



Your credit score is an important factor mortgage lenders will look at to determine your creditworthiness for a mortgage. Your score can affect whether or not you're approved, as well as the interest rate you're offered.

## 1. Payment History

Your payment history accounts for about 35% of your credit score, and is a reflection of on-time, missed, or late payments on credit cards, retail accounts, installment loans, mortgage loans, etc.

## 2. Amounts Owed

Amounts owed accounts for 30% of your credit score. It includes several factors such as:

- ◆ *The overall amount owed on all accounts*
- ◆ *Your Credit utilization ratio on revolving credit accounts*
- ◆ *The number of accounts with balances, and the amount of available credit being used*
- ◆ *The outstanding balance on any installment loan compared to the original amount*

## 3. Length of Credit History

Making up 15% of your credit score, a longer credit history generally means a higher credit score, but even homebuyers without a long credit history can have a high score depending on factors such as the age of your newest account and average age of your accounts.

## 4. Types of Credit Used

Your credit mix determines 10% of your credit score. The types and number of credit accounts play a role.

## 5. New Credit

The number of new accounts and recent inquiries, the time since the accounts were opened and inquiries were made, and whether you have a positive credit history are the factors that make up the new credit portion, accounting for about 10% of your overall credit score.



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