

what makes up my credit score?

Your credit score represents the data found in your credit report, which is a record of how you've borrowed and repaid money. It's used by creditors and even insurance companies to determine qualifications, rates, and other terms. Your score may change daily and is calculated based on the information in your report on that date to create a number that identifies how likely you are to repay your debts. The higher the score, the more likely you are to repay your debts.

your credit score is determined by the following information:

Payment History	This includes payment information on specific types of accounts, such as credit cards, student loans, etc.
Amounts Owed (outstanding balance vs. available credit)	This area compares the total amount you owe to unused credit.
Length of Credit History (old accounts vs. new accounts)	The longer and more established your credit history, the better your credit score. Credit history will account for how long your accounts have been established and how long it has been since you last used your accounts.
Types of Credit	This is how many and what kinds of accounts you have on your credit report.
New Credit	This is the number and type of recently opened accounts along with the number of recent inquiries.

how it relates to buying a home

Credit is critical to the homebuying process. Your credit history has information on how you borrow money, use credit, and pay it back. Your credit, your credit scores, and how wisely you shop for a loan that best fits your needs may have a significant impact on the mortgage interest rate and the fees you pay.

Be careful making any purchases on credit before you close on your home. Increased use of credit prior to loan closing may impact your ability to qualify for the mortgage loan.

how to check your credit score

Checking your credit score: Colorado residents are eligible for one free credit report from each credit agency per year. You can also get your credit report at annualcreditreport.com.

how to improve your credit score

If you have unfavorable credit or not enough credit, this may significantly impact your ability to purchase a home. Though credit reporting is complex and based on multiple factors, you can take steps to improve your credit.

No credit?

Consider “alternative credit.” Maintain records of positive payment history for 12 consecutive months for expenses such as rent, phone, and utilities. In some cases, these may be accepted by lenders as evidence of creditworthiness.

Poor credit?

If you currently have an unfavorable credit history, improving it may take time, but persistence pays off. Consider these tips:

1. Pay your bills on time;
2. Don't take on more debt than you can afford; and
3. Work towards paying down outstanding balances.

For more information about credit scores and how they impact the homebuying process, check out: [What can you do to improve your score? \(U.S. Federal Trade Commission\)](#)

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