Name: ______________________ Date: ______________

UNDERSTANDING CREDIT SCORE

What does it mean to have good credit? Credit is a lot more than just borrowing money. A lender must know that you will pay them back on time. Think of credit as your reputation. Can you be trusted to pay the agreed upon amount every month? So, if you are purchasing a car, the lender will likely pay more attention to your payment history. It's very important to have good credit – and maintain it. Credit scores range from 300-850. The higher the number the better!

Each credit bureau (Equifax, Experian, TransUnion) has a different calculation for computing your credit score. In general, here are the factors typically considered:
- Your payment history
- Your used credit versus your available credit
- The types of accounts you have
- The length of your credit history
- The number of accounts you have
- The number of inquiries about your account

Defining credit score words and phrases

Draw a line between the vocabulary word or phrase and its definition.

1. Credit score	A. Total owed as well as how much available credit a person is using
2. FICO	B. All new loans or accounts and all creditor credit report requests
3. Poor FICO credit score	C. How long a person has had an account or loan
4. Exceptional FICO credit score	D. Stands for Fair Isaac Corporation, a company that provides lenders with formulas to figure out credit scores
5. Payment history	E. Credit score that is below 580
6. Length of credit history	F. A way for lenders to predict how likely a person is to pay back a loan on time
7. New credit	G. Whether a person is paying bills on time and as agreed
8. Total debt, balances, and utilization	H. Credit score of 800 or more