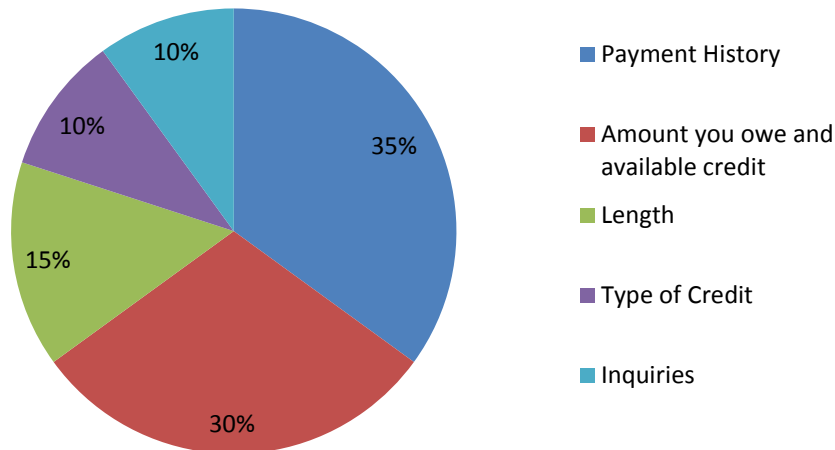


## Credit Ratings and Their Factors:



### Do you know the credit card factors that determine your credit score?

The exact formula to calculate a consumer credit score is a company trade secret closely guarded by the credit bureaus, but we do have general guidelines on how this score is calculated.

Here at Premier Consumer Credit, we thought it would be helpful to show you each one of them, the definition and the percentage representation, so that you can estimate how each affects your own credit score.

#### Payment History:

Payment history refers to how you have paid your creditors in the past. Each account you have will typically show on your credit report whether it was on time, late 30 days, late 90 days or late more than 90 days. It will also show any collection accounts that you may have.

To improve your payment history, always make at least the minimum payment required on your accounts. Any late reports will typically stay on your credit report for seven years.

#### Amounts you owe and available credit:

Amounts you owe on revolving credit accounts, more commonly known as your credit card balances will show on your credit report. It will also show the available credit you have on that account. It is always a good idea to have these balances low and preferably not more than half of your available credit. For example, if you have a credit card with available credit of five thousand dollars, your balance should never exceed two thousand five hundred dollars.

**Length:**

The greater the length of account history the better your credit will be. That is the reason why it is usually a good idea to keep open the credit cards that you have had for the longest time.

**Types of Credit:**

Variety improves your credit score. For example, this means that having a mortgage loan, a few credit cards and a vehicle loan is better than having just a credit card on your credit report. Companies that will extend credit to consumers will generally prefer someone who is knowledgeable by showing that she has different types of accounts. Be aware that having 10 credit cards is not variety, since it is only one type of account. A credit card may even be considered a credit risk, since you have too many accounts open.

**Inquiries:**

Every time you apply for credit there is an inquiry on your credit report. Too many recent inquiries lower your score. On a positive note, inquiries that are older than 90 days are typically removed from your credit.