

PETER & VICKY ROYSTER
REALTOR®

(713) 805-6247

POWERED BY CB&A, REALTORS

90%

of Americans recognize the importance that access to credit plays throughout their lives

39%

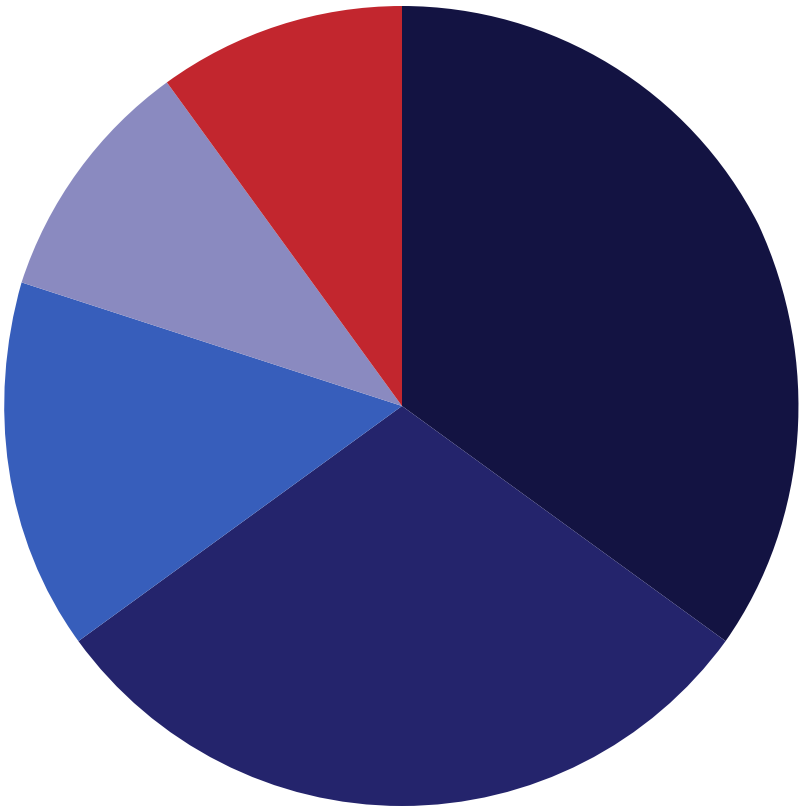
of Americans admit that they do not know their credit scores today

52%

of Americans did not know that paying bills on time is the factor that has the greatest impact on their credit score

From: https://finance.yahoo.com

CREDIT SCORE FACTORS



Payment History

Capacity Used

Credit History

Types of Credit Used

Past Credit Applications

PAYMENT HISTORY + CAPACITY USED

= 65% of Your Score

75% Of Your Score Comes From Just 2 Factors



65%

Payment History & Capacity Used

10%

Credit Inquiries & Applications

35% - How do you pay your bills?

• **Most creditors look at your most recent 6 months of payment activity, while mortgage lenders typically evaluate the most recent 12 months.**
Short-term trends matter: a clean 6–12 month history can outweigh older issues, but any late payments within that window are weighted heavily because they're considered the best predictor of future behavior.
• **One actual 30-day late payment can significantly impact your credit score, depending on your starting score.**
Higher scores get hit the hardest — a single 30-day late can drop a top-tier score (760+) by 70–100 points. Mid-range scores may see a smaller drop, but still enough to affect loan eligibility, interest rates, and mortgage approvals.
• **A divorce decree does NOT override any agreement you have with a creditor if you're a joint account holder.**
Even if the decree assigns the debt to one spouse, the creditor sees both parties as equally responsible. If payments are missed, the late marks, collections, and potential charge-offs will appear on both credit reports, and both scores will take the hit until the account is paid or refinanced out of joint ownership.

30% - Balances on Credit Cards

• **Revolving lines of credit (AKA credit cards) have the strongest impact on this part of your credit score, far more than mortgages or installment loans.**
Credit scoring models weigh revolving utilization heavily because it changes month to month and shows how you manage available credit in real time.
• **Keep your card balances as low as possible.**
Lower balances signal responsible usage and reduce your utilization ratio, which is one of the biggest factors in your score outside of payment history.
• **The optimal level for credit card balances is under 30% of your limit — and under 10% is even better.**
Staying below these thresholds tells lenders you're not overextended. Crossing above 30%, even temporarily, can drop your score quickly.
• **Both secured and unsecured credit cards count toward your score.**
FICO and VantageScore treat them the same in terms of utilization, payment history, and overall account performance, so positive habits on either type can help build or strengthen your credit.

Balances on Credit Cards: A Quick Example

- Outstanding balances versus available credit affect credit score

For example:

Credit Card	Balance	Available Credit
Visa	$10,000	$10,000
Mastercard	$0	$10,000

- Leaving credit card balance as is = Lower Credit Score will result
- If you spread Balance Between Cards ($5,000 each) = Higher Credit Score will result

Damage Points: How Mistakes Affect Your FICO Score

Credit Mistake	If your score is 680 -	If your score is 780 -
Maxed out card	Down 10 - 30 pts	Down 25 - 45 pts
30-day Late Payment	Down 60 - 80 pts	Down 90 - 110 pts
Debt Settlement	Down 45 - 60 pts	Down 105 - 125 pts
Foreclosure	Down 85 - 105 pts	Down 140 - 160 pts
Bankruptcy	Down 130 - 150 pts	Down 220 - 240 pts

FICO

15% - Credit History
10% - Types of Credit

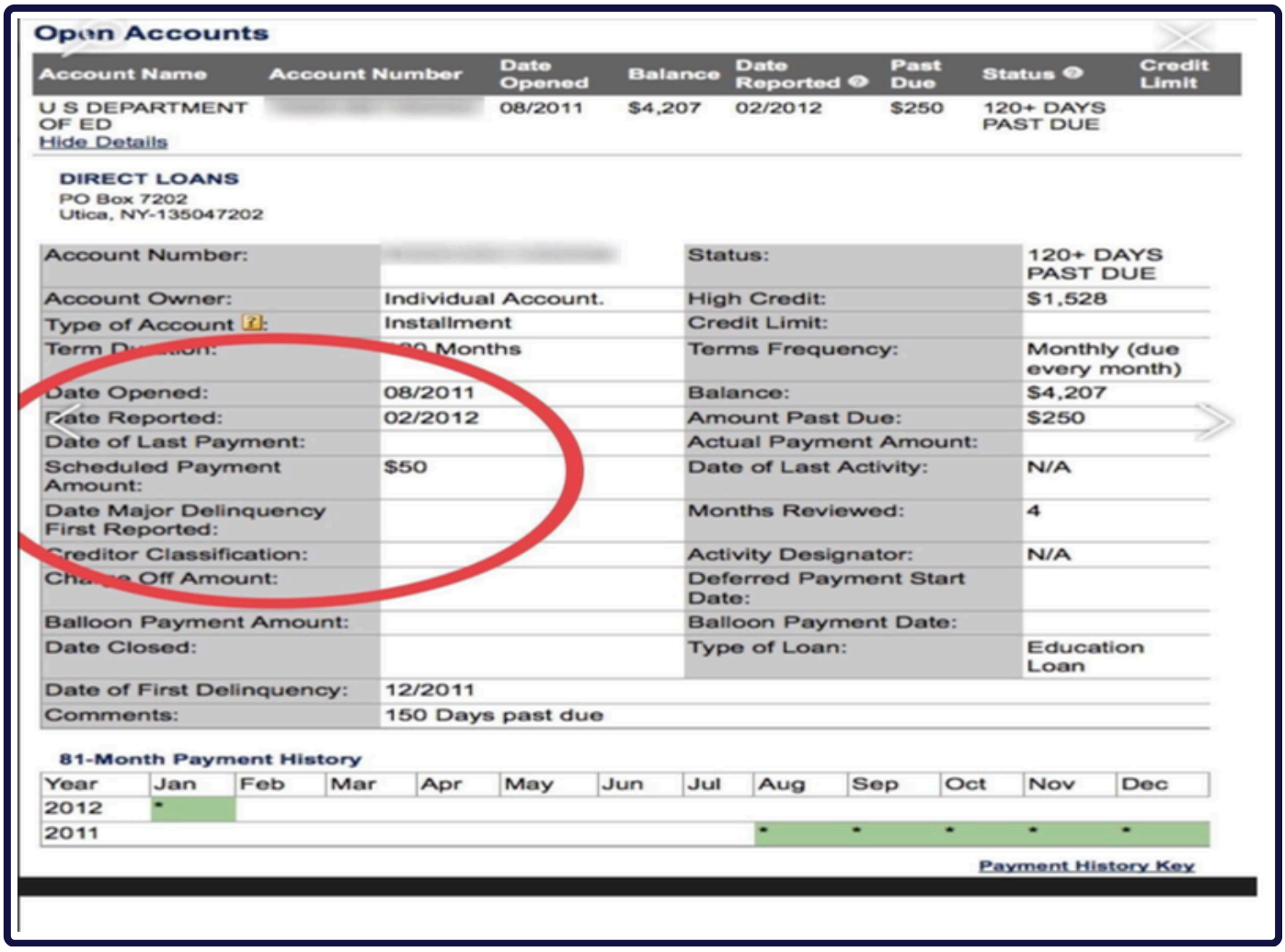
- Longer the credit history, the better the score
- When you close a long term account such as a car loan, your score will actually go DOWN
- It is ideal to have a mix of accounts such as installment loans and 2 credit cards

10% - Inquiries

- Certain inquiries do NOT impact your score: those from employers, insurance and utility companies, or current creditor
- When you request your credit report, it does not impact the score
- When you receive a "Preapproved" card, it does not impact the score until you give them permission to pull credit. Most of these cards are actually PREAPPROVED BASED ON CREDIT

Parts of a Credit Report

- Credit Report Summary - personal information, a summary of your complete history
- Credit Information - Creditors, balances, dates of importance
- Third-Party Collections
- Public Records



Open Accounts

Account Name	Account Number	Date Opened	Balance	Date Reported	Past Due	Status	Credit Limit
U S DEPARTMENT OF ED Hide Details		08/2011	$4,207	02/2012	$250	120+ DAYS PAST DUE	

DIRECT LOANS
PO Box 7202
Utica, NY-135047202

Account Number:		Status:	120+ DAYS PAST DUE
Account Owner:	Individual Account.	High Credit:	$1,528
Type of Account:	Installment	Credit Limit:	
Term Duration:	120 Months	Terms Frequency:	Monthly (due every month)
Date Opened:	08/2011	Balance:	$4,207
Date Reported:	02/2012	Amount Past Due:	$250
Date of Last Payment:		Actual Payment Amount:	
Scheduled Payment Amount:	$50	Date of Last Activity:	N/A
Date Major Delinquency First Reported:		Months Reviewed:	4
Creditor Classification:		Activity Designator:	N/A
Charge Off Amount:		Deferred Payment Start Date:	
Balloon Payment Amount:		Balloon Payment Date:	
Date Closed:		Type of Loan:	Education Loan
Date of First Delinquency:	12/2011		
Comments:	150 Days past due		

81-Month Payment History

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2012	*											
2011								*	*	*	*	*

Payment History Key

A Word About Charge Offs and Collections

- A CHARGE OFF is when a creditor writes off a balance that you owe, but have not paid. They write it off the books or "Charge It Off."
- This does NOT mean that you no longer owe it
- It becomes a COLLECTION when the account is sold to a Third Party called a Collection Agency

To Settle An Account or Do a Payment Plan

- Consider the age of the account (the collection or charge off) when deciding if you want to settle the account or establish a payment plan
- Lenders just want to see that you have been responsible by dealing with it. They do NOT care if you settle it for pennies on the dollar or in full.
- If you do a settlement, obtain a letter stating the terms PRIOR to making the settlement

Regardless of which option you choose, initially your credit score will GO DOWN until you either settle the account or complete the payment plan

Disclaimer: If you are looking to purchase a home consult a Lender PRIOR to repairing your credit or making any decisions.

IMPROVE YOUR CREDIT WITH 7 SIMPLE STEPS

1. **Always pay your bill on time**
2. **Keep your credit card balances low**
3. **Get rid of debt faster**
4. **Do not close your current account or open a new one**
5. **Order a free credit report from www.annualcreditreport.com and dispute errors**
6. **Study your FICO score**
7. **Keep the debt-to-credit ratio less than 30%**

From: https://finance.yahoo.com

FOR MORE INFORMATION

- Go to Consumer Finance Protection Bureau
- www.ConsumerFinance.gov
- Go to Consumer Tools -
  - Credit Reports and Scores
  - Debt Collection

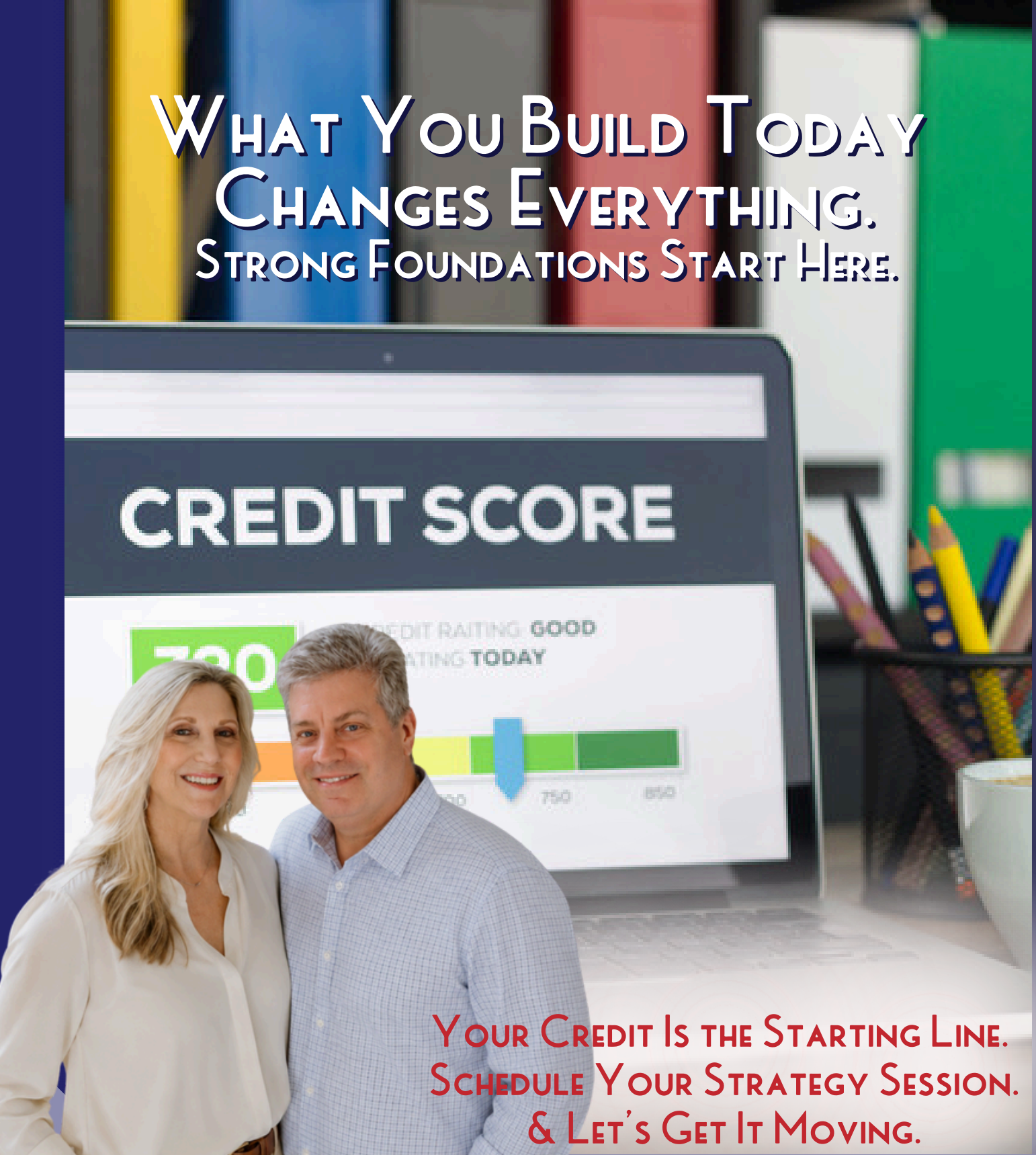
- We can also help connect you with a Credit Repair Specialist
- Let's get you to that great credit score now!

The Move Live Love TX Team™



What You Build Today Changes Everything.

Strong Foundations Start Here.



Your Credit Is the Starting Line.
Schedule Your Strategy Session.
& Let's Get It Moving.

PETER & VICKY ROYSTER
(713) 805-6247
REALTOR®
WWW.MOVELIVELOVETX.COM
POWERED BY CB&A, REALTORS

The Move Live Love TX Team™

🌱 100% Digital — No Paper, No Printing, No Waste.