



# HOW TO KNOW AND GROW YOUR CREDIT SCORE

Credit scores range from 300 to 900, with your score dictating your credit impact. There are three primary credit reporting agencies (Experian, Transunion, and Equifax) who report to analytics software company FICO (Fair Isaac Corporation) that continually updates the credit calculation formula based on several factors.

## Credit Score Factors

There are five primary factors that FICO considers in their calculations, with approximate percentages of impact. Understanding your credit score will help you know how companies will ultimately determine your overall credit impact, and thus the offers you receive.

35

### Payment History

Reflects making your payments on time, as late payments and missed payments are reported.

30

### Accounts Owed

Refers to money you owe compared to how much you have available. Keep your utilization under 30% for best results.

15

### Length of Credit History

The longer you keep your accounts open, the better your score.

10

### Credit Mix

A good mix of accounts (aim for five) is important, between credit cards, personal loans, vehicle loans, and mortgages.

10

### New Credit

Running credit several times indicates risk to a bank, as does opening several new accounts in a short period of time.

## Maintain Your Credit

Once you build your credit, you'll want to protect it at all costs. You will best do this by paying your bills on time while keeping your revolving credit under 20% utilization. It's best to have a minimum of five accounts, with various types of loans (education, personal loan, credit card, etc...). Look at refinancing but don't refinance your auto loan more than two to three times. Don't run your credit often. It doesn't affect your credit too much, but creditors don't like seeing that you're moving around.

## Now Use Your Credit

Whether you are a first-time buyer or someone who is looking to purchase a new or used BMW or MINI, you now understand that there are several aspects to your credit score and these directly affect your ability to receive a good line credit. We've encouraged you to start thinking about these aspects before you think about purchasing your next vehicle as well as talk through these with your children (if you have kids) as a way to instill good financial habits and values before they look to purchase one of their own. You know now how to build good credit, freeze lines of credit, and solve problems on your own. So the big question here is: how can we help? We would love to see you in person, but if you would like to start the process online, you can always start with our Virtual Showroom at BMW or MINI. Until then, let's work together as partners and improve your financial situation.

