

Some areas or things you can do to increase your score...

- ◇ Pay bills on time.
- ◇ Lower the amount of debt owed. Pay it off, if possible.
- ◇ Talk with the lender when you experience problems paying to learn if they have payment alternatives to help you maintain your credit rating/score.
- ◇ Don't open a lot of credit accounts in a short period of time.
- ◇ Limit the number of inquiries made on your credit report file.
- ◇ Closing old credit accounts could decrease your credit score, since they add to the length of time in your credit report. It can also affect the average age of your overall credit accounts.

BENEFITS



Our Mission

The primary statutory mission of the Department of Financial Institutions is to provide the people of Tennessee with a safe and sound system of banks and other institutions by ensuring safety and soundness and compliance with governing law, while giving institutions the opportunity to contribute to the economic progress of Tennessee and the nation.



Contact Information:

Consumer Resources Section

Phone: 800-778-4215

Email: tdfi.consumerresources@tn.gov

Tennessee Tower, 26th Floor

312 Rosa L. Parks Avenue

Nashville, TN, 37243



General Services, Authorization No. 336027,
1000 copies April, 2016. This public document
was promulgated at a cost of \$0.20 per copy.



What Is Credit?

Consumer Resources Section

800.778.4215



What Is Credit?

Credit is the use of services, or the purchase of items, when needed and then paying for them on agreed upon terms. This can also be the incurring of debt and deferring its payment until a later time. The agreed terms include the timing and amount of payment, plus any applicable fees, interest, or service charges.

SOME FORMS OF CREDIT

Installment Loans - Automobile or Real Property (Mortgages)

Revolving - Credit Cards

Open - Lines of Credit (Home Equity Lines of Credit "HELOC")

These can be individual, joint, or authorized user accounts.



What is a credit score?

A credit score is a number that summarizes your credit risk. Lenders use your credit score to determine whether to make you a credit offer. Your credit score can affect the interest rate you may receive, the amount of money the lender will provide and the length of time the lender may be willing to extend the terms.

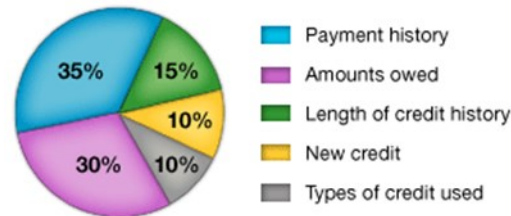
The most widely used credit score is FICO, which was developed and has been refined through the



years by the Fair Issac Corporation. The FICO credit score is calculated by using several pieces of data contained in an individual's credit report. The data is grouped into five categories and each category has varying percentages of importance. The FICO score takes into consideration both positive and negative information in your credit report.

FICO Score Break-Down

A FICO score can range from 300-850, with the higher score being an indicator of less risk for the lender.

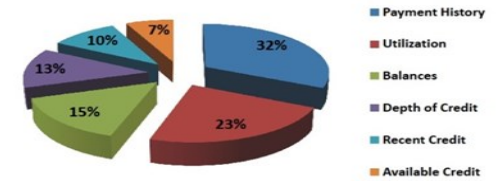


A newer, less used credit scoring provider is the Vantage Score, which has the same scoring range as the FICO score (300-850); however, the categories used to determine the score are slightly different from what is used for the FICO score. The lender typically determines the scoring model they use in their credit decision processes.

Surprisingly, there are a number of entities who may look at your credit score:

Lenders, Employers, Insurance Agents, Cell Phone Service Providers, Utility Companies and Landlord/Property Managers.

Vantage Score Break-Down



What can raise or lower my credit score?

From the categories shown above, there are a number of factors that can increase or decrease your score. These include:

- * New credit accounts and the length of a credit file history, or the lack thereof.
- * The types and/or amount of credit obligations an individual may have open.
- * Time at employer and address.
- * Public record accounts (i.e. bad debts, judgments, bankruptcy, collections, foreclosures repossessions)

