



Credit Score Essentials for REALTORS®

Understanding credit scores is crucial for real estate professionals to better serve clients and manage their own finances effectively.

Understanding Credit Score Components and Resources

Credit Score Components

Payment History (35% of FICO® Score)

- Late payments can remain on your credit report for 7 years
- Recent late payments impact your score more than older ones
- Bankruptcy can affect your score for 7-10 years
- Collection accounts impact scores for 7 years from the original delinquency date

Credit Utilization (30% of FICO® Score)

- Measures how much of your available credit you're using
- Experts recommend keeping utilization below 30% overall and on individual cards
- Lower utilization (below 10%) leads to the best scores
- Business credit cards that don't report to personal credit bureaus can help manage utilization

Length of Credit History (15% of FICO® Score)

- Includes age of oldest account, newest account, and average age
- Closing old accounts can potentially lower scores
- Opening several new accounts quickly lowers your average age
- Authorized user status on older accounts can help build history

Credit Mix (10% of FICO® Score)

- Having both installment loans and revolving credit demonstrates responsibility
- Too many accounts of the same type may indicate higher risk
- Business loan diversity is viewed positively by lenders

New Credit (10% of FICO® Score)

- Multiple credit inquiries in a short period can lower scores
- Rate shopping for mortgages, auto loans or student loans is treated as a single inquiry if done within 14-45 days
- New accounts lower your average account age

Credit Resources for REALTORS®

Professional Organizations

- National Association of REALTORS® Financial Wellness Program
- Center for REALTOR® Financial Wellness
- National Association of REALTORS® Credit Union

Government Resources

- Consumer Financial Protection Bureau (CFPB)
- Small Business Administration (SBA) Credit Resources
- Federal Trade Commission (FTC) Credit Resources

Educational Resources

- AskTheMoneyCoach.com
- Annual Credit Report Request Service: 1-877-322-8228
- FICO Score Education: myfico.com