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5 Factors That Decide Your Credit Score

Credit scores range between 200 and 800, with scores above 620 considered desirable for obtaining a mortgage. The following factors affect your score:

1. Your payment history. Did you pay your credit card obligations on time? If they were late, then how late? Bankruptcy filing, liens, and collection activity also impact your history.

2. How much you owe. If you owe a great deal of money on numerous accounts, it can indicate that you are overextended. However, it's a good thing if you have a good proportion of balances to total credit limits.

3. The length of your credit history. In general, the longer you have had accounts opened, the better. The average consumer's oldest obligation is 14 years old, indicating that he or she has been managing credit for some time, according to Fair Isaac Corp., and only one in 20 consumers have credit histories shorter than 2 years.

4. How much new credit you have. New credit, either installment payments or new credit cards, are considered more risky, even if you pay them promptly.

5. The types of credit you use. Generally, it's desirable to have more than one type of credit — installment loans, credit cards, and a mortgage, for example.

For more on evaluating and understanding your credit score, visit www.myfico.com.