

Understanding Your Credit Score

An important step on the pathway to homeownership

At Bank of Hawaii, we understand purchasing a home is one of the most important financial decisions you will make in your lifetime. Understanding your credit score and how it affects qualifying for a mortgage loan is an important step on the way to homeownership. Call or visit one of our experienced residential loan officers today for more information. We'll make you feel right at home.



What is a Credit Score?

- ◆ Your credit score is a number between 300 and 850.
- ◆ Your score considers both positive and negative information in your credit report.
- ◆ The credit score ranks your level of future anticipated credit risk. The higher the score, the lower the risk.
- ◆ It helps lenders assess the risk they take if they provide credit to you, whether it's a car loan, credit card or home mortgage.
- ◆ It is also used to determine the interest rate lenders will charge you.
- ◆ The most widely used credit scores are FICO scores. In order for a FICO score to be calculated on your credit report, the report must contain at least one account which has been open and used for six months or greater. This ensures that there is enough information in your report on which to base a score.
- ◆ Three national consumer reporting agencies — Equifax, Experian and TransUnion — calculate credit scores based on analyses of credit information of a large number of consumers and voluntarily provided by lenders.

How to Obtain Your Credit Report:

- ◆ Under a federal law, you can obtain a free copy of your credit report every 12 months from each of the three national consumer reporting agencies.
- ◆ For more information on ordering your free credit report, visit www.annualcreditreport.com or call 1-877-322-8228 or mail a request to: Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281.

*For more information, call one of our Loan Officers
at a Bankoh Residential Loan Center listed below.*

h Bank of Hawaii

Downtown	Kahala	Pearlridge	Kapolei	Kahului	Kihei	Lahaina	Wailuku	Kona	Hilo	Kauai
538-4786	733-7447	483-6565	693-1444	871-8210	875-8102	661-5367	243-8188	326-3996	933-7213	632-0006

Sources:

www.namb.org. 1 Sept. 2005. 15 May. 2006 <<http://www.namb.org/namb/NewsBot.asp?MODE=VIEW&ID=63&SnID=2016047490>>.

www.myfico.com. 15 May. 2006. <<http://www.myfico.com/CreditEducation/WhatsInYourScore.aspx?fire=5>>.

www.myfico.com. 15 May. 2006. <<http://www.myfico.com/CreditEducation/ImproveYourScore.aspx?fire=5>>.

boh.com



Member FDIC
RL-68 (6/2006)

	What a FICO Score Considers	How to Raise Your Credit Score
<p>Payment History What's your track record? (35%)*</p>	<ul style="list-style-type: none"> • Account payment information (credit cards, retail accounts, personal loans, finance company accounts, mortgage, etc.) • Presence of adverse public records, such as bankruptcy, foreclosures, judgments, suits, liens, wage attachments, collection items and/or delinquency (past due items) • How long past due and amount past due • Time since past due items, adverse public records or collection items • Number of past due items on file • Number of accounts paid as agreed 	<ul style="list-style-type: none"> <input type="checkbox"/> Pay your bills on time — delinquent payments and collections have a major negative impact on your score. <input type="checkbox"/> If you have missed payments, get current and stay current — the longer you pay your bills on time, the better your score. <input type="checkbox"/> Be aware that paying off a collection account will not remove it from your credit report. It will stay on your report for seven years. <input type="checkbox"/> If you are having trouble making ends meet, contact your creditors or see a legitimate credit counselor. This won't improve your score immediately, but if you can begin to manage your credit and pay on time, your score will get better over time.
<p>Amount Owed How much is too much? (30%)*</p>	<ul style="list-style-type: none"> • Amount owing • Number of accounts with balances • Percent of credit lines used • Percent of installment loan amounts still owing 	<ul style="list-style-type: none"> <input type="checkbox"/> Keep balances low on credit cards and other revolving credit — high debt can affect a score. <input type="checkbox"/> Pay off debt rather than moving it around. <input type="checkbox"/> Don't open a number of new credit cards that you don't need, just to increase your available credit.
<p>Length of Credit History How established is yours? (15%)*</p>	<ul style="list-style-type: none"> • Time since accounts opened • Time since account activity 	<ul style="list-style-type: none"> <input type="checkbox"/> If you have been managing credit for a short time, don't open a lot of new accounts too rapidly.
<p>New Credit Are you taking on more debt? (10%)*</p>	<ul style="list-style-type: none"> • Number of recently opened accounts, and percent of accounts that are recently opened • Number of recent credit inquiries • Time since recent account openings • Time since credit inquiries • Re-establishment of positive credit history following past payment problems 	<ul style="list-style-type: none"> <input type="checkbox"/> Do your rate shopping for a given loan within a focused period of time. <input type="checkbox"/> Re-establish your credit history if you have had problems — opening new accounts responsibly and paying them off on time will raise your score in the long term. <input type="checkbox"/> Request and check your own credit report — This won't affect your score, as long as you order your credit report directly from the credit reporting agency or through an organization authorized to provide credit reports to consumers.
<p>Types of Credit Used Is it a healthy mix? (10%)*</p>	<ul style="list-style-type: none"> • Number and use of accounts (credit cards, retail accounts, personal loans, finance company accounts, mortgage, etc.) 	<ul style="list-style-type: none"> <input type="checkbox"/> Apply for and open new credit accounts only as needed. Closing an account doesn't make it go away. <input type="checkbox"/> Have credit cards, but manage them responsibly.

It's important to note that raising your credit score takes time and there is no quick fix. The best advice is to manage credit responsibly over time.

* Approximate percentage of score based on this category.