FGB FINANCIAL FOUNDATIONS

• Financial Education for Everyone •

CREDIT REPORTS: TIPS TO MAINTAIN AND IMPROVE CREDIT

Your credit report and the ability to understand it is an important part of your financial life. It can determine whether you can obtain credit, what your credit terms are, and how much it costs you to borrow money.

WHO USES CREDIT REPORTS?

- Lenders
- Potential Employers
- Insurance Companies
- Rental Property Owners

IDENTIFYING INFORMATION

- Name
- Address
- Birth date
- Social Security Number (SSN)
- Employer information

PUBLIC RECORDS

- Local, State, and Federal Court Records
- Bankruptcy records
- Tax liens
- Judgments
- Overdue Child Support (in some states)

CREDIT HISTORY

- Name of creditor
- Account number
- Types of credit
- Individual or Joint account
- Total amount of the loan
- High credit limit
- Highest balances
- How much is still owed
- Amounts owed
- Types of loans (Mortgage, CC, etc.)
- Payment History
- Late Payments

INQUIRIES

- List of companies that have received your credit report in the last 12 months

NOTE: Race, Religion, National Origin, Sex, and Marital Status will not be on your credit report.

Notes:

WHAT IS A CREDIT INQUIRY?

- An inquiry refers to a request to look at your credit file and it will generally fall into one of two types:
  - **Hard Inquiries:** These are inquiries by lenders after you apply for credit. These inquiries will impact your credit score because credit scoring models look at how frequently you apply for credit.
  - **Soft Inquiries:** These are reviews of your credit file, including reviews of existing accounts by lenders, prescreening inquiries by lenders -- these should not affect your credit score.

THINGS TO LOOK FOR ON YOUR CREDIT REPORT

WHEN CHECKING YOUR CREDIT REPORT FOR ERRORS, HERE'S WHAT TO LOOK FOR:

- Misspelled Names
- Incorrect Name
- Middle Names
- Phone Number
- Input Errors
- Jr. vs Sr.
- Duplicate Accounts
- Incorrect Payment History
- Accounts paid off, but still showing
- Accounts older than 7 years
- Reports that say you are deceased
- Closed Accounts
- Identity Errors
- Bankruptcy Errors
- Wrong Address
- Incorrect Credit Line
- Incorrect Balances
- Identity Theft
- Being listed as a Primary Account holder vs. Authorized User
- Listed on the OFAC list (Office of Foreign Asset Compliance) -- a specifically designated terrorist watch list

WHAT IF I FIND A PROBLEM OR MISTAKE ON MY CREDIT REPORT?

- Check that your identifying information is correct and that the credit accounts listed in your report are correct
  - NOTE: Under the Federal Credit Reporting Act, both you AND the credit reporting bureau are responsible for correcting any inaccurate or incomplete information.
- To initiate a dispute with the credit reporting agency you must submit your dispute in writing
  - NOTE: The credit reporting agency must investigate your dispute within 30 days of your submission.
- It is recommended that you send your written dispute via certified mail and pay for a return receipt so you have a record that it's been received.
  - **Equifax** - Information Services LLC - P.O Box 740256 Atlanta, GA 30348
    Phone Number: 866-349-5191
  - **Experian** -- P.O Box 4500 Allen, TX 75013
    Phone Number: 888-397-3742
  - **Transunion** -- P.O Box 2000 Chester, PA 19016
    Phone Number: 800-916-8800

DID YOU KNOW
Your credit report is updated monthly

HOW TO SAFEGUARD YOUR IDENTITY

If you find accounts listed on your credit report that you did not open or if you are worried about identity theft, you might want to consider filing a free fraud alert on your credit file. These remain active for one year and notifies lenders to take extra steps to verify your identity when pullling your report.

HOW TO PLACE OR LIFT A CREDIT FREEZE

- Freeze or lift the freeze on your credit report for FREE by contacting each of the three major credit reporting agencies:
  - Equifax
  - Experian
  - TransUnion

  You can submit your request online, by phone, or by mail.

HOW LONG DO FREEZE REQUESTS TAKE?

- Freeze requests:
  - Online or by phone: agencies must freeze your credit report within one business day
  - By mail: agencies must freeze your credit report within three business days
- Unfreeze requests:
  - Online or by phone: agencies must lift the freeze within one hour
  - By mail: agencies must lift the freeze within three business days

NOTE: If you plan to apply for a new loan or credit card, it's vital that you check your credit report beforehand. Negative information in your credit report can lower your credit scores. You want your credit scores to be the best they can be before applying for new credit.

Notes:

TIPS TO IMPROVE AND MAINTAIN CREDIT

- Request a copy of your credit report and check your credit score from the following: **Equifax, Experian, Transunion, and Annual Creditreport.com**
- Know what your interest rates / balances are on all your credit cards and loans
- Pay your bills in full on time
  - Paying your bills on time is worth 35% of your credit score and 40% if it is a VantagesScore
- Late payments:
  - To avoid late payments, set up automatic payments and due date alerts
  - There are 30, 60, 90-day late payments
  - Lenders may not report late payments until 30 days past due, but some may send your account to a collection agency if you are 60+ days past due
  - Late payments will stay on your credit report for 7 years
  - If you're past your due date but pay it before the 30-day period, you should not be affected; however, late fees may apply
  - If you are struggling with late payments, consider changing your due date
- Keep balances low
- Be careful when applying for new credit
  - 10% of your credit score is new credit and 5% is VantageScore
- Consider a debt consolidation loan
- Pay down debt
  - Snowball or Avalanche method (see pg. 8)
- Avoid closing existing credit cards
- Soft credit pulls and preapprovals for credit have no impact on your credit
- Hard credit pulls = when applying for a loan, credit, credit limit increase, utility service, cell phone contracts, or rentals
- Consider a credit monitoring service

DID YOU KNOW
Late payments can drop your score anywhere from 50 to 110 points

NOTE: Hard credit pulls can drop your FICO score and may stay on your credit for two years.

Notes:

EXPERIAN BOOST

WHAT IS EXPERIAN BOOST?

- Experian Boost lets you include your history of certain on-time household bill payments in your Experian credit file to help build credit. Eligible accounts include:from the following: **Phone Bills *(mobile and landline)*, Utility Bills *(gas, water, electricity, solar)*, Insurance *(excluding health insurance)*, Residential Rent *(if paid online)*, Internet, Cable, and Satellite**

EXPERIAN BOOST PROS

- Experian Boost offers a great opportunity for building payment history. The **average** FICO score increase is 13 points per user AND Experian says many have jumped into a new score range.
- **Experian Boost is FREE!** Not only is Experian Boost a free service, but it allows you to build credit on payments you're already making. Meanwhile, credit-building products like credit builder loands or secured credit cards grant you new lines of credit that you must pay off.
- **Experian Boost doesn't report late payments.** With no late payments reported, Experian Boost can't hurt your credit score. On the other hand, missed payments on secured credit cards are often reported to the credit bureaus, which will lower your credit score.

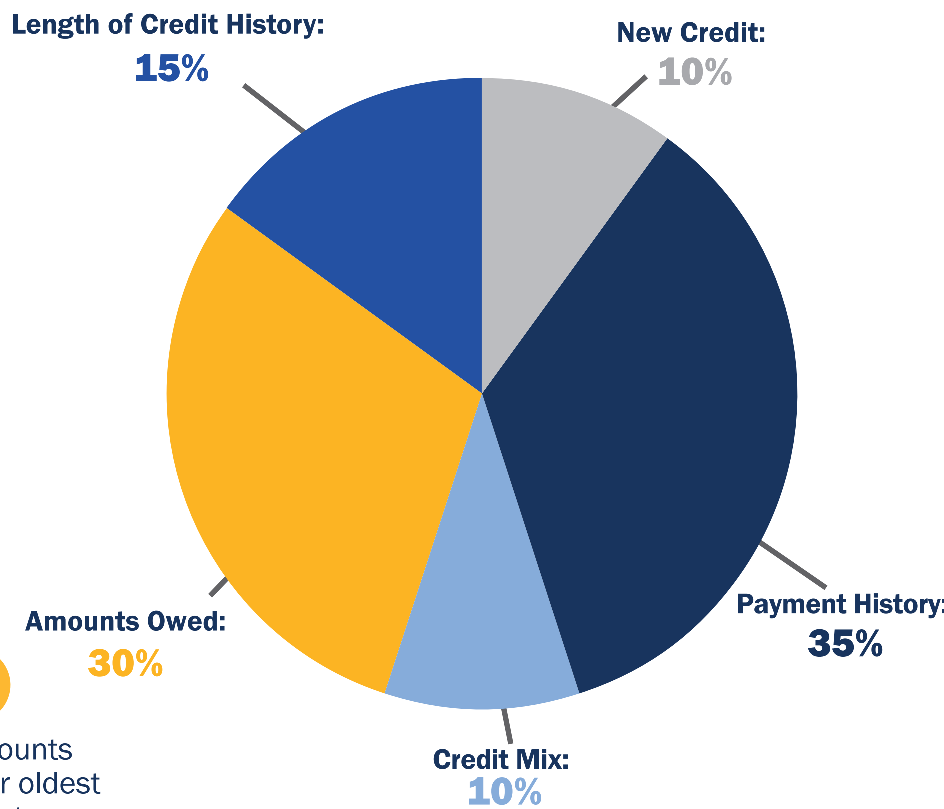
EXPERIAN BOOST CONS

- Experian Boost is a FREE service that can help your credit, but there's only so much it can do.
- **Doesn't repair negative information.** Experian Boost **can't fix damaged credit** or reduce the impact of an excessive level of debit. It also will not have any effect on previous bankruptcies or foreclosures.
- **Experian Boost only boosts your Experian score.** Experian Boost doesn't affect your credit reports from the other two credit bureaus: Equifax and TransUnion. Any benefit gained from Experian Boost will be negated if your lender happens to pull your credit report from a different bureau.

SCAN HERE TO LEARN MORE ABOUT EXPERIAN BOOST

Notes:

FIVE THINGS THAT MAKE UP YOUR CREDIT SCORE



PAYMENT HISTORY

- Helps a lender determine the risk it will take when extending credit and the **MOST** important factor in a FICO score.

AMOUNTS OWED

- Owing money doesn't necessarily mean that you're a high-risk borrower. If you're using a lot (or most) of your available credit, banks could interpret this to mean that you are at a higher risk of defaulting.

LENGTH OF CREDIT HISTORY

- This includes how long your credit accounts have been established, the age of your oldest account, age of your newest account, etc.

CREDIT MIX

- Includes the different types of accounts you have (example: credit cards, retail accounts, installment loans, mortgage loan, etc.)

NEW CREDIT

- Typically, opening several credit accounts in a short amount of time represents a greater risk.

WHAT IS A FICO SCORE?

A FICO Score is a three-digit number based on the information in your credit report. It helps lenders determine how likely you are to repay a loan. Typically, FICO scores range from 300-850 and can be classified as follows:

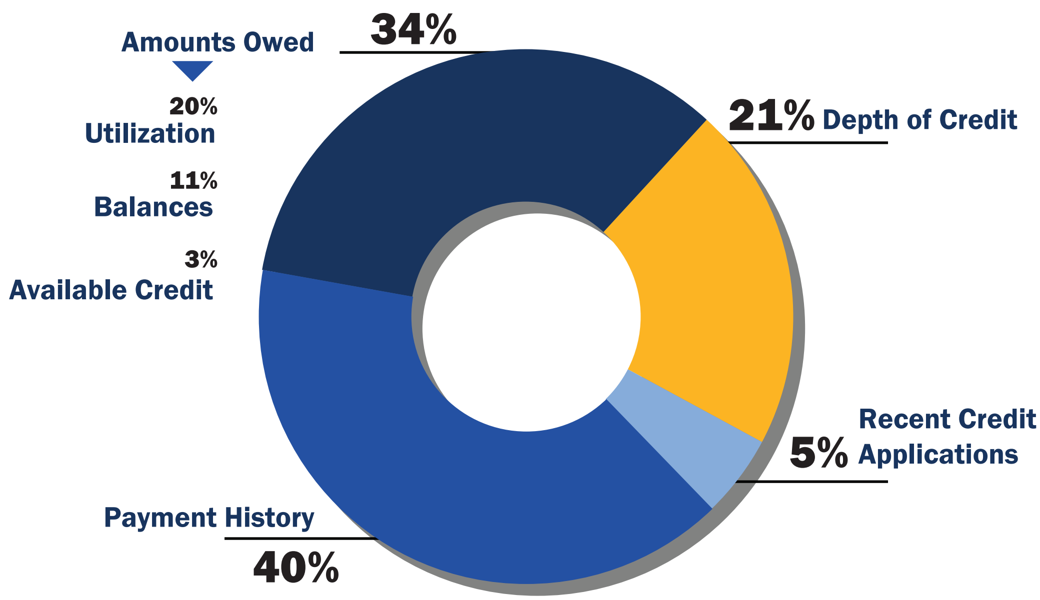
- Exceptional (850-800)
- Very Good (799-740)
- Good (739-669)
- Fair (669-580)
- Poor (579-300)

NOTE: The higher your credit score, the more likely you are to qualify for credit, rental housing, insurance, etc. Your credit score determines IF you'll be able to borrow money and how much it will cost you in interest.

WHAT IS A VANTAGESCORE?

FICO is not the only credit score. Credit card issuers, lenders, and other creditors may also use a credit score from VantageScore, a competitor to FICO. VantageScore 3.0 ranges from 300-850 and can be classified as follows:

- Excellent (850-750)
- Good Credit (749-700)
- Fair Credit (699-650)
- Poor Credit (649-550)
- Very Poor (549-300)



TIPS TO NEGOTIATE WITH CREDITORS ON YOUR OWN

- Set your terms
- Tell the truth and keep a consistent story
- Learn your rights under the Fair Debt Collection Practices Act (FDCPA)
- Document communication and keep detailed notes
- Negotiate with creditors directly
- Get all agreements in writing
- Do not provide a collector with any personal financial information

Notes:

DEBT AVALANCHE VS. DEBT SNOWBALL

Notes: