

# Your Credit

---

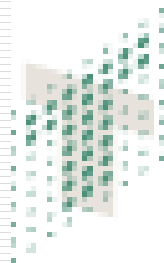


# Credit Reporting Agencies

---

***EQUIFAX***

**experian**



**TransUnion.**

---

# Free Credit Reports

---

- One free report from each every 12 months
- By internet – [www.annualcreditreport.com](http://www.annualcreditreport.com)
- By phone – 877-322-8228
- Scores not free (Try Credit Karma)
- Credit monitoring and subscriptions are unnecessary



# Sections of a Report

---

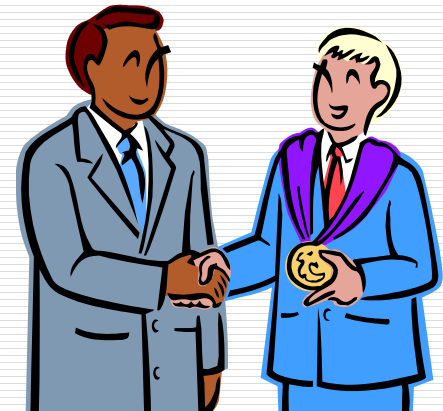
- ☐ Personal Information
- ☐ Credit Information / Trade History
- ☐ Public Records
- ☐ Inquiries



# Not on your Report

---

- ☐ Race, religion, ethnicity
- ☐ Employment history
- ☐ Salary
- ☐ Personal wealth
- ☐ Criminal record



# Credit Report Uses

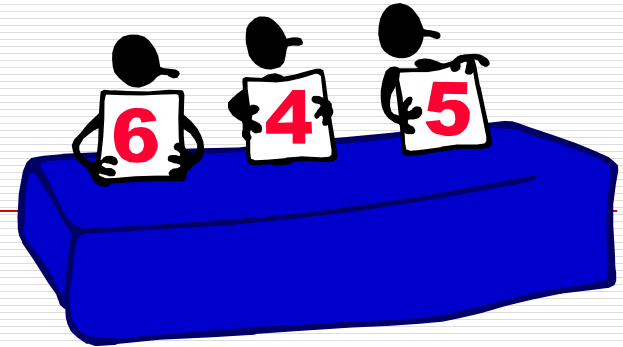
---

- ☐ Qualifying for loan
- ☐ Interest rates
- ☐ Auto insurance discounts
- ☐ Renting an apartment
- ☐ Applying for new jobs
- ☐ Applying for professional licenses



# Credit Scores

---



## ☐ Vantage Score

- Less common
- Old Range: 501-990
- New Range: 300-850

## ☐ FICO

- The original and most common score
  - Range: 300-850
  - Under 550 – subprime
  - Over 700 – best for most lenders
-

# FICO effect (30 year mortgage)

---

<b>FICO score</b>	<b>APR</b>	<b>Monthly pmt</b>
<b>760-850</b>	<b>5.95%</b>	<b>\$1193</b>
<b>700-759</b>	<b>6.25%</b>	<b>\$1232</b>
<b>660-699</b>	<b>6.75%</b>	<b>\$1298</b>
<b>620-659</b>	<b>7.50%</b>	<b>\$1399</b>
<b>580-619</b>	<b>9.25%</b>	<b>\$1646</b>
<b>500-579</b>	<b>10.17%</b>	<b>\$1780</b>



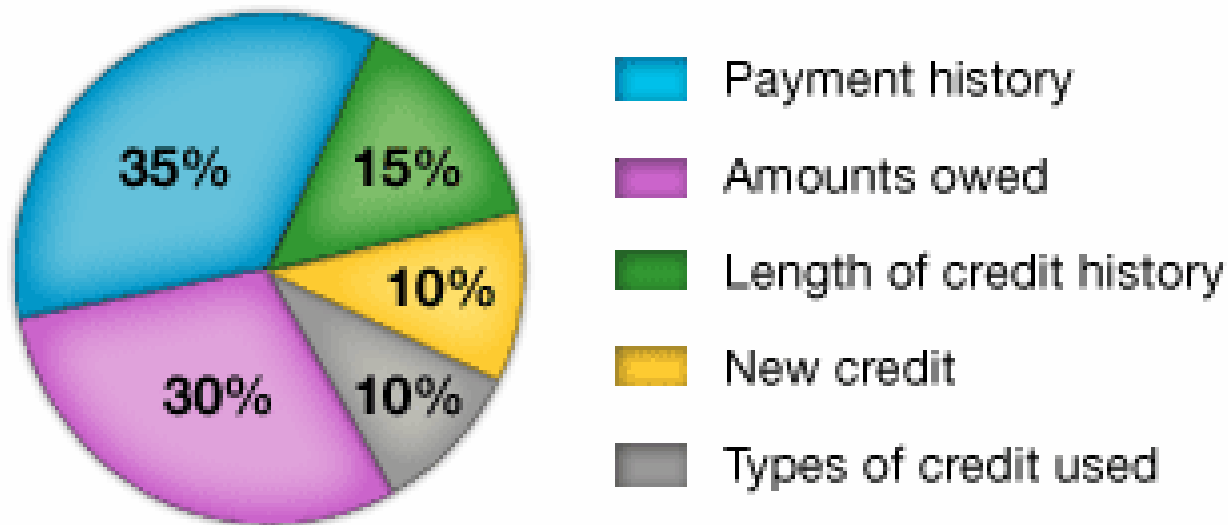
# FICO effect (5 year car loan)

---

<b>FICO score</b>	<b>APR</b>	<b>Monthly pmt</b>
<b>720-850</b>	<b>6.5%</b>	<b>\$389</b>
<b>690-719</b>	<b>7.5%</b>	<b>\$405</b>
<b>660-689</b>	<b>9.75%</b>	<b>\$423</b>
<b>620-659</b>	<b>11.00%</b>	<b>\$435</b>
<b>590-619</b>	<b>14.30%</b>	<b>\$469</b>
<b>500-589</b>	<b>15.25%</b>	<b>\$479</b>

# FICO Score

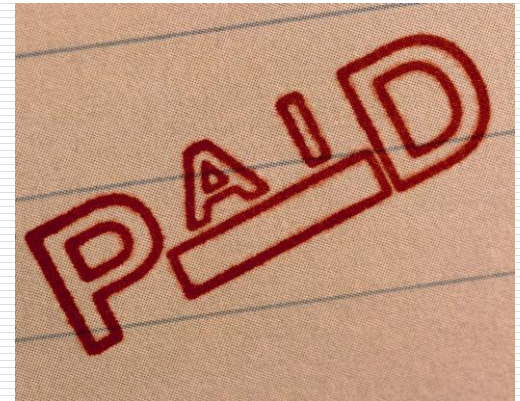
---



# Payment History – 35%

---

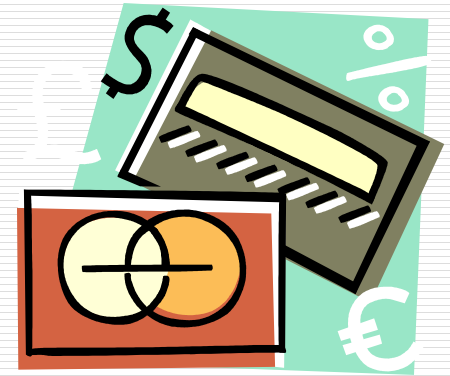
- Credit Information section
  - Paid as agreed
  - 30 – 60 – 90
  - Charge off
- Collections
- Public Record section
  - Bankruptcy
  - Judgments



# Amounts Owed– 30%

---

- ☐ Debt v. Credit Limit
- ☐ Credit Information section
  - Add all limits on revolving accounts
  - Add all debts on those accounts
- ☐ Over 50% has very negative effect



# Other Factors

---

- ❑ Length of Credit History – 15%
- ❑ Types of Credit Used – 10%
  - Secured v. Unsecured
  - Revolving v. Installment
- ❑ New Credit – 10%
  - Inquiries section
  - Hard v. Soft



# Building Good Credit

---



- ☐ Pay bills on time
    - Budget, budget, budget
    - Ask creditors re-age a made up account
  - ☐ Keep your debt levels low
    - Live within your budget
  - ☐ Review credit reports annually
-

# Building Good Credit

---

- ❑ “Credit Repair” is a scam
  - ❑ Scores & information change monthly
  - ❑ Old data has less impact than new
  - ❑ Accurate data on report for 7 years
    - Bankruptcy on for 10 years
    - Tax liens on for 15 years
-

# Disputes

---

- ❑ Any incorrect information
  - ❑ Write letter or email from bureau website
    - [www.experian.com](http://www.experian.com)
    - [www.equifax.com](http://www.equifax.com)
    - [www.transunion.com](http://www.transunion.com)
  - ❑ Fair Credit Reporting Act requires response in 30 days
  - ❑ Save all evidence and correspondence
-