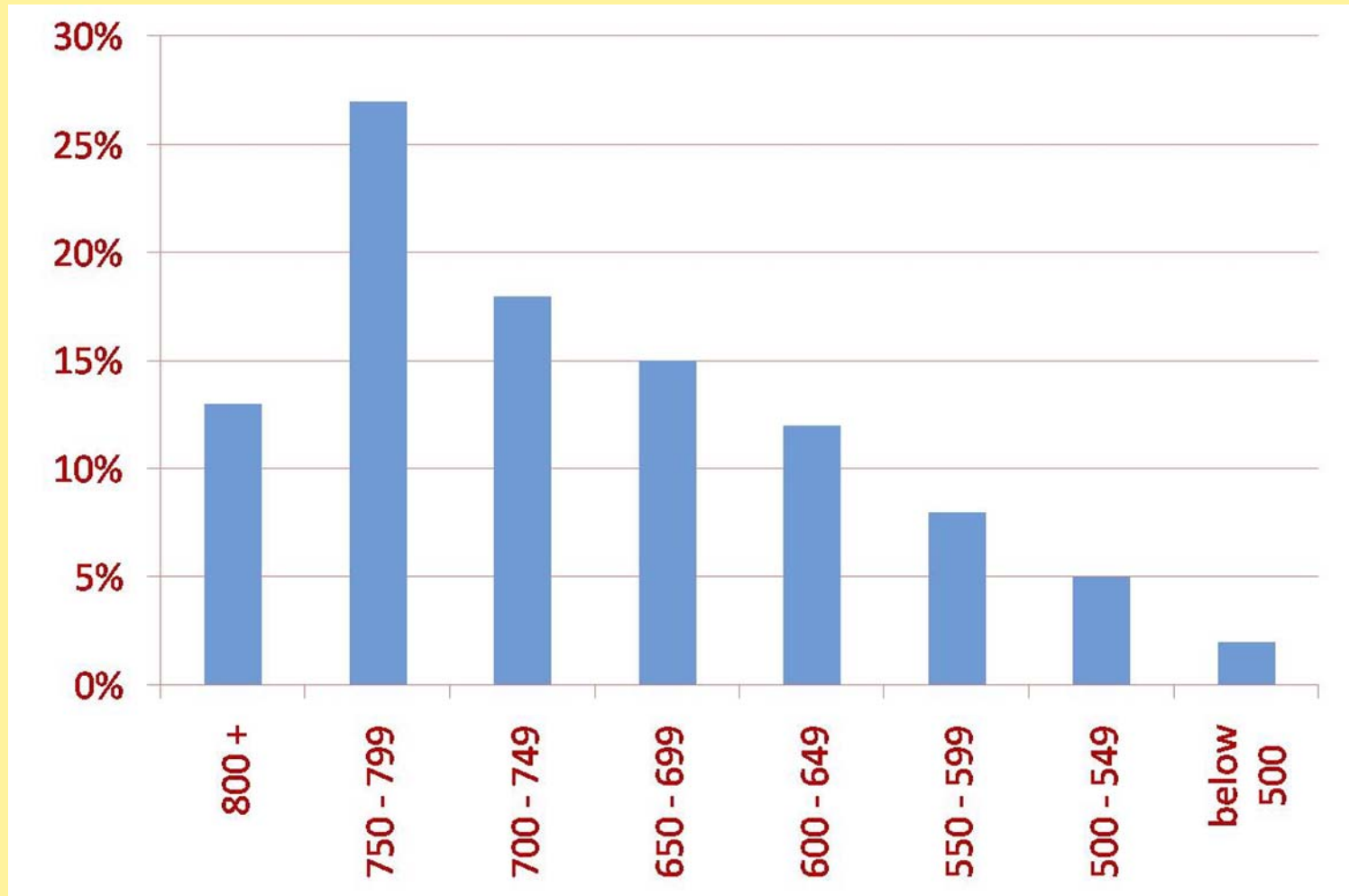


What is a credit score?

- ✓ Financial payment profile
- ✓ Fair Isaac Corporation (FICO)
- ✓ 300 to 850 – the higher, the better

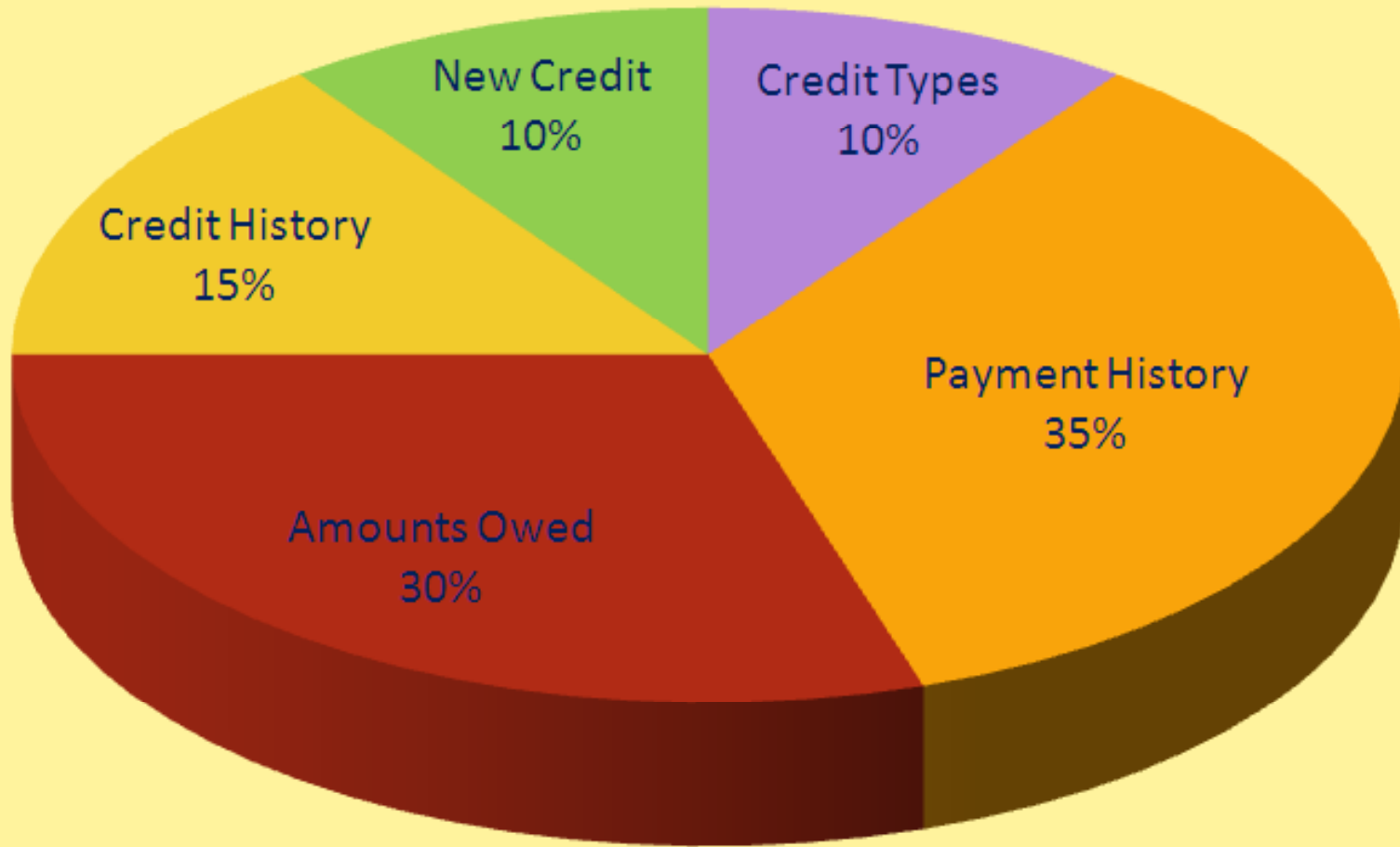
National distribution of FICO scores



What a low score could cost you?

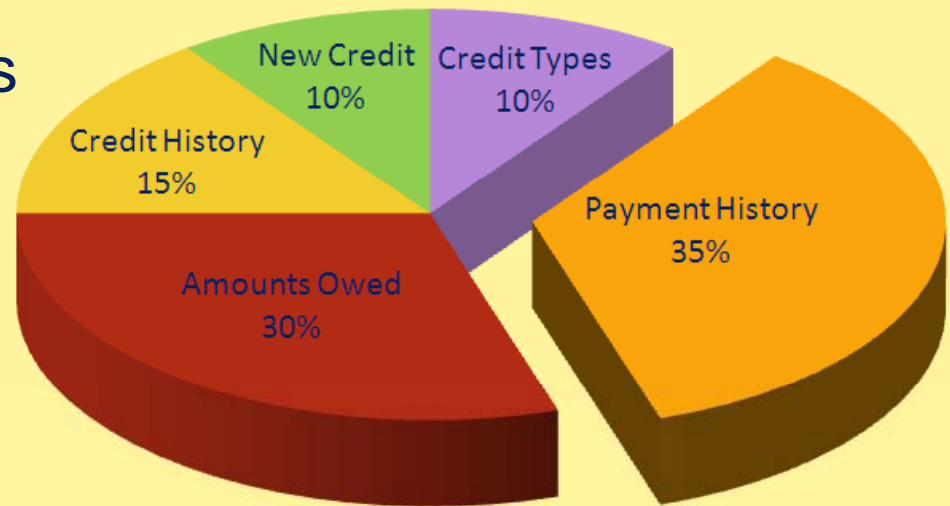
- ✓ Tens of thousands of dollars in additional interest over your lifetime
- ✓ Thousands of dollars in insurance premiums
- ✓ Employment opportunities
- ✓ Purchasing power

What goes into your credit score?



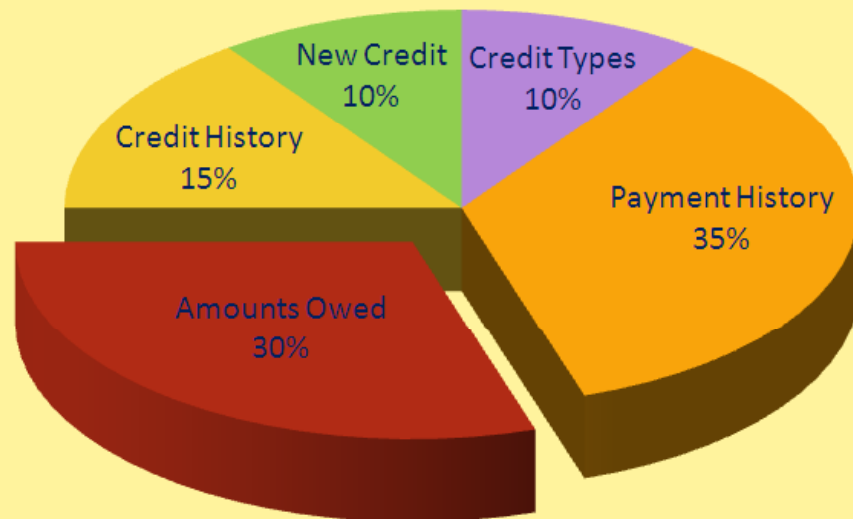
Payment history 35%

- ✓ Payments made on accounts with scheduled payments (loans, mortgages, credit cards, retail store credit etc.)
- ✓ Public records (bankruptcy, court-ordered payments, liens, collections etc.)
- ✓ Overdue accounts
- ✓ Number of past due items
- ✓ Number of accounts paid



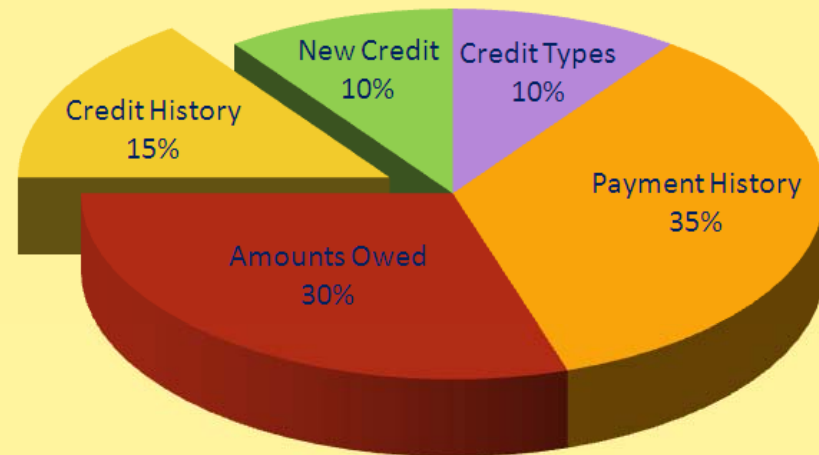
Amounts owed 30%

- ✓ Total amount owed
- ✓ Number of accounts you owe on
- ✓ Percentage of available credit you are using
- ✓ Percentage of payments left on loans



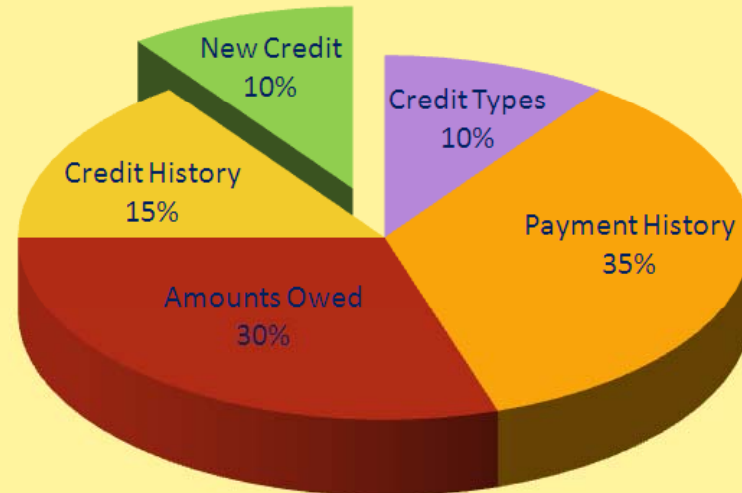
Credit history 15%

- ✓ How long ago accounts were opened
- ✓ When you last used the accounts



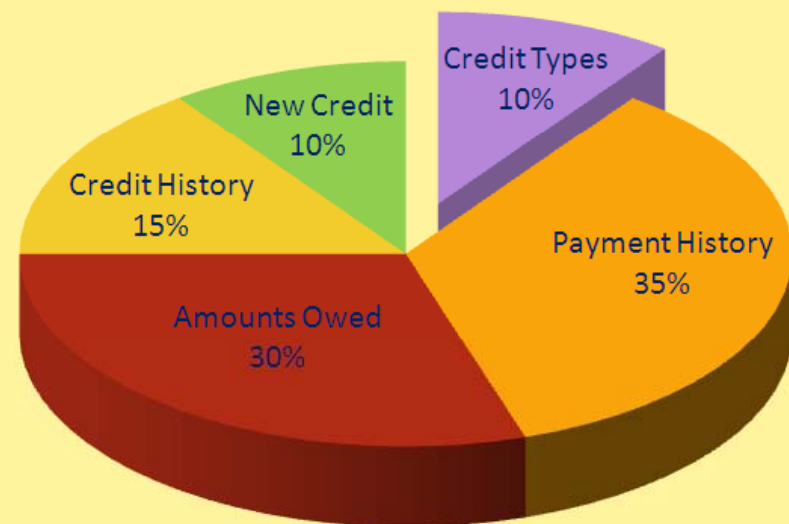
New credit 10%

- ✓ Number of accounts opened recently
- ✓ Number of recent hard credit inquiries
- ✓ When last hard credit inquiry occurred
- ✓ How long ago any past payment problems occurred



Credit types 10%

- ✓ How many different types of credit you use – how deep is your credit experience



What doesn't affect your credit score

- ✓ **Demographics** (ethnicity, religion, age, gender, marital status, salary, occupation, employment history)
- ✓ Interest rates you are paying
- ✓ Credit counseling services
- ✓ Soft inquiries
- ✓ Hard inquiries older than 24 months

Common misconceptions

- ✓ Paying off a bad debt will make it go away
- ✓ Credit cards must be completely paid off to get a good score
- ✓ Credit counseling hurts your score
- ✓ Shopping rates can hurt your credit score
- ✓ Frequently checking your credit report can lower your score
- ✓ Closing old accounts helps your score

Who determines your credit score?

- ✓ Three national credit bureaus
 - Equifax
 - Experian
 - Trans Union
- ✓ In addition to collecting publicly available information, creditors feed information to one or more of these bureaus

Your credit report

✓ Personal identification

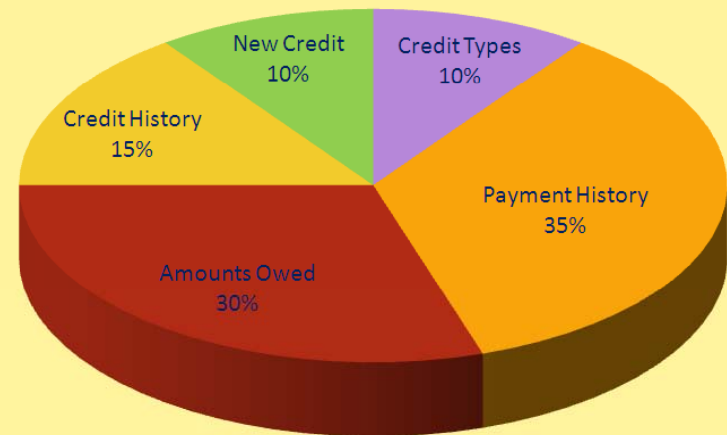
- Name and current address
- Social security number
- Employment

✓ Financial Accounts a.k.a. “Trade Lines”

- Open and closed
- Individual and joint
- Status of account
- Delinquencies

✓ Credit inquiries in last 24 months

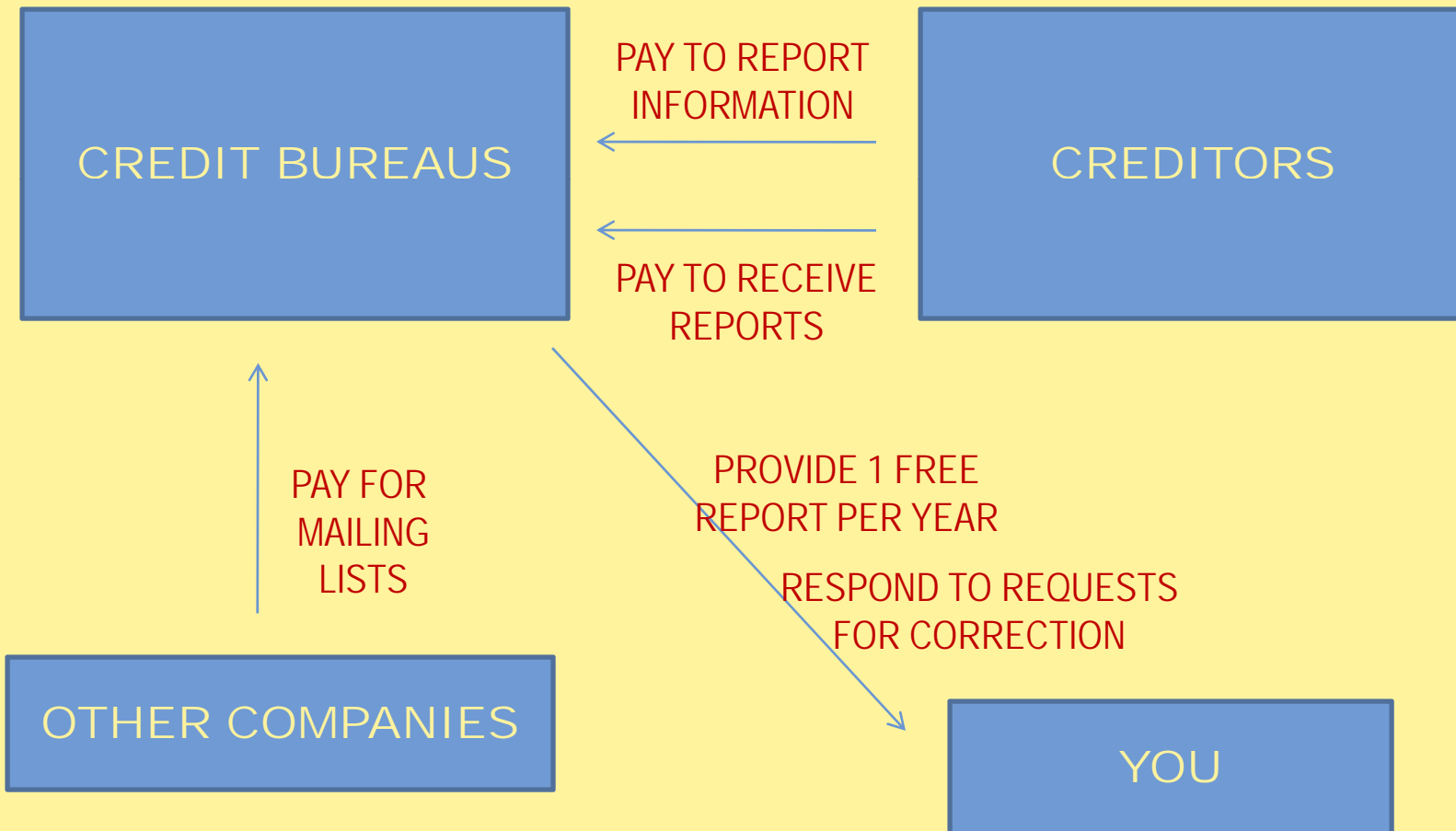
✓ Public record and collection information



Who uses credit scores and reports?

- ✓ Financial institutions
- ✓ Retail stores
- ✓ Utility companies
- ✓ Landlords
- ✓ Insurance companies
- ✓ Employers

Credit bureaus have very little obligation to you



Among your rights . . .

- ✓ One free credit report per year from each of the three national credit bureaus www.annualcreditreport.com
- ✓ Access to your credit report can be frozen at no cost if you are a victim of fraud
- ✓ A free copy of your credit report from the financial institution that denies your application
- ✓ You can opt out of pre-approved credit offers at www.optoutprescreen.com
- ✓ A dispute or request for correction of a mistake will receive a timely investigation and response

How mistakes can happen

- ✓ You have changed your name
- ✓ You have a common name
- ✓ You move frequently
- ✓ Billing errors on accounts aren't reported as resolved
- ✓ Spouse's accounts assumed joint
- ✓ Human error in data entry

Small mistakes that could mean bigger problems

- ✓ Personal identification information is incorrect
- ✓ Employment history includes a company where you never worked
- ✓ Accounts are listed more than once
- ✓ There is a hard inquiry from a company you did not submit an application to
- ✓ An account is missing

How to report mistakes

EQUIFAX

1-866-238-8067

Equifax Disputes

P.O. Box 740256

Atlanta, GA 30374-0256

TRANSUNION

1-800-916-8800

TransUnion Disputes

2 Baldwin Place, P.O. BOX 1000

Chester, PA 19022

<http://www.transunion.com/corporate/personal/creditDisputes.page>

EXPERIAN

<https://www.experian.com/consumer/cac/InvalidateSession.do?code=D>

[ISPUTE](#)

How bad is bad?

Based on national averages
not TruChoice's current rates

FICO Score	APR	Monthly Payment	Total Interest Paid
720-850	5.000 %	\$377	\$2,645
690-719	6.947 %	\$396	\$3,731
660-689	8.000 %	\$406	\$4,332
625-659	10.559 %	\$430	\$5,828
590-624	13.856 %	\$464	\$7,832
500-589	15.364 %	\$480	\$8,778

\$20,000 car loan
over 60 months

\$200,000
30-year mortgage

FICO Score	APR	Monthly Payment	Total Interest Paid
720-850	5.808 %	\$1,175	\$222,829
700-719	5.933 %	\$1,190	\$228,580
675-699	6.471 %	\$1,260	\$253,717
620-674	7.621 %	\$1,415	\$309,413
560-619	12.018 %	\$2,060	\$541,599
500-559	12.985 %	\$2,210	\$595,620

Improving your credit score

DO

- ✓ Pay down your debt
- ✓ Be selective about co-signing
- ✓ Pay bills on time
- ✓ Seek credit counseling if you're in too deep
- ✓ Call creditors **BEFORE** they call you

DON'T

- ✓ Close accounts
- ✓ Lower your credit limits
- ✓ Open a lot of new accounts

Knowledge is power!

- ✓ Start building a credit history if you haven't already
- ✓ Order a free credit report every 4 to 6 months (www.annualcreditreport.com)
- ✓ Ask your financial institution if they provide credit report reviews
- ✓ Work on paying down debt but don't close accounts
- ✓ Review your account statements every month