We're a financial institution just like a bank, except not exactly. Banks have customers, but because we're a not-for-profit, member-owned credit union, we have members.

We always put our members first.
GREENPATH SERVICES

- Financial Assessments
- Housing Counseling
- Credit Report Review
- Debt Management
1. Why is credit important?

2. What’s on your credit report?

3. How to obtain a copy of your credit report.

4. Credit scores & how they are calculated.

5. How to build / rebuild credit.

6. Common credit myths.
Why is credit important?
GOOD CREDIT

Land Your Dream Job
Getting a Loan When You Need It

GOOD CREDIT
GOOD CREDIT

Renting or Buying Your Own Place
### $250,000 30-Year Fixed Rate Mortgage

<table>
<thead>
<tr>
<th></th>
<th>Angela</th>
<th>Diego</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Credit Score</strong></td>
<td>660</td>
<td>750</td>
</tr>
<tr>
<td><strong>Interest Rate</strong></td>
<td>5.25%</td>
<td>4.63%</td>
</tr>
<tr>
<td><strong>Monthly Payment</strong></td>
<td>$1,381</td>
<td>$1,285</td>
</tr>
<tr>
<td><strong>Total Paid over 30 Years</strong></td>
<td>$496,984</td>
<td>$462,726</td>
</tr>
</tbody>
</table>

**Good Credit Saved Angela $34,258!**
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CREDIT BUREAUS

- Experian
- TransUnion
- Equifax
WHAT’S ON YOUR CREDIT REPORT?

IDENTIFYING INFORMATION
OPEN ACCOUNTS
CLOSED ACCOUNTS
COLLECTION RECORDS
INQUIRIES
CONSUMER STATEMENT
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You can receive your credit report ONLINE or by MAIL

annualcreditreport.com

Central Source LLC
P.O. Box 105283
Atlanta, GA 30348-5283
Phone: 877-322-8228
CREDIT REPORT

Only the REPORTS are free.

Obtaining scores will cost about $6-$8 per credit bureau.
- Inquiries
- Late Payments
- Collection accounts
- Foreclosures
- Chapter 13 Bankruptcy
- Chapter 7 Bankruptcy
GOOD NEWS!

Positive credit activity stays on your report indefinitely!

Example: on-time payments for credit cards & mortgages
Send copies, keep records, document the claim.

File a dispute online, phone or by mail.

Didn’t like the outcome? File a complaint with Consumer Financial Protection Bureau (CFPB)
855-411-2372
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CREDIT SCORES

• The 3 digit number reflects your credit risk and likelihood of repayment.

• FICO is the most widely used scoring model.
What are the factors that impact a credit score?
CREDIT SCORE BREAKDOWN

- **35%**
  - Payment History

- **30%**
  - Amounts Owed / Use of Available Credit

- **15%**
  - Length of Credit History

- **10%**
  - Types of Credit Used/Credit Mix

- **10%**
  - New Credit
The largest impact on your credit score is your payment history, or how well you pay back your debts over time. This includes delinquencies and public record.
This is the amount of credit you are using versus what is available to you. Rule of thumb is to target using only 30% of available credit.
CREDIT SCORE BREAKDOWN

- **35%** Payment History
- **30%** Amounts Owed / Use of Available Credit
- **15%** Length of Credit History
- **10%** Types of Credit Used / Credit Mix
- **10%** New Credit

The longer you have established a good credit history, the more trust you have built up.
Your score is impacted based on the types of credit you have, such as revolving lines of credit or fixed installment loans.
If someone is applying for too much new credit that can indicate that they don’t have a plan for how to pay their debt back and they are living off their credit. This can be a red flag.
CREDIT KARMA
creditkarma.com

• Provides a variety of scores, with information from TransUnion & Equifax

• Credit score is updated weekly

• Track credit scores several months before a big ticket item, like a mortgage.
### Who has the better credit score?

<table>
<thead>
<tr>
<th></th>
<th>Angela</th>
<th>Diego</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance</td>
<td>$800</td>
<td>$5,000</td>
</tr>
<tr>
<td>Limit</td>
<td>$1,000</td>
<td>$10,000</td>
</tr>
<tr>
<td>Pays</td>
<td>Entire Balance</td>
<td>Minimum Payment</td>
</tr>
</tbody>
</table>

**Angela has the better credit score!**
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BUILDING CREDIT

Review your goals

Financial Stability
CREDIT CARDS

SECURED CREDIT CARDS

SECURED LOANS

RETAIL/GAS CREDIT

GET A CO-SIGNER

ADDED AS AN AUTHORIZED USER

BUILD CREDIT
1. Have money in savings as a backup.

2. Consider making only 1 charge per month, such as an automatic bill-pay.

3. Use less than 1/3 of your available credit.

4. Pay entire balance to avoid finance charges.

5. Check Report and Score Regularly.
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[Logo: Consumers Credit Union]
MYTH #1

“Closing a credit card will hurt my credit score.”
**SARAH**
- 3 maxed out credit cards
- Paid off the first card; decides to close it (to remove temptation.)
- 2 cards remain maxed out

**KATIE**
- 5 Open Accounts
- All balances are zero or close to zero
- Decides to close a newer account (to avoid the annual fee)
MYTH #2

“Checking my credit score will hurt my credit score”
Applying too often can hurt credit. Checking is considered a ‘soft inquiry’. WILL NOT CHANGE YOUR SCORE
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CONSUMERS CREDIT UNION is a nationwide not for profit credit union that provides products and services to help people along every step of their financial journey.