

Know YOUR Credit!

Mastering Credit and Credit Scores



What is a Credit Report?

- A credit report is an organized list of the information related to your credit activity.
- Banks, Credit Unions, retail credit card issuers, auto lenders, mortgage lenders, debt collectors and others voluntarily send information to credit reporting companies.
- Credit reports may include:
 - A list of businesses that have given you credit or loans
 - The total amount for each loan or credit limit for each credit card
 - How often you paid your credit or loans on time, and the amount you paid
 - Any missed or late payments as well as bad debts
- Credit reports may **also** include:
 - A list of businesses that have obtained your report within a certain time period
 - Your current and former names, address(es) and/or employers
 - Any bankruptcies or other public record information




Free Credit Reports

- Federal law requires each of the three nationwide consumer credit reporting companies to give you a free credit report every 12 months if you ask for it.
- Ensure that the information on all your credit reports is correct and up to date.

Request your free credit reports:

www.annualcreditreport.com

Currently offering free weekly credit reports.

	888-397-3742	www.experian.com
	888-909-8872	www.transunion.com
	800-685-1111	www.Equifax.com

Section 1: Identifying/Personal Information

- Full Name and any aliases
- Current and previous addresses
- Date of birth
- Phone number(s)
- Driver's license number
- Social Security number
- Employer name(s)
- Spouse

PERSONAL INFORMATION

Name: John Doe

Address: City, State, ZIP code

Previous Address(es):

City, State, ZIP code

Employer Name: Company 1

Hired: 01/2014

Date of Birth: January 1, 1970

Social Security Number: 000-00-0000

Phone Number(s): 111-111-1111

Position: Accountant

Date Reported: 03/2014

NOTE: ECOA prohibits age, race, religion, national origin, and gender.

Section 2: Account History/Information

- Account number associated with account
- Account type: Revolving or Installment
- Responsibility: Individual or Joint
- Monthly Payment
- Date opened
- Date reported
- Balance
- Credit limit or loan amount
- High Balance or High Credit
- Past due
- Payment status
- Payment codes (R1-R9 or I1-I9)
- Charge off
- Payment history

ACCOUNT INFORMATION

Collection Account - CAR LOAN

Creditor: Jane Doe

Account Number: 0000001

Account Holder: John Doe

Type of Account: Individual

Date Opened: 01/2014

Date of Status: 04/2018

Original Amount: \$900

Type: Installment

Terms: N/A

Status: Collection account,
\$200 past due as of 04/2018

Monthly Payment: N/A

Recent Balance: \$200

Recent Payment: \$0

Section 3: Public Records

PUBLIC RECORDS

Bankruptcy, filed 05/2014, xx District Court Case Number: 000010

Lien, filed 06/2015, Case Number: 000020

Section 4: Inquiries

- Hard VS Soft Pull

INQUIRIES

Companies that requested your credit history:

Company A, 06/2014

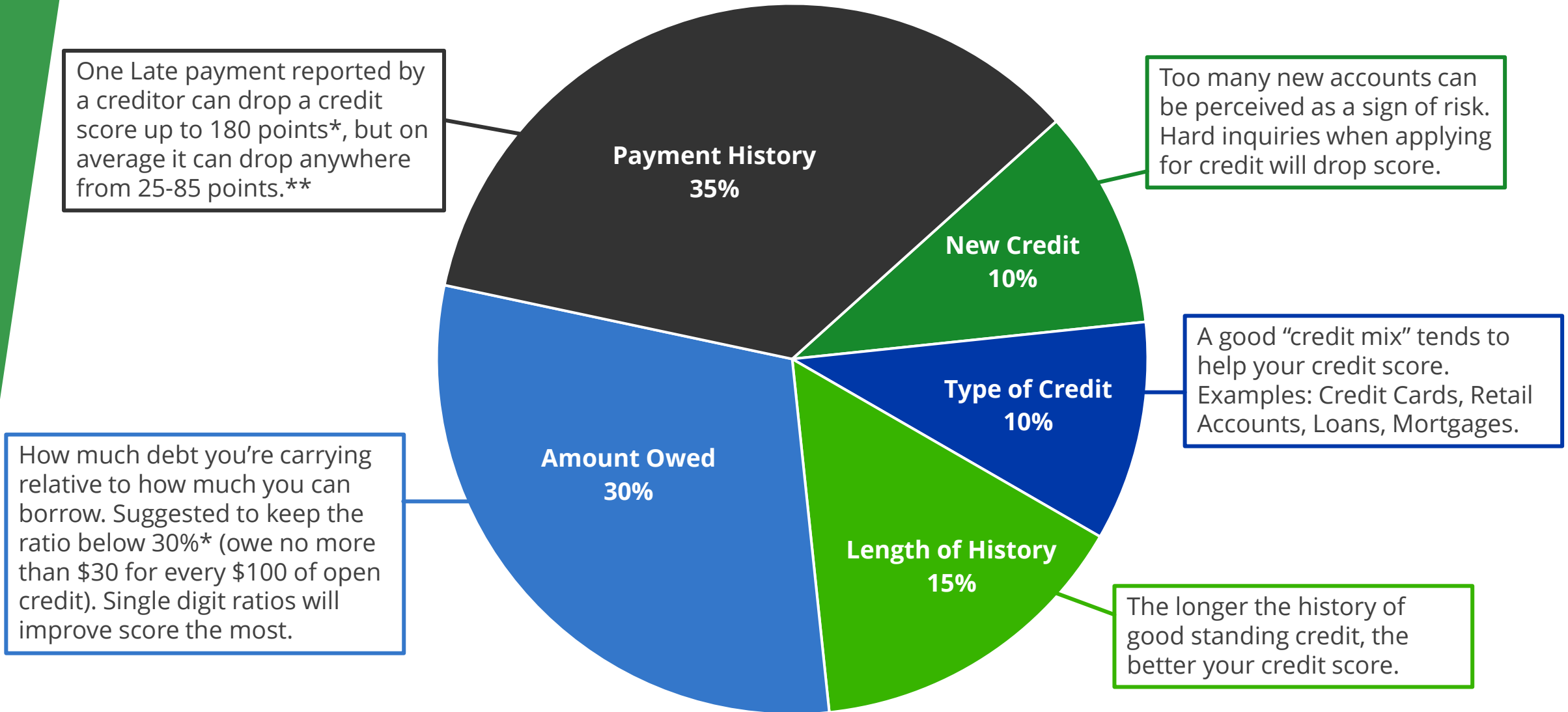
Company B, 04/2015

Company C, 02/2017

What is a Credit Score?

- A credit score is a prediction of your credit behavior, such as how likely you are to pay a loan back on time, based on information from your credit reports.
- Term is often used to refer to credit bureau risk scores. Higher scores translate to being less “risky” and credit worthy. Lower scores equate to higher rates or the possibility of denial on a loan request.

5 Factors that Make Up Your Credit Score



*Lendgintree.com

**Money.com

What is a “GOOD” Credit Score?

- Credit scores range from 300 up to 850, with anything above 760 considered good – excellent.
- The higher your score the more likely you are to be approved for new credit.
- Higher scores could also mean better borrowing terms and lower interest rates.
- According to FICO, the average credit score in in 2023 was 718, two points higher than the average score in 2022.



The cost of BAD credit

Loan Savings Calculator Interest Rates as of 1/2/2024

step ONE
Select the type of loan

step TWO
Select the state you live in

step THREE
Enter the loan principal amount

FICO Score	APR	Monthly Payment	Total Interest Paid
720-850	7.805 %	\$605	\$6,330
690-719	8.559 %	\$616	\$6,981
660-689	10.318 %	\$642	\$8,527
620-659	15.131 %	\$716	\$12,946
590-619	18.637 %	\$772	\$16,334
500-589	N/A (1)	N/A (1)	N/A (1)

step FOUR
Select your current FICO Score range

- If your score changes to 690-719, you could pay an extra \$651
- If your score changes to 660-689, you could pay an extra \$2,197
- If your score changes to 620-659, you could pay an extra \$6,616
- If your score changes to 590-619, you could pay an extra \$10,004
- If your score changes to 500-589, you would not get the loan (1)

A 60-month loan for a new automobile in which the interest rate does not change during the entire term of the loan.

*APR's shown are for example purposes only.

Basic steps to improve your Credit Score

- Review your credit reports regularly
- Pay your bills ON TIME, EVERY TIME
- Bring delinquent account current
- Keep your credit utilization low by avoiding big balances
- Space out new credit applications by at least 6 months
 - Apply for new credit only when needed!
- Pay down revolving account balances

Improving Credit Takes Time!

How does Credit impact the Lending Process?

- Interest Rates
 - Credit score directly impacts the interest rate you are offered.
- Approval odds
 - Credit score can prevent you from being approved for a loan.
- Loan Amount
 - Lenders might limit the loan amount you qualify for.
- Other Terms
 - Credit can influence terms like down payment, repayment periods and collateral requirements.

What does TLC look for when you apply for a loan?

Auto/Personal




- Employment History
- Types of trade lines
 - Mortgages, collateralized, unsecured, etc.
- Payment history on open trade lines
- Derogatory Marks
- Debt Ratios
 - Debt to Income – 40% or less
 - Unsecured Debt 30% or less
- Highest Credit Limits

Mortgages

- Credit Scores above 620
- Debt to income ratios lower than 43%
- No collections, judgements, or late payments

Additional Resources:

- www.tlccu.org/your-life/spend-and-save/learning-center
- www.annualcreditreport.com
- www.consumerfinance.gov
- consumer.ftc.gov

	888-397-3742	www.experian.com
	888-909-8872	www.transunion.com
	800-685-1111	www.Equifax.com

Thank You!

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