



Good Credit

Welcome!

Why are we here?

- To learn about the factors that affect our credit, and what it means to have positive credit.

What is credit?

- The ability to borrow money or obtain goods by paying little or no money at the time of purchase.
- A promise to pay the original cost later or over time, plus interest.

Why do you need credit?

- Buying a home
- Getting a job
- Establishing phone service
- Renting an apartment
- Financing an automobile
- Spreading out payments for expensive items
- Qualifying for insurance
- Getting a loan
- Obtaining a credit card

Good vs. Bad Credit

Positive credit

- Paying bills on time
- Companies willing to extend credit
- Easier to finance items

Negative credit

- Late payments
- Debts in default
- Bankruptcy
- Collections

Borrowers' Responsibilities

- Borrow only what you can repay
- Read and understand the credit contract
- Pay debts promptly
- Notify creditor if you cannot meet payments
- Report lost or stolen credit cards immediately

How can I get credit?

1. Establish an account

- Open a Credit Builder CD
- Find a co-signer
- Get a secured credit card

2. Use it responsibly for a year or two

- Pay all bills on time
- Avoid overdrafts

Why is credit denied?

- Lack of credit history
- Too much outstanding debt
- Too many late payments
- Fraud or identity theft

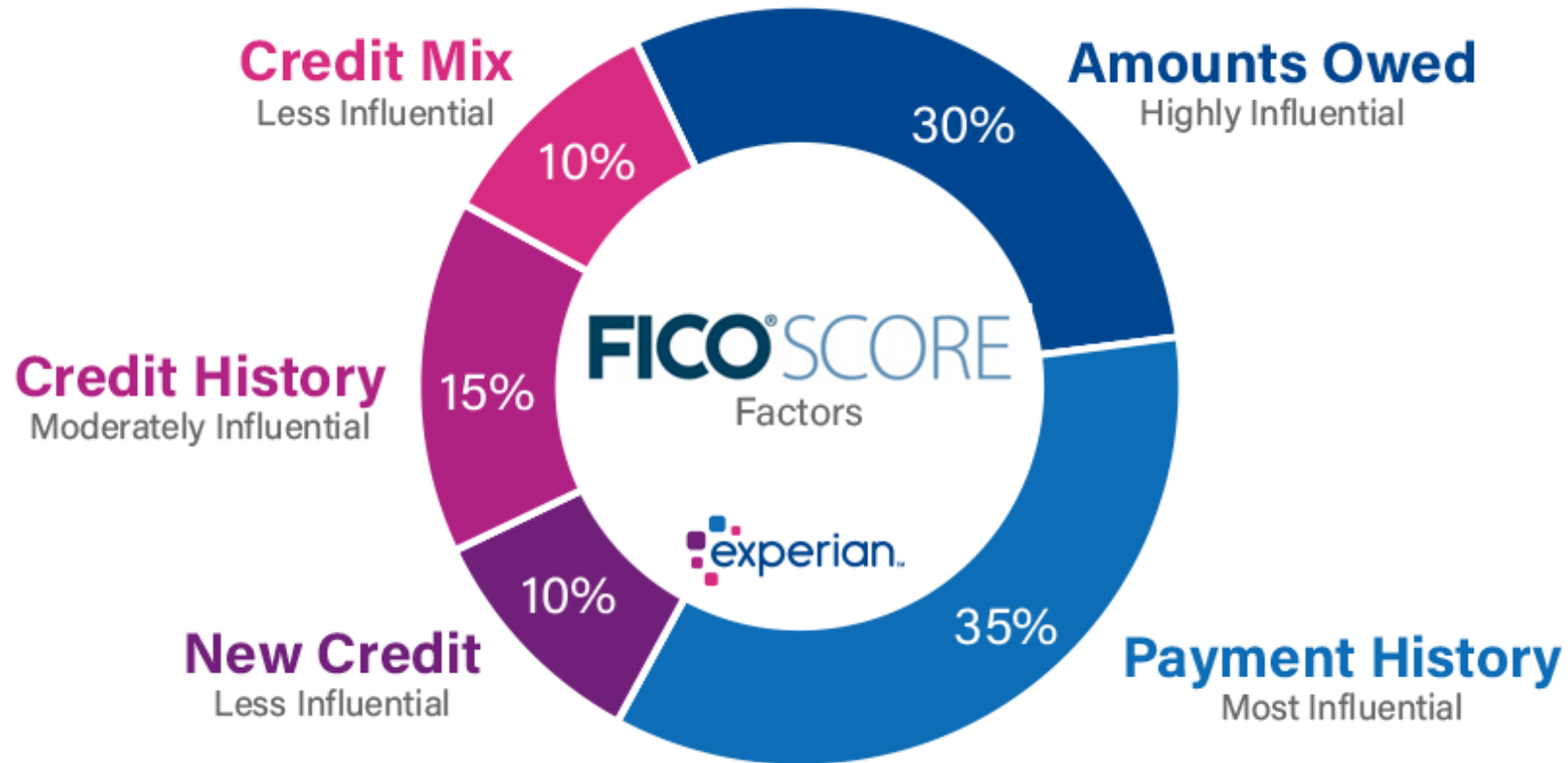
What is a credit report?

- A record of your loans, credit cards, payments, and outstanding debts
- Lenders report your credit usage to companies called 'Credit Reporting Bureaus'
 - Equifax
 - TransUnion
 - Experian

Know Your Score

Credit Score Ranges	Rating	Description
<580	Poor	This credit score is well below the average score of U.S. consumers and demonstrates to lenders that the borrower may be a risk.
580-669	Fair	This credit score is below the average score of U.S. consumers, though many lenders will approve loans with this score.
670-739	Good	This credit score is near or slightly above the average of U.S. consumers and most lenders consider this a good score.
740-799	Very Good	This credit score is above the average of U.S. consumers and demonstrates to lenders that the borrower is very dependable.
800+	Exceptional	This credit score is well above the average score of U.S. consumers and clearly demonstrates to lenders that the borrower is an exceptionally low risk.

FICO Scoring Model



What's on your credit report?

- Current and past payment information (*on-time and late payments*)
- Outstanding credit limits and balances
- Information from public records
- Names of companies who have asked for a copy of your report

Who can get a copy of your report?

- You
- Only those who can prove a legitimate need
 - Banks
 - Credit card companies
 - Landlords or real estate companies
 - Employers

How can you get a copy?

- Call one of the major bureaus (Experian, TransUnion, Equifax)
 - You'll need to provide this information:
 - Full name
 - Social Security number
 - Addresses for past 2-5 years, telephone number
 - Birthdate
- Visit AnnualCreditReport.com

What's the cost?

- Your credit report is free if you've been denied credit in the past 60 days, based on your credit report.
 - Otherwise, the cost is approximately \$15.
- AnnualCreditReport.com is free, and the score fee is less than \$1.

Sample credit reports

- Let's take a look at sample reports from the three largest credit reporting bureaus:
 - Equifax
 - Experian
 - TransUnion
- Credit reports can be complex, so we'll go over them in detail.

Credit Reports Re-Cap

- It's a record of how you handle your loans, credit cards and mortgage
- Lenders provide information on your credit usage to 'credit reporting bureaus,' such as:
 - Equifax
 - TransUnion
 - Experian

Credit Report Details

- Your name, birthdate, past addresses, employer
- Credit accounts
 - Company name, account number, date opened, months reviewed, date of last activity, high credit, terms, balance, past due, status, date reported, previous payment history
- Companies that requested your credit file ('inquiries')
- Public information
 - Bankruptcy
 - Court judgments against you
 - Past due child support payments
 - Property tax liens

You've got your credit report, now what?

- Check it carefully
- Look for accounts that might not be yours
- Verify all credit limits/balances
- Make sure accounts you've closed say 'Closed at consumer's request'

You have the right to:

- See what is in your report
- Have an accurate report
- Have mistakes corrected
- Tell your side of the story
- Know who has seen your report

Filing a Dispute

- Fill out the form/letter enclosed with your bureau report, and return it back to the bureau
 - Bureau must respond in 30-45 days
- If after hearing from the bureau you disagree with its response, you may add up to a 100-word statement

Reporting Credit Fraud

- You may need to fill out a police report
- Credit reporting agencies have a special 1-800 number to call if you are a victim of fraud

Be smart with your credit

Shop around

- Compare several offers before making a decision
- Look for perks or special deals

Read the fine print

- Review contracts carefully; the fine print contains important details.
- Don't rush into signing anything.
- Once a contract is signed, get a copy of it.
- Know the penalties for paying early, or missing payments.

Know the cost of credit

- Figure out total price when paying with credit
- Make the largest payments possible
- Ask about the penalties for missed payments
- Don't be misled into thinking small payments are the best option

Credit Evaluation Activity

- Break into smaller groups
- Choose a spokesperson for your group
- Evaluate each scenario: Should applicants be approved for credit or a loan?
- Reconvene in about 15 minutes

Who gets the credit?

- Let's discuss why you approved or rejected each request for credit.

Questions?

Class evaluation

- Please fill out the evaluation form and leave it on your way out.

Take-home activity

- A Credit Self-Evaluation Worksheet is in your folder for you to take home and work on yourself.






Congratulations!

You have completed the Good Credit training.

Good luck!



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