

## BE CREDIT SMART

What you need to know about your credit score...

### Terminology:

**Credit Score:** A three-digit number calculated by the information included on a credit report.

**Trade Line:** Listed on a credit report as a record of activity for loans, debts, or lines of credit.

**Installment Loan:** A loan with regularly scheduled payments and a final payoff date. (car loan)

**Revolving Line:** A credit line to use, pay down and use again. (credit card, line of credit, home equity line of credit)

**Credit Inquiry:** This happens any time a loan application is completed or a credit report is pulled.

### What's On a Credit Report?

- Name, address, date of birth, employment, social security number
- Any type of loan, along with real estate, credit cards, and lines of credit
- Collections/public records (bankruptcy)
- Credit inquiries in the past 2 years (source, type and date of inquiry)

### What Makes Up a Credit Score?

**41% Payment History:** Timeliness of payments, with more weight on the last 2 years.

**20% Utilization:** Balances owed on revolving lines compared to credit limits.

**20% Age & Type of Credit:** Length of credit history and types of trade lines. (real estate, installment, and revolving)







**11% New Credit:** Accumulation of new debts and inquiries.

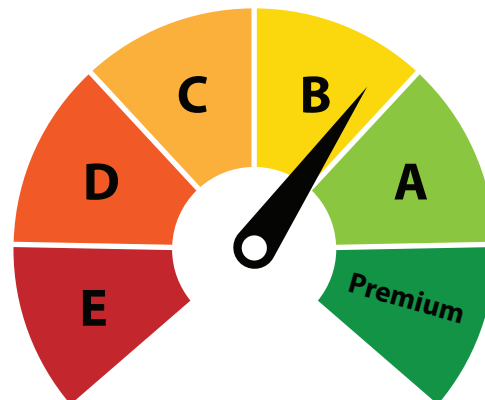
**6% Balances:** Total amount of recently reported balances.

**2% Available Credit:** Amount of credit available.

### Credit Score Range: 300 – 850

Every score fits into a credit tier with 'Premium' being excellent credit and 'E' being credit with opportunity to improve. Once you know what goes into calculating your score, you can always work to improve it if needed. It is not a set number. If your financial habits change, your score will too.

	Credit Tier	Range of Credit Scores
	Premium	740 and Above
	A	680 – 739
	B	640 - 679
	C	600 - 639
	D	550 - 599
	E	549 and Below
	No Score	001,004



## Actions That Hurt Your Score:

- Missed or late payments
- Credit cards at or near capacity
- Excessively applying for loans, credit cards, or lines of credit (inquiries)
- Opening numerous trade lines in a short time frame
- Lacking a healthy mix of trade lines (real estate, installment, and revolving)
- Open collections or charged off trade lines

## Ways to Boost Your Score:

- Making consistent on-time payments
- Paying down revolving lines
- Refinancing revolving debt into installment debt
- Slowing down on taking out loans
- Paying off collections and charged off trade lines

## The Power of Positive Credit

### More Buying Power

Credit Score	Loan Amount	Rate	Term	Loan Interest	Monthly Payment
P	\$23,463.35	6.99%	72	\$5,336.65	\$400.00
A	\$23,298.74	7.24%	72	\$5,501.26	\$400.00
B	\$22,656.35	8.24%	72	\$6,143.64	\$400.00
C	\$20,322.76	12.24%	72	\$8,477.23	\$400.00
D	\$18,319.68	16.24%	72	\$10,480.29	\$400.00
E	\$17,533.20	17.99%	72	\$11,266.80	\$400.00
N	\$20,322.76	12.24%	72	\$8,477.23	\$400.00

### Lower Loan Payments

Credit Score	Loan Amount	Rate	Term	Loan Interest	Monthly Payment
P	\$30,000	6.99%	72	\$6,823.34	\$511.44
A	\$30,000	7.24%	72	\$7,083.50	\$515.05
B	\$30,000	8.24%	72	\$8,134.82	\$529.66
C	\$30,000	12.24%	72	\$12,513.66	\$590.48
D	\$30,000	16.24%	72	\$17,162.13	\$655.04
E	\$30,000	17.99%	72	\$19,277.69	\$684.42
N	\$30,000	12.24%	72	\$12,513.66	\$590.48

Sample rate charts for a general idea of overall savings

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