



Understanding Your Credit Report & Score

Sound Credit Union
February 2022



Webinar Housekeeping



This webinar is being **recorded** and will be posted to our website.



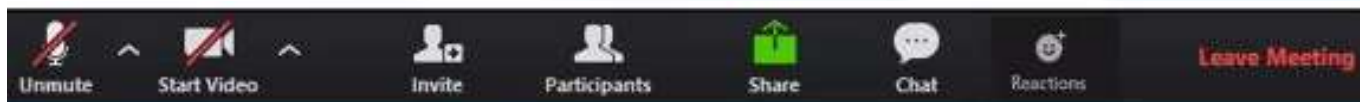
Microphones have been muted and **cameras** are turned off for this webinar.



Please post comments and questions in the **chat** window. We will answer your questions during the Q & A portion of the presentation.



When you exit, please take few moments to answer the short **survey**. This helps us know how we did and learn what other topics you're interested in!





GREENPATH

FINANCIAL WELLNESS

is a nationwide non-profit that provides financial education and tools for people to lead *financially healthy lives*.

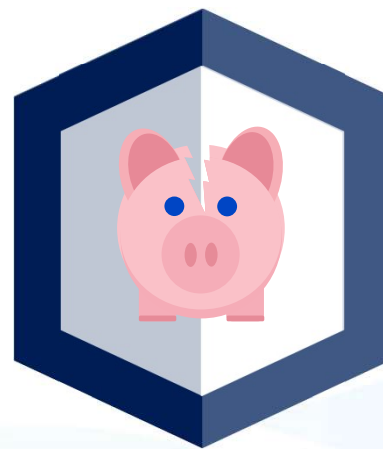
GREENPATH SERVICES



FINANCIAL
ASSESSMENTS



HOUSING
COUNSELING



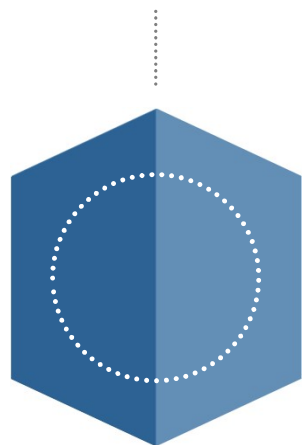
CREDIT REPORT
COUNSELING



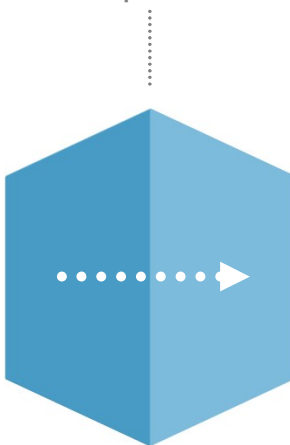
DEBT
MANAGEMENT

Learn more at: soundcu.com/greenpath

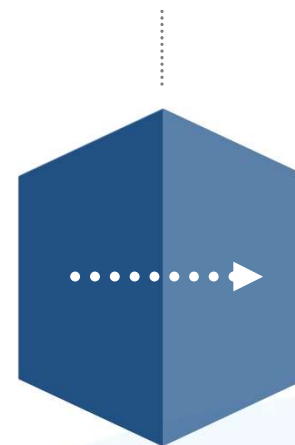
1
Why is credit
important?



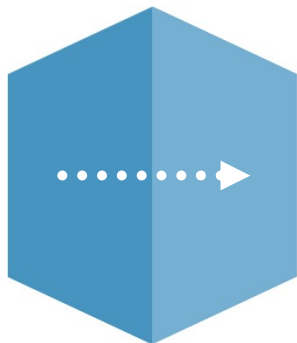
3
How to obtain a
copy of your credit
report.



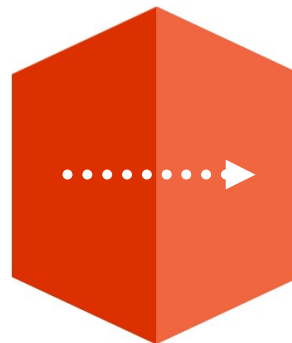
5
How to build /
rebuild credit.



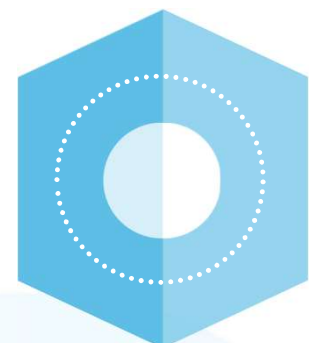
2
What's on your
credit report?



4
Credit scores & how
they are calculated.



6
Common
credit myths.

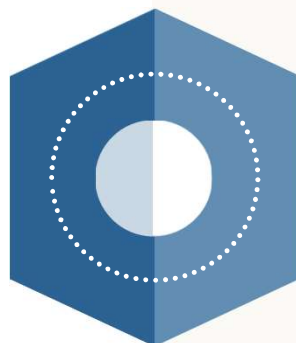




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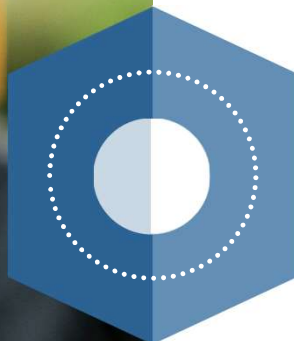
GOOD CREDIT

Land Your
Dream Job





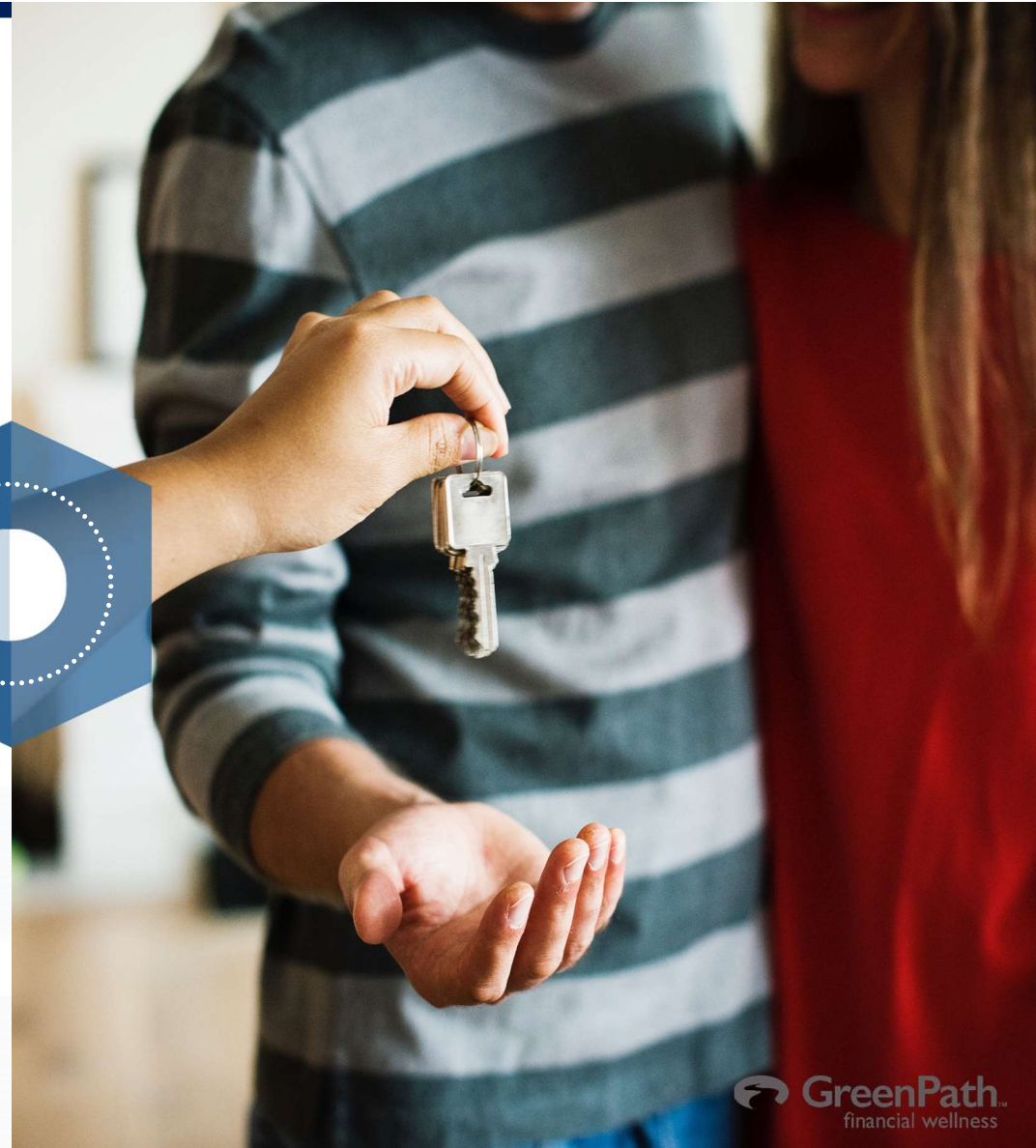
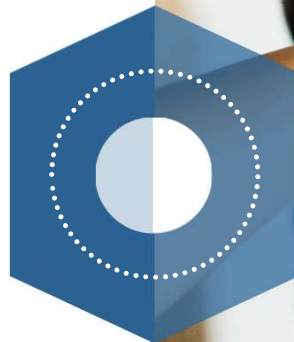
GOOD CREDIT



**Getting a Loan
When You Need It**

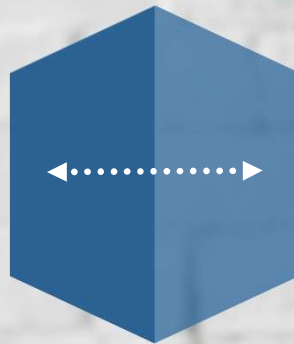
GOOD CREDIT

Renting or Buying Your Own Place



\$250,000 30-Year Fixed Rate Mortgage

Diego	
Credit Score	660
Interest Rate	5.25%
Monthly Payment	\$1,381
Total Paid over 30 Years	\$496,984



Angela	
Credit Score	750
Interest Rate	4.63%
Monthly Payment	\$1,285
Total Paid over 30 Years	\$462,726

Good Credit Saved Angela \$34,258!

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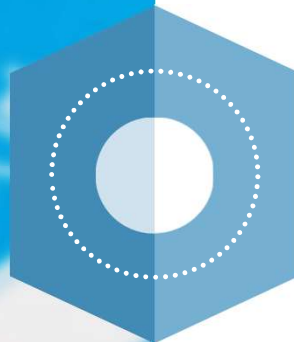
6
Common
credit myths.

CREDIT BUREAUS





WHAT'S ON YOUR CREDIT REPORT?



○ IDENTIFYING
INFORMATION

○ OPEN ACCOUNTS

○ CLOSED
ACCOUNTS

○ COLLECTION
RECORDS

○ INQUIRIES

○ CONSUMER
STATEMENT

1
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important?

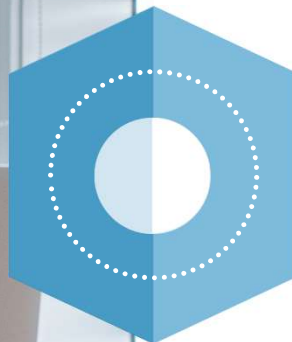
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CREDIT **REPORT**

annualcreditreport.com

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

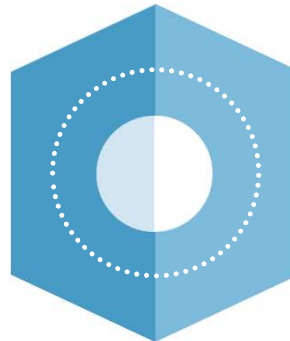
You can receive your credit
report **ONLINE** or by **MAIL**

 **GreenPath.**
financial wellness

CREDIT REPORT

Only the **REPORTS** are free.

Obtaining scores will cost about \$6-\$8 per credit bureau.



A screenshot of the AnnualCreditReport.com website. The header has navigation links: "All about credit reports", "Request yours now!", "What to look for", "Protect your identity", and "Free". The main banner features a woman smiling and the text "Don't be fooled by look-alikes." Below this, it says "Many sites promise credit reports for free. AnnualCreditReport.com is the only official site explicitly directed by Federal law to provide them." A button "About AnnualCreditReport.com" is visible. A secondary navigation bar includes "PAUSE", "SPOT IDENTITY THEFT", "GOOD CREDIT", "DON'T BE FOOLED", and "MORE THAN A!". The content area has two columns. The left column is titled "credit reports matter." and discusses how reports affect mortgage rates, credit approvals, apartment requests, and even your application. It also mentions that viewing credit reports helps catch signs of identity theft early. The right column is titled "FREE Credit Reports. Federal law allows you to:" and lists two bullet points: "Get a free copy of your credit report every 12 months from each credit reporting company." and "Ensure that the information on all of your credit reports is correct and up to date." At the bottom, there is a red button that says "Request your free credit reports". The GreenPath financial wellness logo is in the bottom right corner.



2 YEARS

- Inquiries



7 YEARS

- Late Payments
- Collection accounts
- Foreclosures
- Chapter 13 Bankruptcy



10 YEARS

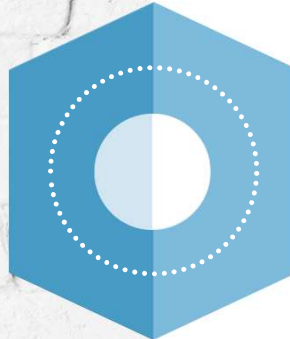
- Chapter 7 Bankruptcy



GOOD **NEWS!**

Positive credit activity
stays on your report
indefinitely!

Example: on-time
payments for credit cards &
mortgages

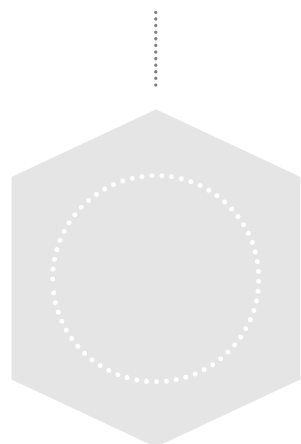


Send copies, keep records, document the claim.

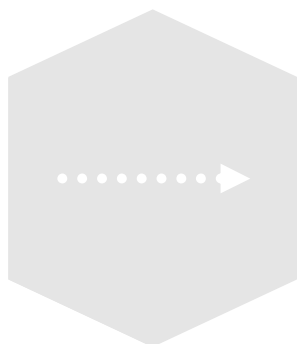
File a dispute online, phone or by mail.

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

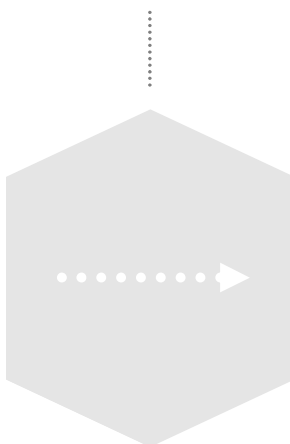
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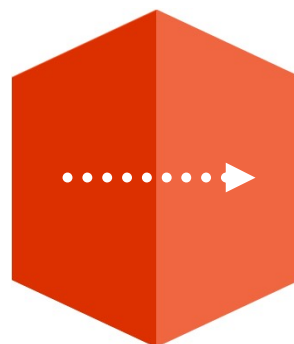
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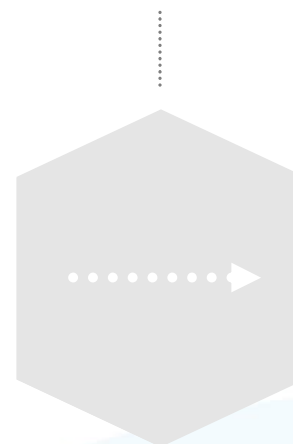
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CREDIT SCORES

- The 3 digit number reflects your **credit risk** and likelihood of **repayment**.
- **FICO** is the most widely used scoring model.

LOWER RISK

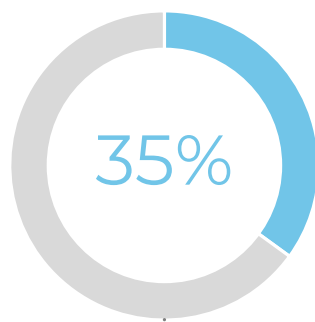
HIGHER RISK



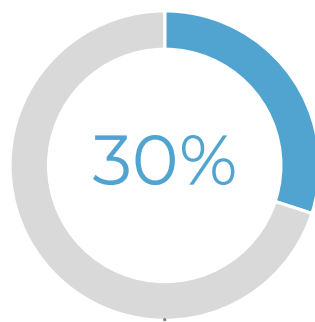


What are the
factors that
impact a
credit score?

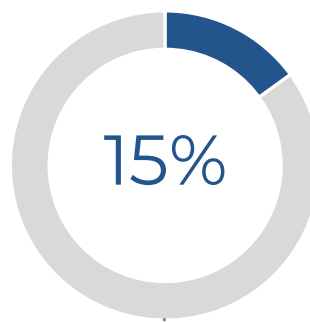
CREDIT SCORE BREAKDOWN



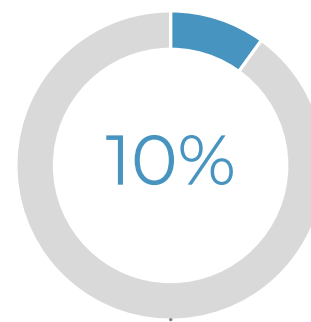
Payment
History



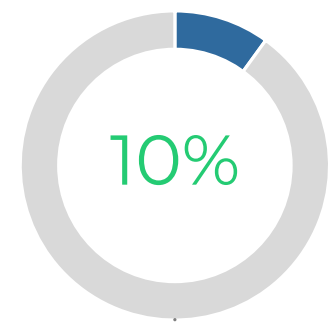
Amounts Owed /
Use of
Available Credit



Length of
Credit History

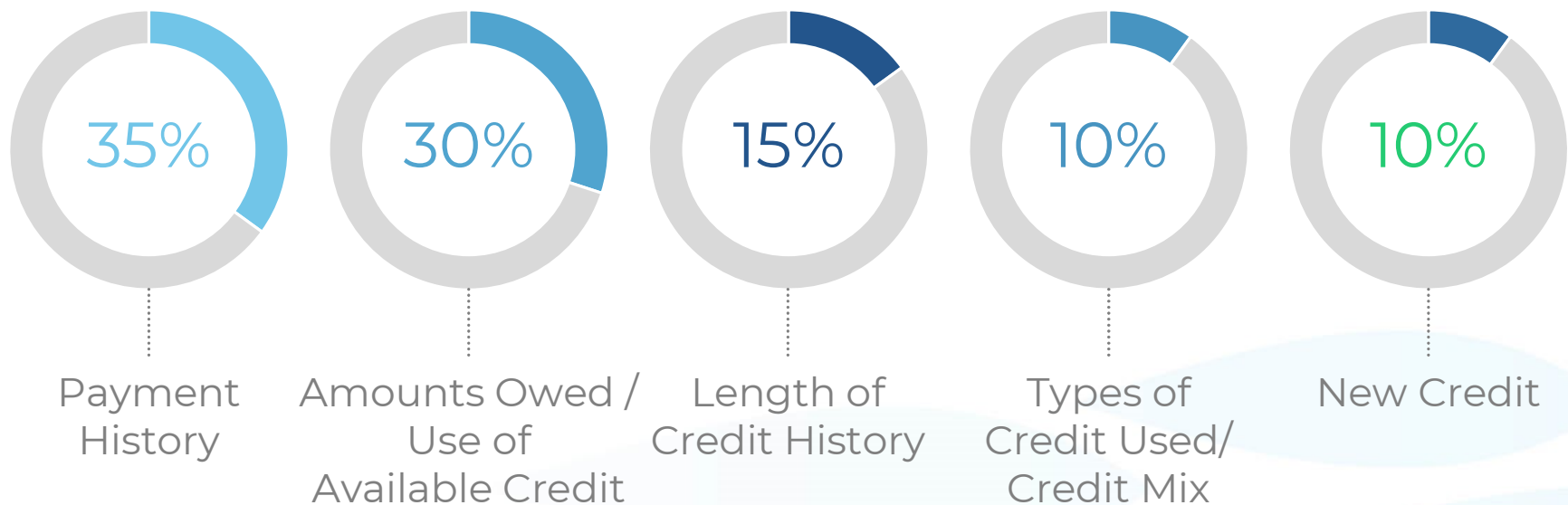


Types of
Credit Used/
Credit Mix



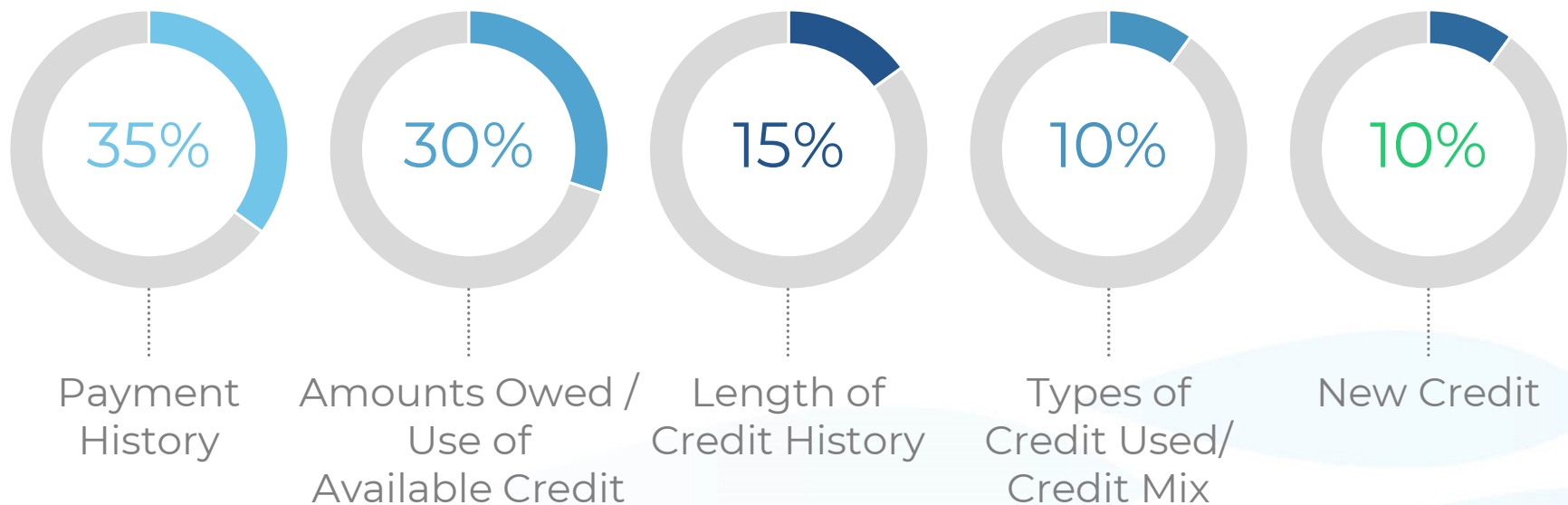
New Credit

CREDIT SCORE BREAKDOWN



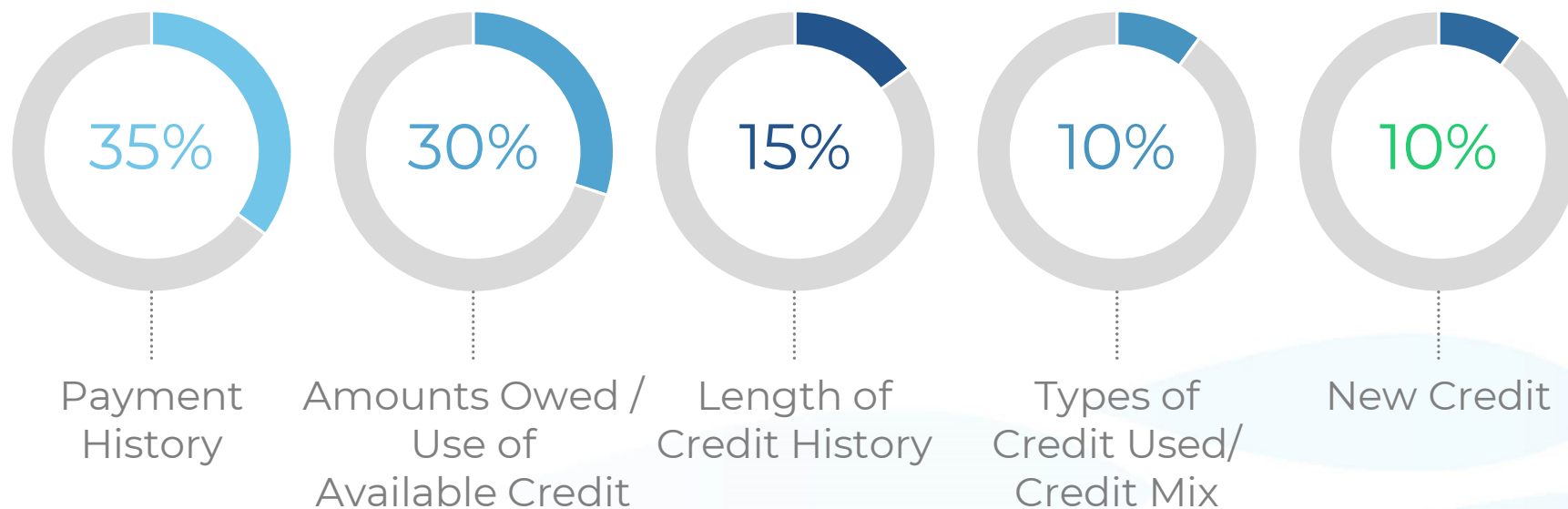
The largest impact on your credit score is your payment history, or how well you pay back your debts over time. This includes delinquencies and public record.

CREDIT SCORE BREAKDOWN



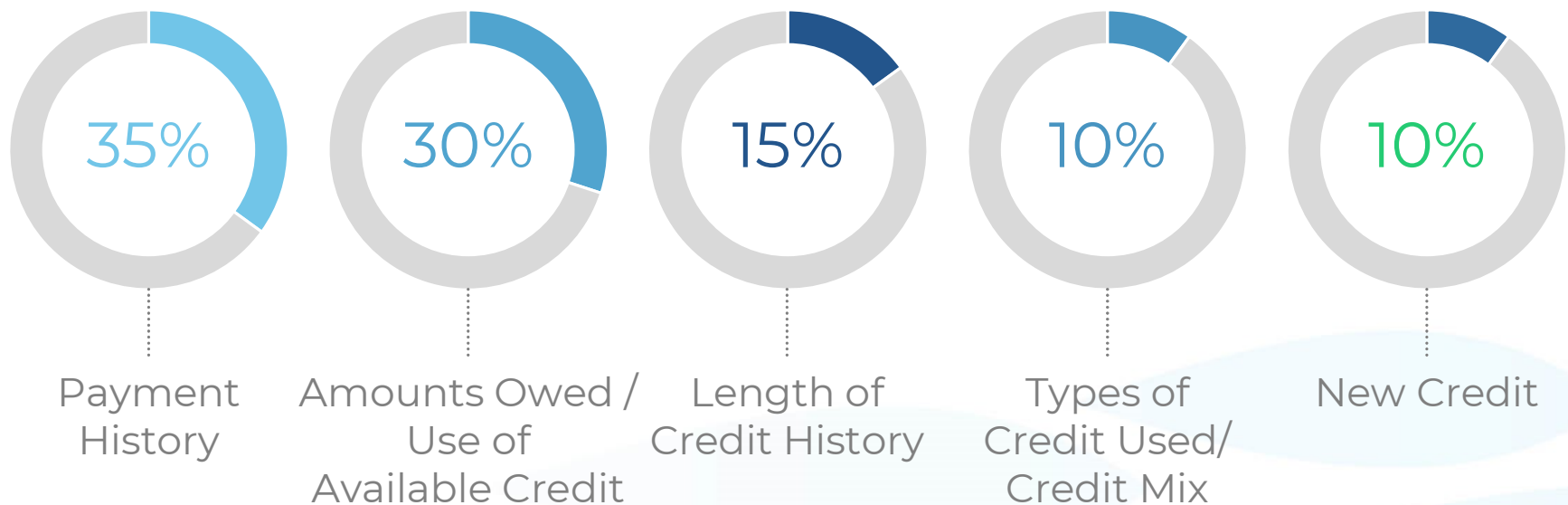
This is the amount of credit you are using versus what is available to you. Rule of thumb is to target using only 30% of available credit.

CREDIT SCORE BREAKDOWN



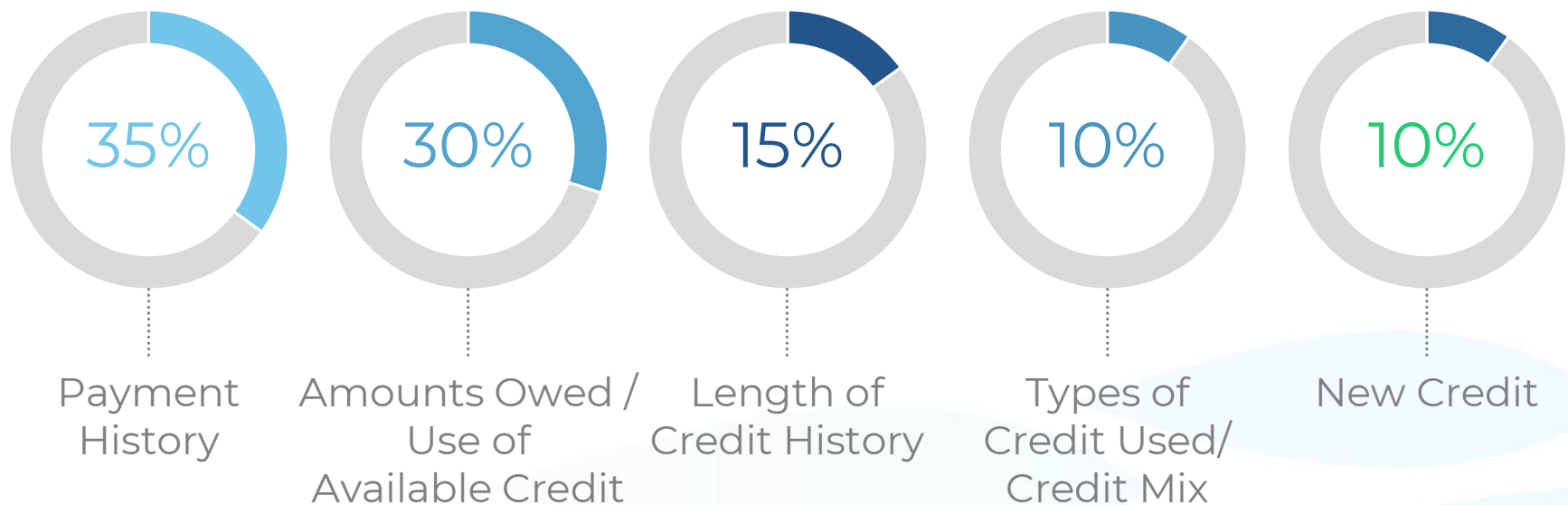
The longer you have established a good credit history, the more trust you have built up.

CREDIT SCORE BREAKDOWN



Your score is impacted based on the types of credit you have, such as revolving lines of credit or fixed installment loans.

CREDIT SCORE BREAKDOWN

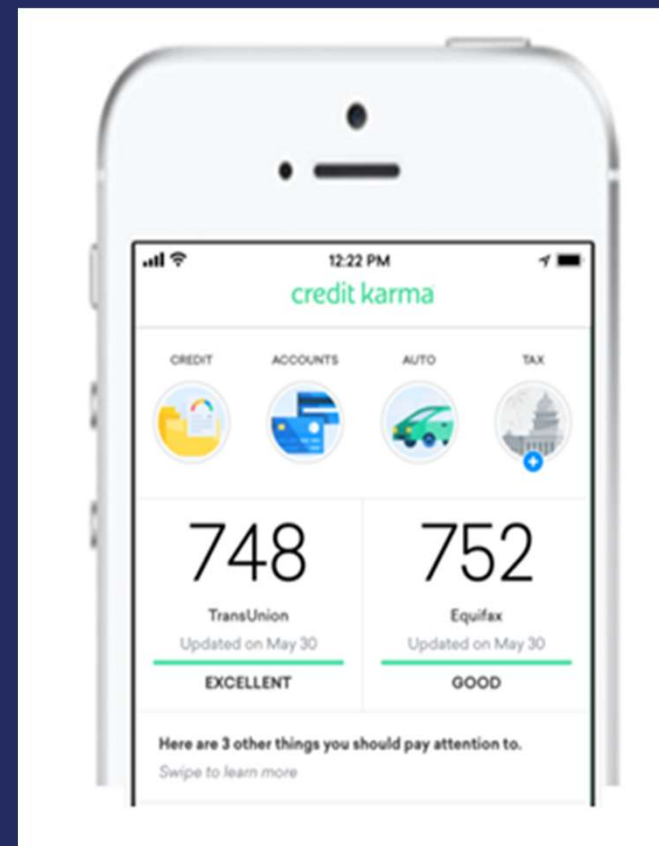
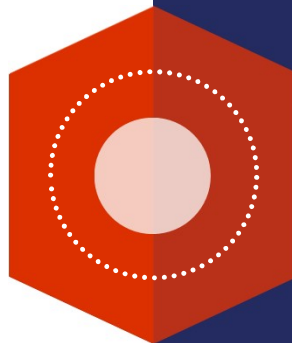


If someone is applying for too much new credit that can indicate that they don't have a plan for how to pay their debt back and they are living off their credit. This can be a red flag.

CREDIT **KARMA**

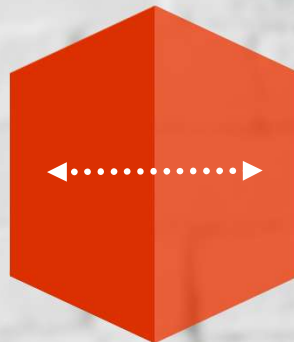
creditkarma.com

- 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.



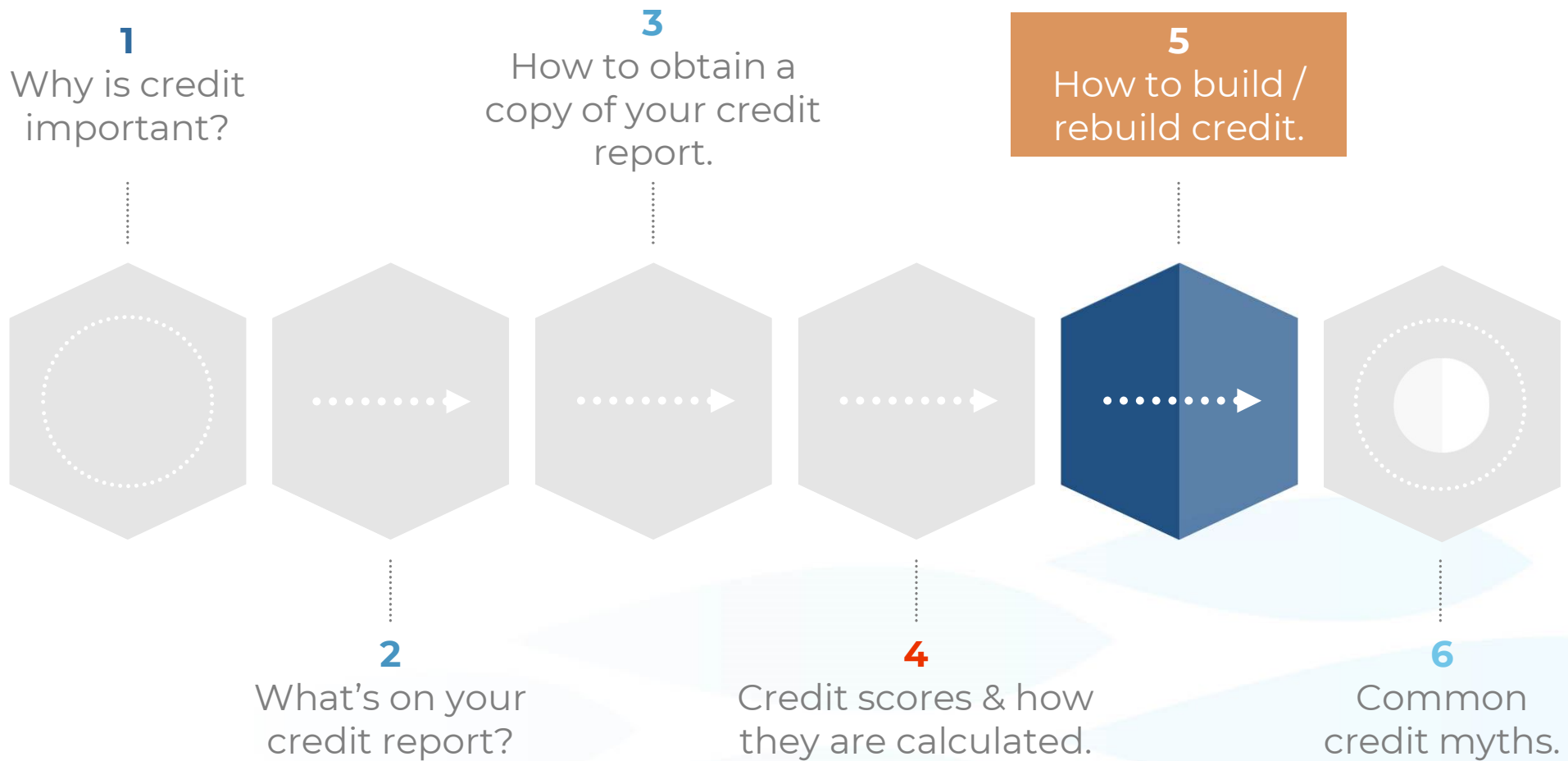
Who has the better credit score?

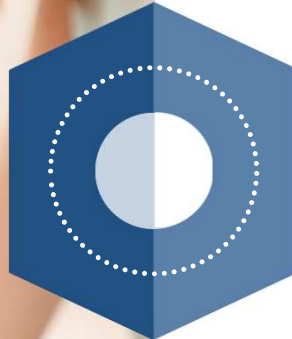
Diego	
Balance	\$800
Limit	\$1000
Pays	Entire Balance



Angela	
Balance	\$5,000
Limit	\$10,000
Pays	Minimum Payment

Angela has the better credit score!



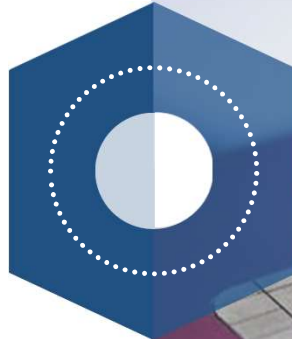


BUILDING **CREDIT**

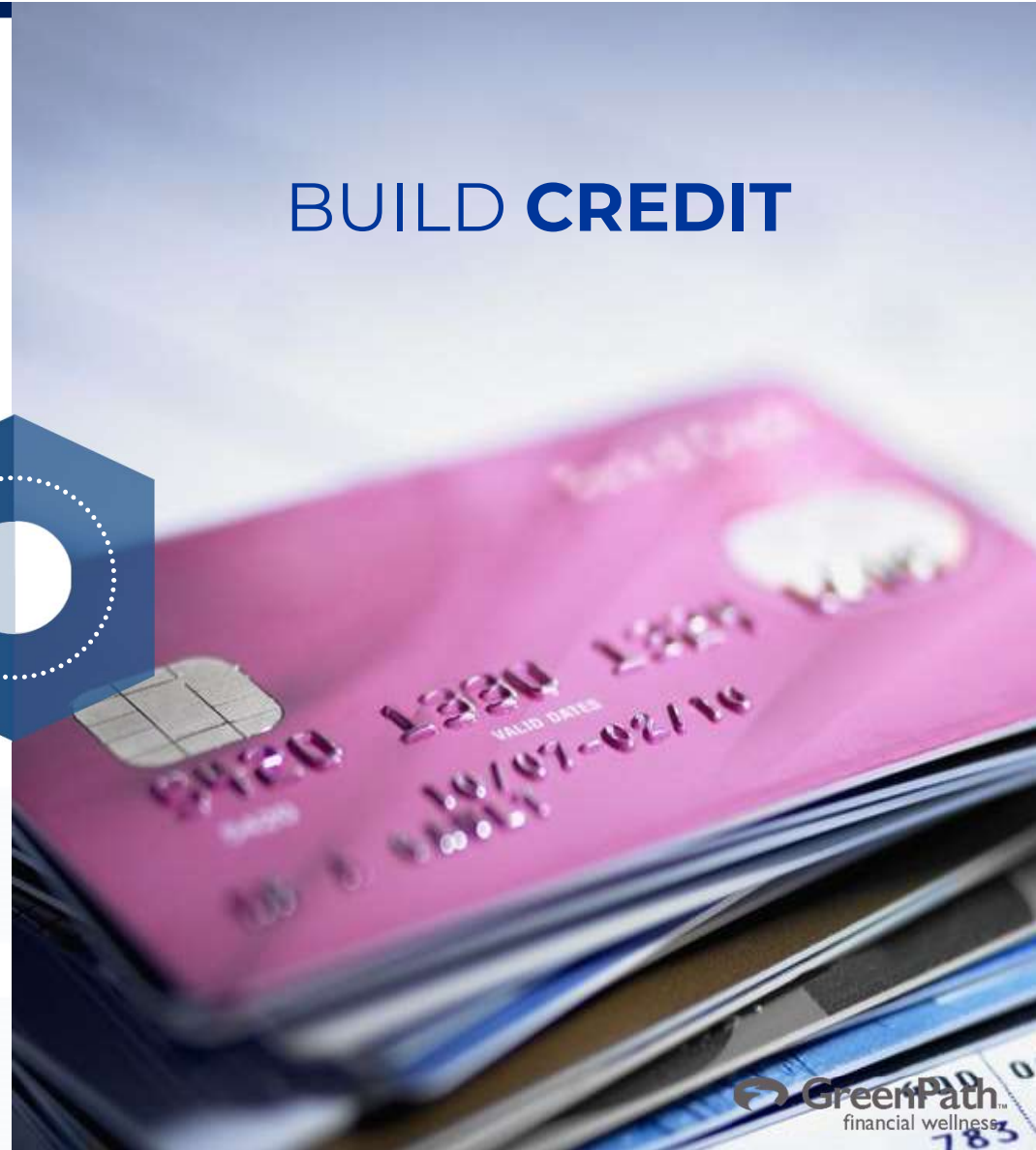
Review your goals

Financial Stability

- CREDIT CARDS
- SECURED CREDIT CARDS
- SECURED LOANS
- RETAIL/GAS CREDIT
- GET A CO-SIGNER
- ADDED AS AN AUTHORIZED USER



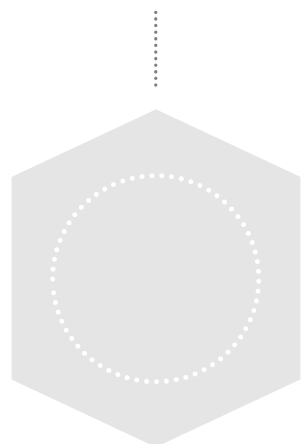
BUILD CREDIT



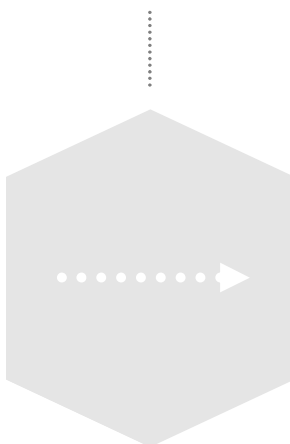


FOR USING
CREDIT WISELY

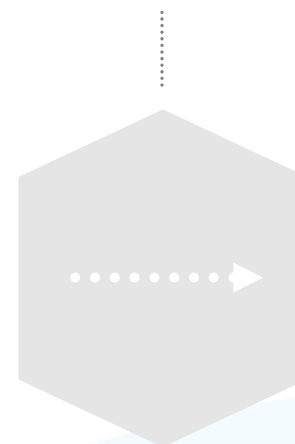
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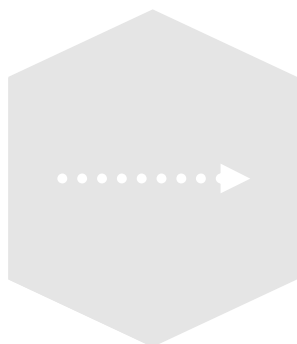
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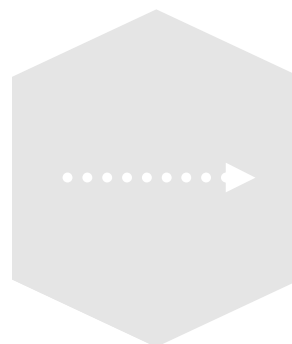
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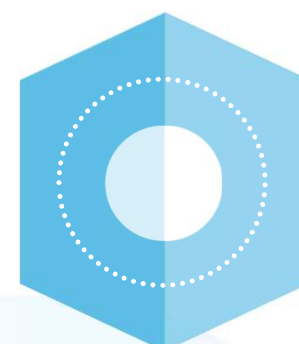
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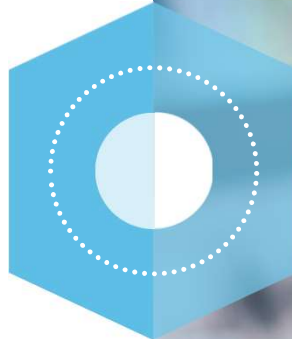


6
Common
credit myths.



MYTH #1

“Closing a credit card will hurt my credit score.”





NEGATIVE IMPACT

SARAH.....

- 3 maxed out credit cards
- Paid off the first card; decides to close it (to remove temptation.)
- 2 cards remain maxed out

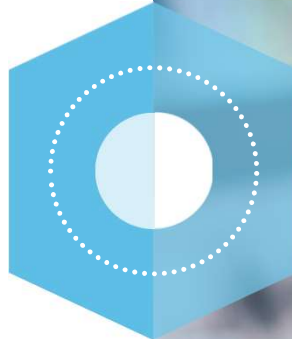
LITTLE TO NO IMPACT

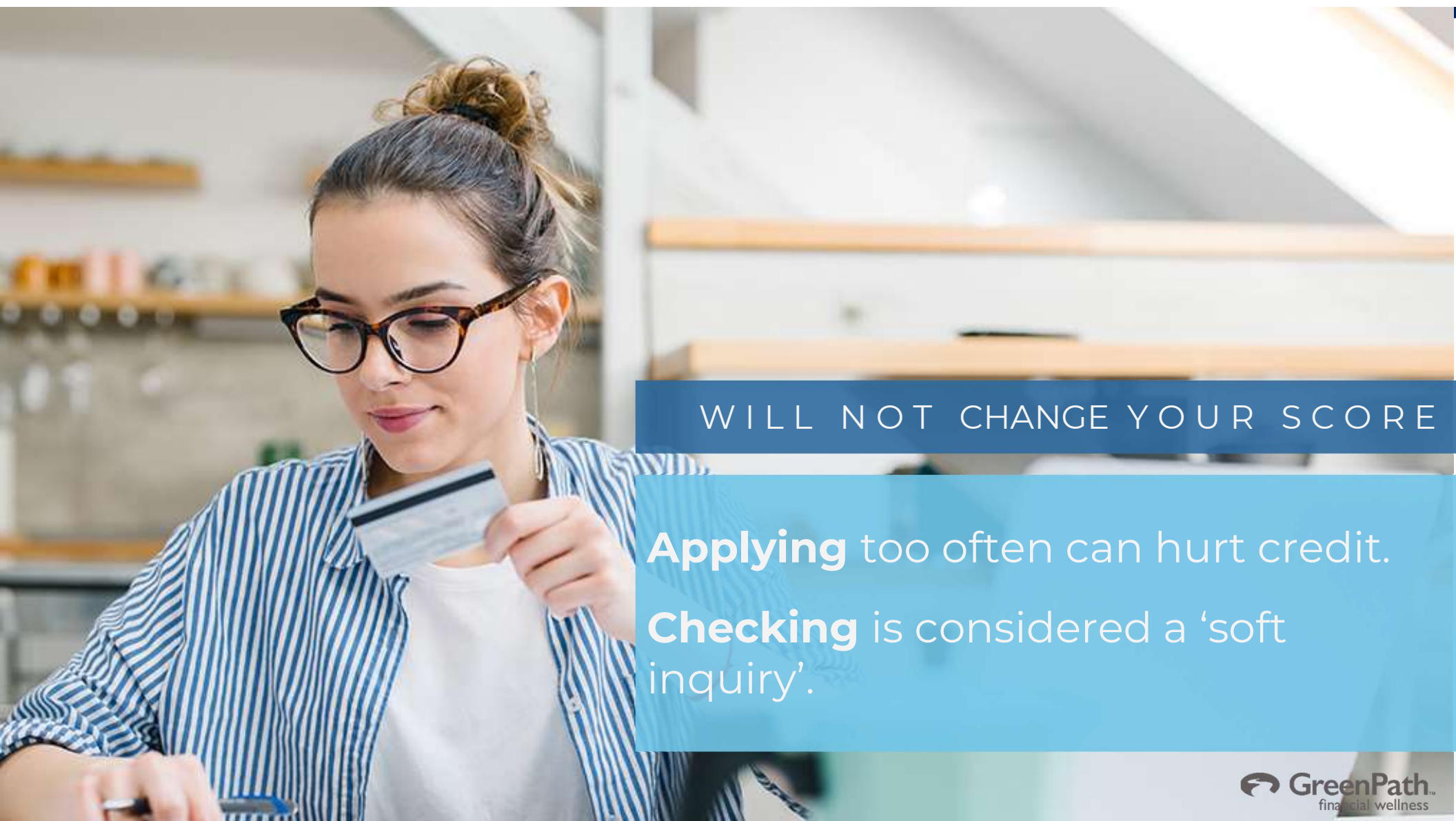
KATIE.....

- 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”





WILL NOT CHANGE YOUR SCORE

Applying too often can hurt credit.

Checking is considered a 'soft inquiry'.



Q & A Time

Please submit questions into the chat.

Questions? Contact us!



info@soundcu.com



soundcu.com



800.562.8130



soundcu.com/greenpath

Save the date!

Wednesday, March 30 at 5pm:

Social Security: The Choice of a Lifetime

Register at soundcu.com/webinars

A decorative graphic in the bottom right corner consisting of several stylized fish shapes in light blue and teal, swimming towards the right.



Thank you!