

Credit Profile

This container focuses on credit, how credit affects your personal financial situation, and how to get and maintain good credit. First you receive an overview of the term 'credit' and how it is applied. Then you will understand the value of having a good credit history and situations that can have negative impact on your credit. You will be introduced to the components of your credit profile – credit history and credit score – and how they are derived. You will learn how to obtain a copy of your credit report, review your credit score, and create a credit plan. Strategies and actions for addressing errors on your credit report and improving your credit score are presented. Finally, the types of identity theft are discussed, along with ways to prevent and handle situations where your identity is stolen.



Credit Profile Basics

This topic provides an overview of the term 'credit' and the various ways in which that term is used. The basics of buying on credit and developing one's credit profile are also covered.



Time Investment
15 minutes



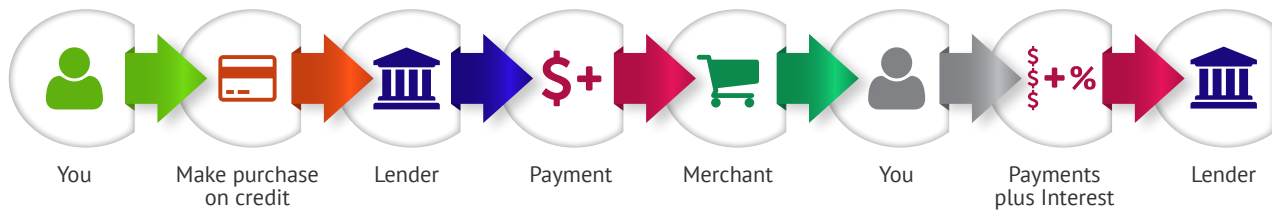
Credit Profile Basics
Credit Profile

Credit Profile Basics

Nearly every individual will utilize credit during their lifetime. It is important to understand how your credit profile affects your overall personal financial situation, and apply practical tips to help build an excellent credit rating.

Let's start by clarifying the different ways in which the term 'credit' is used. Credit history, credit scores, credit report, the credit bureaus, and your overall credit profile all are concepts encompassed within the word 'credit.'

Credit gives people the ability to obtain goods or services in advance of making payment. At the time of transaction, the lender pays the merchant/seller. Later, you pay the lender back for the purchase. Auto loans, mortgages, and credit cards are common examples of buying on credit.



Credit generally refers to an arrangement that defers payment for borrowed money or a purchased item until later. In other words, you get money for your selected purchase now, and you agree to pay it back later.

When you buy on credit, you generally end up paying back more than the original amount in interest. Interest is the fee charged to you in addition to the cost of your original purchase. Interest can typically be avoided by paying off the full balance of your credit before the billing cycle ends, but credit card terms may vary. Your lender (the credit card company or bank) pays the merchant (the coffee shop, the electronics store, the car dealership, etc.). Then you pay the lender back the original price of your purchase, plus an interest fee for using the lender's money for the purchase.

How much interest you pay depends on your credit history (your record of paying bills and handling credit in the past). The percentage of the debt that you're charged on top of the original amount is called an interest rate. Individuals with poor credit history represent a higher risk to the lender in terms of non-repayment and are typically charged a higher interest rate.

There are three primary credit bureaus that collect and store your credit information. The credit bureaus track and analyze your credit history and issue a credit score based on your proven ability to pay back money you borrow. They publish all this information in a credit report. You, or any companies you authorize to do so, may view your complete credit report.

The logo for Equifax, featuring the word "EQUIFAX" in a bold, red, sans-serif font.The logo for TransUnion, featuring the word "TransUnion" in a blue, sans-serif font, with a circular icon containing the letters "tu" to the right.The logo for Experian, featuring a cluster of five colored squares (blue, red, green, yellow, and purple) to the left of the word "experian" in a blue, sans-serif font, with a trademark symbol (TM) to the right.



Let's clarify the different ways in which people use the term 'credit.' Here are some common phrases people use, and the definitions of what those phrases mean.

When someone asks, "How's your credit?" this statement probably refers to the current status of your credit score and/or your credit history.

If someone says, "I bought that on credit," the statement refers to making a purchase using a credit card or another type of loan.

When someone states, "I'm trying to improve my credit," the person is discussing his or her own credit history and credit score.

Credit History

Companies with which you have loans report how you have managed your debt to the credit bureaus. All this information is compiled into your credit history.

Credit Bureaus

Collect all information about your credit and other financial obligations.

Credit Score

Credit bureaus assign you a credit score based on your creditworthiness.

Credit Report

Credit bureaus publish a summary of your credit history and credit scores.



Conclusion

The fundamental principle behind credit is that you obtain goods or services now, with the agreement that you will pay for them later. Usually you must pay back more than the initial amount because interest is added to the charge. Gaining a basic understanding of the different contexts in which the term 'credit' is used – including credit bureaus, credit score, credit report, and credit history – helps build the foundation of your financial planning. Your credit profile, how you use and manage credit will have important impact on your overall financial health.



Activity:

What is Credit?

This activity asks you to complete two brief exercises to demonstrate your understanding of the term 'credit' and the different ways in which it is used.

Activity: What is Credit?

The word 'credit' has a few meanings. It's important to understand the components that make up your credit profile, as well as to understand how they are used to reference different aspects of your credit.



i. Complete the sentence below using the provided terms.

I received a copy of my credit _____ from one of the credit _____.

Because of my good credit _____ from paying my bills on time, I have built an excellent credit _____.

Terms: Bureaus History Score Report



ii. Match each term with its definition:

1. The ability to obtain goods or services before payment is made based on the lender's trust that you will make that payment.
2. A summary of your credit history.
3. A numeric expression of a person's creditworthiness.
4. A record of your ability to repay debts.
5. A tool used to borrow money.
6. Collect all information about your credit and other financial obligations.

a. Credit Score

b. Credit Report

c. Credit History

d. Credit Bureaus

e. Credit

f. Credit Card



Quiz:

Credit Profile Basics

Quiz

1. When a consumer makes a purchase using credit, the lender pays the merchant at the time of purchase, and collects payment from the consumer at a later time.
 - a) True
 - b) False
2. The interest rate is a percentage of debt a consumer must pay the lender as a fee, in addition to the original debt amount.
 - a) True
 - b) False
3. Which of these are primary credit bureaus that collect and store credit information? More than one answer may be correct.
 - a) TransUnion
 - b) Federal Deposit Insurance Corporation
 - c) Experian
 - d) Equifax
 - e) CreditChex
4. Which of the following are credit purchases? More than one answer may be correct.
 - a) Clothes bought using a debit card
 - b) Groceries bought with a credit card
 - c) Land bought with the help of a land loan
 - d) Vehicle bought through an auto loan
 - e) All of the above
5. Less frequent credit card payments may lead to lower interest rates.
 - a) True
 - b) False



Quiz: Credit Profile Basics

6. Which of the following individuals would likely be charged a higher interest rate on a credit card? More than one answer may be correct.
- a) Lashonda makes \$35,000 a year and has a history of paying all her bills on time.
 - b) Garrett lost his job last year and his car was repossessed a month ago.
 - c) Nancy, a small business owner, is behind 30 days or more on payments to vendors.
 - d) Kwame, a recent graduate, regularly makes the minimum payments on his student loans.
 - e) Belinda and Lee purchased a \$500,000 home 3 years ago and now are facing foreclosure.
7. Lady's credit history suffered the past year because she lost her job due to a physical disability. She maxed out her credit card to pay for her living expenses. Which of the following can help her rebuild her credit score?
- a) Start paying off her credit card debt.
 - b) Secure a job that will allow her to work despite the disability.
 - c) Secure a loan to pay off the credit card debt.
 - d) Move back in with her parents until she can get back on her feet.



Benefits & Consequences of Credit

Building and keeping good credit saves you money and has positive effects on many areas of your life. This topic discusses the value of having a good credit history and covers some of the common situations that lead to negative credit.



Time Investment
15 minutes



Benefits & Consequences of Credit

Building and maintaining good credit can save you tens – even hundreds – of thousands of dollars over your lifetime. That translates into more savings and less time you have to spend working.

Maintaining an admirable credit history has benefits for many aspects of life. First, nowadays many employers do credit checks prior to hiring new employees. Because there are so many people who have made credit mistakes, those with excellent credit ratings stand out. If you have poor credit, your access to capital may be limited because you are less able to qualify for loans (auto, home, credit cards, etc.). Good credit may open up opportunities if you utilize it appropriately. Good credit also saves you money on loan terms. People with less than excellent credit ratings receive non-optimal terms (higher interest rates, higher required down payments, and shorter terms).



Credit is likely to affect your ability to live in the home you want because it is an important aspect of qualification, whether you plan to buy or rent. Good credit may make the difference between buying a house in the area you prefer or having to settle for a less favorable area. Finally, credit affects your emotions. Being turned down for a loan is embarrassing. And not being able to get your dream home or car when you want it can be disappointing.

Before you get a vehicle loan or buy a home, one of the first things a lender looks at is your credit report. Prospective lenders review your credit to determine whether they will lend you money, and if so, at what interest rate. Your credit history and score help lenders assess the risk that you will default on the loan. The higher your default risk, the more money the lender wants to make in order to offset the financial risk that you won't be able to pay back the loan.

Because people with excellent credit typically default on their loans less often, they receive better loan terms. They receive lower interest rates, which translate into lower payments. They also have more loan options available to them, so they can shop around for the best deal and lenders may work hard to earn their business.

For people with poor credit, the loan options are limited and the approval process is more difficult. Many times they cannot purchase the items they want because they don't qualify for the loan. If they do qualify, they receive a higher interest rate and their payments are higher. Often they are required to make larger down payments on the items they want to purchase.

Besides saving you money on loans, many employers now look at an applicant's credit before making a hiring decision. Landlords also review potential renters' credit histories to assess their financial stability. Imagine that you find your dream job or ideal place to live, only to lose it because you have bad credit.



Common Sources of Negative Credit

Poor Repayment History. If you have a history of missed or late payments, your credit score goes down. This situation might happen because you didn't automate your payments, had low or sporadic income, or because you were spending too much on other expenses. You can begin to overcome a bad payment history by paying all your debts on time and disputing any negative items on your credit report.

Amount Owed is Too High. Lenders look at the ratio between your total debt and your income. If the debt you're carrying is too high, your default risk goes up. This might occur when you have too many credit accounts, low or intermittent income. Making an effort to pay down your debts without incurring more can improve your credit score.

Length of Credit. Lenders want to see that you have a long-term credit record. Having a short length of credit could happen if you waited until you were older to obtain credit, or had accounts closed in the past. Strive to get and keep credit accounts long-term. Improving this credit factor can only be done over time and with patience.

Credit Inquiries. Every time a potential lender makes a hard inquiry to check your credit, your score goes down. That means you should avoid applying for too many accounts within a two-year time frame. To help reduce



the impact of this credit factor, try to space your credit applications out over time, and choose lenders with whom your odds of approval are high.







Credit Mix. Lenders like to know that you have a variety of credit account types (e.g. auto loan, personal loan, mortgage, credit cards). If you only have one type of credit, they may see you as a higher risk. Work on improving this factor by balancing the types of credit accounts for which you apply.

Excess Access to Credit. Although a very minor contributor to your credit profile, having a lot of access to immediate debt can represent additional risk to lenders. For example, if you sign up for every credit card offer you receive and end up with access to \$100,000 worth of credit lines, this represents a risk in which you can very quickly bury yourself in huge amounts of high interest, credit card debt if your life circumstances change dramatically. Open only the credit accounts you need.



Let's take a look at a side-by-side comparison of how different credit histories can affect the terms of a loan.

Vehicle Loan

Loan Terms	Good Credit	Bad Credit
 Vehicle Loan	\$25,000	\$25,000
 Interest Rate	4.25%	12%
 Monthly Payment	\$463	\$556
 Years to Pay Off	5	5
 Total Interest Paid	\$2,794	\$8,367
 Total Cost	\$27,794	\$33,367

There's a difference of \$5,573 between the good and bad credit examples above.

It's important to understand that being described with either the term "good credit" or the term "bad credit" does not automatically give you a 4.25% and a 12% interest rate, respectively. The above comparison is just used for example purposes. Your loan terms will always be specific to your history and the agreement you make with the lender. The important thing to learn is that a better credit history may save you money in comparison to a poor credit history – when all other loan terms are equal.

Home Loan

Loan Terms	Good Credit	Bad Credit
 Home Loan	\$250,000	\$250,000
 Interest Rate	4%	8%
 Monthly Payment	\$1,193.54	\$1,834.41
 Years to Pay Off	30	30
 Total Interest Paid	\$179,673.77	\$410,388.12
 Total Cost	\$429,673.77	\$660,388.12

There is a difference of \$230,714 between the good and bad credit comparison examples above!

Again, it is important to keep in mind that this is just an example – having generally “good credit” or “bad credit” does not automatically give you the 4% and 8% interest rates, respectively, as in the above example. Your loan terms will always be specific to your history and the agreement you make with the lender.



Conclusion

Getting and keeping good credit is an important piece of your personal finance puzzle. Your credit profile determines what loans you qualify for and on what terms, where and how you live, what kind of car you drive, and maybe even your employment options. Having good credit can save you a lot of money and open up opportunities. Your credit history also influences your emotional well-being; it can mean the difference between getting a great loan at low interest rates and being denied credit. Learning the benefits of maintaining a strong credit profile is one step toward developing a solid financial plan.



Activity: Root Causes of Credit Problems

This activity reviews your comprehension of what you've learned about some of the common root causes of financial problems related to credit.



i. Match each credit problem to its corresponding definition.

1. may be caused by payment mismanagement, not automating finances, low income or inconsistent income, or having expenses too high. Starting to make payments on time and disputing negative items on your history can help.
2. can stem from overspending, too-high expenses, low income or inconsistent income. Paying down your expenses can have a positive impact on your credit score.
3. can be caused by not getting loans at an early age. Once you get credit, time and patience will be the solution to improve this credit factor.
4. is caused by applying for too much credit within a 2-year period. Space out your credit applications and allow time to diminish the impact of this factor.
5. can be caused by not having a variety of credit accounts. Getting additional types of credit will help improve this aspect of your credit rating.

a. Credit Mix

b. Amount Owed is too High

c. Credit Inquiries

d. Length of Credit

e. Poor Repayment History



Quiz: Benefits & Consequences of Credit

Quiz

1. Closing a credit account can negatively impact your length of credit.
 - a) True
 - b) False
2. An individual with a low credit score and high salary is likely to receive a credit card on the same terms as an individual with a high credit score and moderate salary.
 - a) True
 - b) False
3. You should avoid applying for too many credit accounts within a ____ timeframe.
 - a) 1 year
 - b) 2 year
 - c) 3 year
 - d) 4 year
4. Last year, Jack received a \$5,000 personal loan from his credit union. He used the money to upgrade his SUV and take a summer-long camping trip. Six months later, Jack was informed that a lawsuit had been filed against him for default on the loan. Why did this happen?
 - a) Because Jack had paid the loan in full after six months.
 - b) Because Jack had failed to pay the loan per the agreed-upon terms.
 - c) Because Jack had only paid back the principal amount of the loan.
 - d) Because Jack had renegotiated the terms of the loan.
5. What step(s) can you take to avoid potential missed or late payments on a loan? More than one answer may be correct.
 - a) Automate your loan payments from your bank account.
 - b) Make payments once every two months.
 - c) Make payments at the end of each month, after all your other bills have been paid off.
 - d) Set up account notifications to receive an alert whenever payments are due



Quiz: Benefits & Consequences of Credit

6. An individual with access to \$50,000 worth of credit lines represents a lower risk to lenders than an individual with access to \$10,000 worth of credit lines.
 - a) True
 - b) False
7. You have just been approved for a \$25,000 car loan, at a rate of 9% for 60 months, with a down payment of \$2,000. What is the 'loan term' for this loan?
 - a) \$25,000
 - b) 9%
 - c) 5 Years
 - d) \$2,000
8. Which of the following individuals has a credit mix that will be deemed 'lowest risk' by lenders?
 - a) Lana has three credit cards.
 - b) Blair has a car loan and a mortgage.
 - c) Cleo has a credit card, a car loan, and a mortgage.
 - d) Yu has two credit cards and a personal loan.
9. Who among the following home loan applicants will get their loan approved?
 - a) Michael has defaulted on his credit card payments 5 times in the previous year.
 - b) Patricia has one credit card and pays diligently every month.
 - c) Samantha has two credit cards with low credit card utilization and a low-interest car loan with no defaulted payments.
 - d) Austin is a new college graduate who has high credit card utilization, car loan, and student loan.



Understanding Your Credit Profile

Your credit profile comprises two main components: your credit history and your credit score.

This topic presents the information the credit bureaus compile to generate your credit history, and covers the two grading systems used to assign you a credit score based on that history. Tips for getting or keeping good credit are offered.



Time Investment
25 minutes

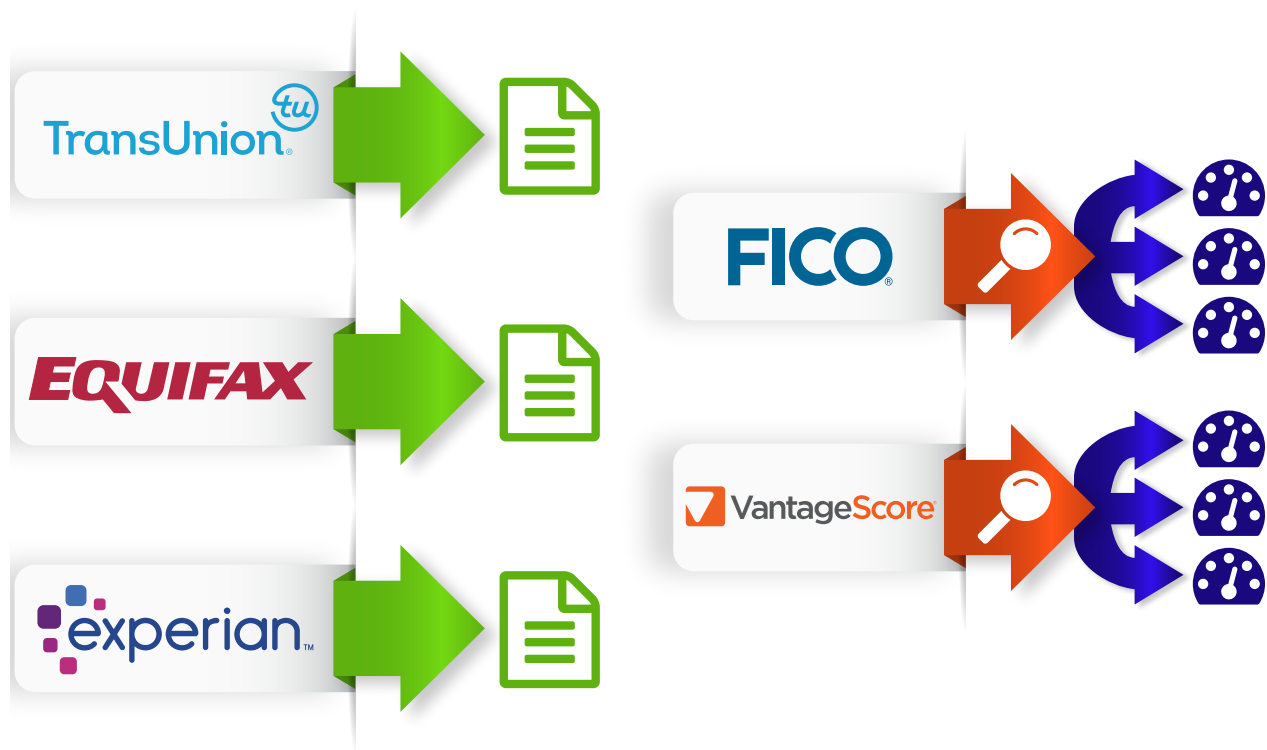


Understanding Your Credit Profile

Building and maintaining a good credit rating has positive impact on your financial future. Good credit increases the probability that you will qualify for the best loan terms – saving you money over time. It also may improve your chances of getting a job or renting a place to live.

Your credit profile is made up of two main aspects: your credit history and your credit score. Your credit score is formulated based on the information in your credit history.

The three credit bureaus (TransUnion, Equifax and Experian) generate a credit history report which provides details on all your loans for the past seven to ten years. Then, the two credit scoring companies (FICO and AdvantageScore) take those reports and generate a score based on each. Since there are two separate companies that each have their own calculation to determine your credit score and since there are three separate reporting agencies that report on your credit history, it is possible that your score can vary depending on which reporting agency your history was requested from and which scoring company that history was then calculated.



Your Credit History

There are three primary credit bureaus that compile your credit history: TransUnion, Equifax, and Experian. These bureaus are the entities that provide your credit report. A credit report provides all the details on any loans you have now, or have had in the last 7 to 10 years, depending on type of account and its status. Credit histories also list certain public records such as judgments against you, bankruptcies, and tax liens.

Your credit report will list all credit activity associated with each account. Your lenders report the following information to the bureaus:

- The date the account was opened
- Type of account: An “installment” loan with a fixed payment, such as a car loan; or a “revolving” line of credit such as a credit card
- Whether the account is joint or individual
- Your balance
- When the last payment was made
- Any past due information
- The limit on your account
- Any additional terms of the loan
- The status of the account: Current/open, closed, charged-off, sent to collections

Each account will show a month-by-month summary of the status of each account as well, effectively showing the history of how you’ve managed the account.



Below is an example of how the month-to-month history is typically displayed, with a legend for what each possible monthly mark means.

Payment History Legend	
CLS	Current/Terms of agreement met
30	Account 30 days past due
60	Account 60 days past due
90	Account 90 days past due
120	Account 120 days past due
150	Account 150 days past due
180	Account 180 days past due
CRD	Creditor received deed
FS	Foreclosure proceedings started
F	Foreclosed
VS	Voluntarily surrendered
R	Repossession
PBC	Paid by creditor
IC	Insurance claim
G	Claim filed with government
D	Defaulted on contract
C	Collection
CO	Charge off
CLS	Closed
ND	No data for this time period

FEB	JAN	DEC	NOV	OCT	SEP	AUG	JUL	JUN	MAY	APR	MAR	FEB	JAN	DEC	NOV	OCT	SEP
CLS	CO	CO	CO	CO	CO	180	150	120	90	60	30	OK	OK	OK	OK	OK	OK
AUG	JUL	JUN	MAY	APR	MAR	FEB	JAN	DEC	NOV	OCT	SEP	AUG	JUL	JUN	MAY	APR	MAR
OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
FEB	JAN	DEC															
OK	OK	OK															

Your credit history is then used to calculate your credit score. Credit score calculations are determined by two additional companies: The Fair Isaac Corporation – a separate business from the bureaus; and VantageScore Solutions, LLC – a joint venture among the credit bureaus. These two companies produce your FICO score and your VantageScore, respectively.

Your Credit Score

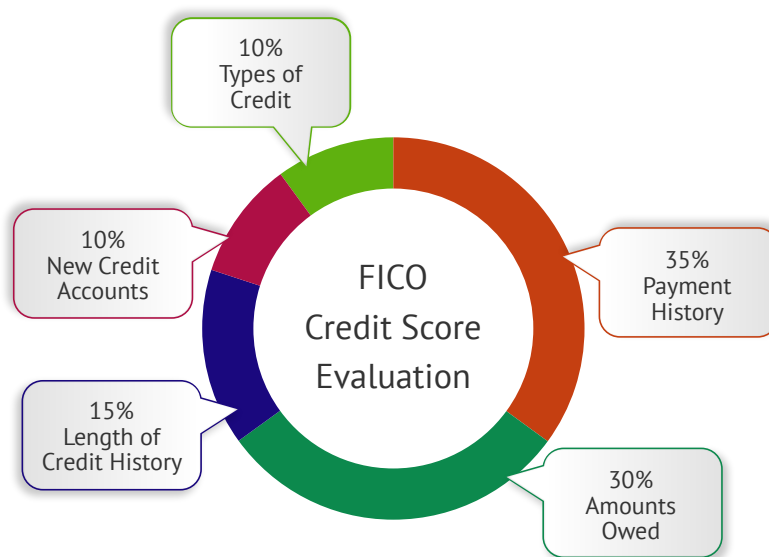
Your credit score is similar to a report card in school. In school, if you frequently missed class, did poorly on tests, and never did your homework, you probably would receive a bad grade. With credit, if you don't pay your bills on time, carry a high debt load, and have bills that you stopped paying – you probably will have a bad credit score.

There are two grading systems used: the Fair Isaac Corporation (FICO) score and VantageScore. These systems use similar grading models and methods.

Credit scores are expressed as numbers ranging between 300 and 850; the better your credit, the higher your score. The credit bureaus separately track and analyze your credit history. Therefore, depending on which bureau's credit history and which grading system is utilized to determine your score, your credit scores may differ. For example, Experian's report and calculation on your credit history may give you a score of 715; whereas Equifax may calculate a score of 724.

The FICO scoring system evaluates the following credit history elements with the following weights:

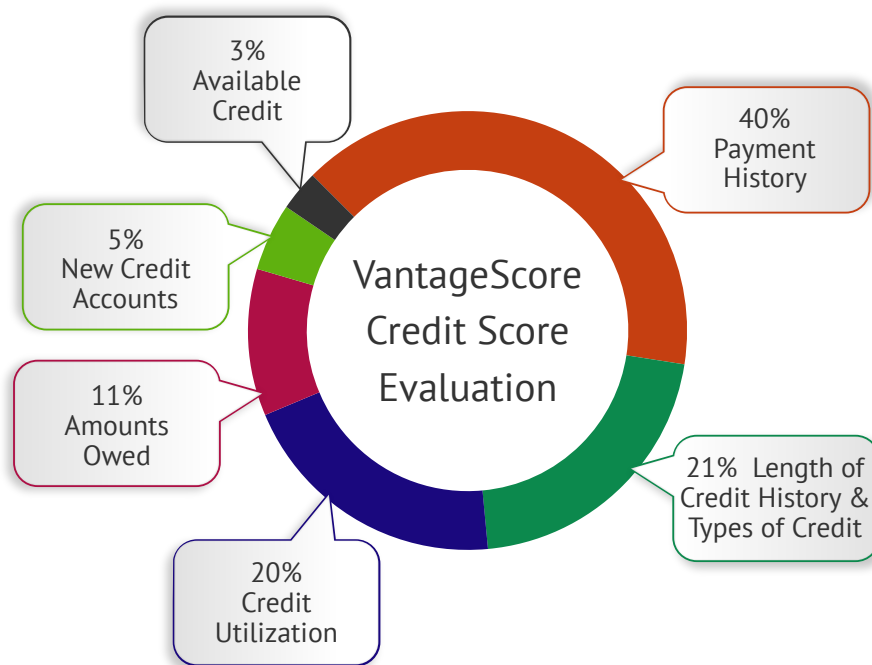
- 35% is based on your payment history.
- 30% reflects the amounts you currently owe.
- 15% is from the length of your credit history.
- 10% is from new credit and the number of recently-opened accounts.
- Another 10% is based on the types of credit you use.



The VantageScore scoring system evaluates credit history elements with the following weights:

- 40% is based on your payment history.
- 21% is calculated from the length of your credit history and the types of credit you use (combined).
- 20% is based on credit utilization: the percentage of an account's total amount of available credit currently owed.
- 11% on the amounts you currently owe.
- 5% is from new credit and the number of recently-opened accounts.
- 3% is from the total amount of credit to which you currently have access.

There is a subtle difference between the Credit Utilization (20%) and Available Credit (3%) items above that deserves explanation. Credit utilization is the percentage of a line of credit that is “in use” or currently lent out; whereas available credit is a determination of whether you are taking out only the credit you need. For example, if you were approved for 10 new credit cards, each with a \$10,000 limit, but did not touch them otherwise – each of the new accounts would have a credit utilization of 0%. But why did you need access to \$100,000 of credit? That’s the question the Available Credit metric in the VantageScore is asking. Effectively, are you stockpiling available credit reserves for emergencies, and are not otherwise preparing for such expenses? That might signal that you represent an increased risk.



Neither score takes into account the non-credit-related aspects of your life. Remember, the scores are calculated from your credit history. Neither your credit history nor your credit score considers:

- Race, religion, or sex
- Marital status
- Age
- Location
- Occupation or employer
- Employment history
- Political affiliation
- Criminal record
- Accounts that have “aged off” the records (7 to 10 years after an account has been closed)

Score Ranges

The full credit score spectrum ranges from 300 to 850. There are industry-specific score categories and evaluation models that can range from 150 to 950, but these are specifically tailored for certain lenders in certain industries. Nearly all consumers will be gauged on the 300 to 850 score continuum.



Tips for Getting and/or Keeping Great Credit

Pay All Your Bills On Time. Set up automatic bill pay through your bank to make it easy to stay on top.

Keep Debt Low. Low debt helps keep your credit score high and avoids needless interest payments.

Build, Repair, or Maintain a Good Credit Score. You must prove to the credit bureaus that you have the ability to pay back money you borrow.

Keep Inquiries to a Minimum. Don't have your credit report run too often.

Have Health and Auto Insurance. One of the biggest causes of bankruptcy is medical bills; avoid that problem by making sure you have enough coverage.

Check Your Credit Once a Year. If your credit score is critically low, hire a professional service to clean up your prior mistakes.





Conclusion

Just like a report card graded your performance in school, your credit score describes how well you manage the money you owe. The two grading systems that evaluate your credit – FICO and VantageScore – take several factors into account when determining your score. Once you know what those factors are, you can take steps to manage your credit wisely. If you follow the tips in this topic, you may become better able to maintain excellent credit or see your credit score gradually improve over time.



Activity:

Reading a Credit Report

In this activity, you will gain a better understanding of credit reports by looking at sample reports and answering questions regarding the information they present.

Activity: Reading a Credit Report

1. The OCWEN / GMAC MORTGAGE #65280 account is currently _____ and the payment made on 9/2019 was _____.

- a) received | made on time
- b) closed | made on time
- c) closed | made 30 days late
- d) open | not reported

OCWEN/GMAC MORTGAGE #65280****

PO BOX 4622
WATERLOO, IA 50704-4622
(800) 766-4622

Date Opened:	11/26/2017	Balance:	\$0	Pay Status:	Current; Paid or Paying as Agreed
Responsibility:	Individual Account	Date Updated:	10/19/2021	Terms:	\$275 per month, paid Monthly for 360 months
Account Type:	Mortgage Account	Payment Received:	\$275		
Loan Type:	CONVENTIONAL REAL ESTATE MTG	Last Payment Made:	10/05/2021	Date Closed:	10/19/2021
		High Balance:	\$35,000		

Mortgage Info: Fannie Mae ID #100037506528012777 Acct #1679541677

Remarks: CLOSED

	09/2021	08/2021	07/2021	06/2021	05/2021	04/2021	03/2021	02/2021	01/2021	12/2020
Rating	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK

	11/2020	10/2020	09/2020	08/2020	07/2020	06/2020	05/2020	04/2020	03/2020	02/2020
Rating	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK

	01/2020	12/2019	11/2019	10/2019	09/2019	08/2019	07/2019	06/2019	05/2019	04/2019
Rating	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK

	03/2019	02/2019	01/2019	12/2018	11/2018	10/2018	09/2018	08/2018	07/2018	06/2018
Rating	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK

	05/2018	04/2018	03/2018	02/2018	02/2018	12/2017	11/2017
Rating	OK	OK	OK	OK	X	X	OK

OCWEN/HOMEQ SERVICING, CA #693932449****

PO BOX 13716
SACRAMENTO, CA 95853
(800) 746-2936

Date Opened:	04/27/2018	Balance:	\$0	Pay Status:	Current; Paid or Paying as Agreed
Responsibility:	Individual Account	Date Updated:	09/05/2021	Terms:	\$309 per month, paid Monthly for 180 months
Account Type:	Mortgage Account	Payment Received:	\$0		
Loan Type:	SECOND MORTGAGE	Last Payment Made:	08/06/2021	Date Closed:	09/05/2021
		High Balance:	\$31,180		

Remarks: CLOSED

	08/2021	07/2021	06/2021	05/2021	04/2021	03/2021	02/2021	01/2021	12/2020	11/2020
Rating	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK

	10/2020	09/2020	08/2020	07/2020	06/2020	05/2020	04/2020	03/2020	02/2020	01/2020
Rating	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK

	12/2019	11/2019	10/2019	09/2019	08/2019	07/2019	06/2019	05/2019	04/2019
Rating	OK	OK	OK	OK	OK	OK	OK	OK	OK

Activity: Reading a Credit Report

2. The balance on the ADVANTA/CARDWORKS SERVICING account #55841000590 is \$_____ and the account is currently _____.

- a) \$3,228 | charged off
- b) \$1,232 | charged off
- c) \$3,228 | 120 days late
- d) \$2,995 | placed for collections

ADVANTA/CARDWORKS SERVICING #558418000590****

101 CROSSWAYS PARK WEST
WOODBURY, NY 11797-0097
(516) 576-0404 X22020

Date Opened:	06/08/2012	Balance:	\$3,228	Pay Status:	>Charged Off<
Responsibility:	Individual Account	Date Updated:	07/23/2019	Date Closed:	05/31/2015
Account Type:	Revolving Account	Payment Received:	\$0	>Maximum Delinquency of 120 days in 04/2019 and in 06/2019<	
Loan Type:	BUSINESS CREDIT CARD	High Balance:	\$18,771		
		Original Charge Off:	\$3,228		
		Credit Limit:	\$21,500		
		Past Due:	>\$3,228<		

Remarks: >UNPAID BALANCE CHARGED OFF<

Estimated month and year that this item will be removed: 11/2025

	06/2019	05/2019	04/2019	03/2019	02/2019	01/2019	12/2018	11/2018	10/2018	09/2018
Rating	C/O	C/O	120	90	60	30	OK	OK	OK	OK

	08/2018	07/2018	06/2018	05/2018	04/2018	03/2018	02/2018	01/2018	12/2017	11/2017
Rating	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK

	10/2017	09/2017	08/2017	07/2017
Rating	OK	OK	OK	X

AMERICAN EXPRESS #349991686321****

PO BOX 981537
EL PASO, TX 79998
(800) 874-2717

Date Opened:	07/01/2015	Date Updated:	05/16/2021	Pay Status:	>Charged Off<
Responsibility:	Individual Account	Payment Received:	\$0	Date Closed:	01/25/2019
Account Type:	Revolving Account				
Loan Type:	CREDIT CARD				

High Balance: High balance of \$2,955 from 03/2019 to 03/2019; \$2985 from 04/2019 to 04/2019; \$3,021 from 05/2019 to 03/2021; \$3,021 from 05/2021 to 05/2021

Estimated month and year that this item will be removed: 10/2019

	05/2021	04/2021	03/2021	02/2021	01/2021	12/2020	11/2020	10/2020	09/2020	08/2020
Balance	\$3,021		\$3,021	\$3,021	\$3,021	\$3,021	\$3,021	\$3,021	\$3,021	\$3,021
Amount Paid	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Past Due	\$1,232		\$1,196	\$1,160	\$1,124	\$1,088	\$1,052	\$1,016	\$980	\$944
Remarks	CBG >PRL<		CBG >PRL<	CBG >PRL<	CBG >PRL<	CBG >PRL<	CBG >PRL<	CBG >PRL<	CBG >PRL<	CBG >PRL<
Rating	C/O	N/R	C/O	C/O	C/O	C/O	C/O	C/O	C/O	C/O

	07/2020	06/2020	05/2020	04/2020	03/2020	02/2020	01/2020	12/2019	11/2019	10/2019
Balance	\$3,021	\$3,021	\$3,021	\$3,021	\$3,021	\$3,021	\$3,021	\$3,021	\$3,021	\$3,021
Amount Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Past Due	\$908	\$872	\$836	\$800	\$764	\$728	\$692	\$656	\$620	\$584
Remarks	CBG >PRL<	CBG >PRL<	CBG >PRL<	CBG >PRL<	CBG >PRL<	CBG >PRL<	CBG >PRL<	CBG >PRL<	CBG >PRL<	CBG >PRL<
Rating	C/O	C/O	C/O	C/O	C/O	C/O	C/O	C/O	C/O	C/O

Activity: Reading a Credit Report

3. The 7/2018 payment on the CITICARDS CBNA was _____

- a) paid on time
- b) charged off
- c) 90 days late
- d) placed for collection

CITICARDS CBNA #542418059380****

701 E 60TH ST N
SIOUX FALLS, SD 57104
(888) 248-4728

Date Opened:	02/19/2017	Date Updated:	07/22/2021	Pay Status:	>Account Paid in Full; was a Charge-off<
Responsibility:	Individual Account	Payment Received:	\$0	Terms:	Paid Monthly
Account Type:	Revolving Account	Last Payment Made:	04/28/2021	Date Closed:	10/23/2018
Loan Type:	CREDIT CARD			Date Paid:	09/27/2021
				>Maximum Delinquency of 120 days in 08/2018 for \$756 and in 09/2018 for \$924	

Hight Balance: Hight balance of \$7,983 from 02/2020 to 05/2021; \$7,983 from 07/2021 to 07/2021

Credit Limit: Credit limit of \$6,140 from 11/2019 to 05/2021; \$6140 from 07/2021 to 07/2021

Estimated month and year that this item will be removed: 03/2025

	07/2021	06/2021	05/2021	04/2021	03/2021	02/2021	01/2021	12/2020	11/2020	10/2020
Balance	\$0		\$0	\$7,983	\$7,983	\$7,983	\$7,983	\$7,983	\$7,983	\$7,983
Amount Paid	\$0		\$2,075	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Past Due	\$0		\$0	\$5,155	\$5,036	\$4,917	\$4,798	\$4,679	\$4,560	\$4,441
Remarks	>SET< >PPL<		CBG >PPL<	CBG >PRL<	CBG >PRL<	CBG >PRL<	CBG >PRL<	CBG >PRL<	CBG >PRL<	CBG >PRL<
Rating	C/O	C/O	C/O	C/O	C/O	C/O	C/O	C/O	C/O	C/O

	09/2020	08/2020	07/2020	06/2020	05/2020	04/2020	03/2020	02/2020	01/2020	12/2019
Balance	\$7,983	\$7,983	\$7,983	\$7,983	\$7,983	\$7,983	\$7,983	\$7,983	\$7,983	\$7,907
Amount Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Past Due	\$4,322	4,203	\$4,084	\$3,965	\$3,846	\$3,727	\$3,608	\$3,489	\$3,334	\$3,172
Remarks	CBG >PRL<	CBG >PRL<	CBG >PRL<	CBG >PRL<	CBG >PRL<	CBG >PRL<	CBG >PRL<	CBG >PRL<	CBG >PRL<	CBG >PRL<
Rating	C/O	C/O	C/O	C/O	C/O	C/O	C/O	C/O	C/O	C/O

	11/2019	10/2019	09/2019	08/2019	07/2019	06/2019	05/2019	04/2019	03/2019	02/2019
Balance	\$7,824									
Amount Paid	\$0									
Past Due	\$3,018									
Remarks	CBG >PRL<									
Rating	C/O	C/O	C/O	C/O	C/O	C/O	C/O	C/O	C/O	C/O

	01/2019	12/2018	11/2018	10/2018	09/2018	08/2018	07/2018	06/2018	05/2018	04/2018
Rating	C/O	C/O	C/O	C/O	120	120	90	60	OK	OK

	03/2018	02/2018	01/2018	12/2017	11/2017	10/2017	09/2017	08/2017	07/2017	06/2017
Rating	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK

Activity: Reading a Credit Report

4. The MIDLAND FUNDING LLC #854305 is an account that has been _____
and the BAC HOME LOANS SERV LP #87189 has a high balance of _____.

- a) a factoring company | 360 months
- b) charged off | \$196,000
- c) collection paid in full | \$196,000
- d) settled for less than full balance | 360 months

MIDLAND FUNDING LLC #0854305****
8875 AERO DRSUITE 200
SAN DIEGO, CA 92123
(844) 236-1959

Placed for collection	11/09/2021	Balance	\$0	Pay Status:	>Account Paid in Full; was a Collection<
		Date Updated:	01/16/2024		
Responsibility:	Individual Account	Last Payment Made:	09/27/2023	Date Closed:	10/23/2023
Account Type:	Open Account	Original Amount:	\$11,359	Date Paid:	09/27/2023
Loan Type:	FACTORING COMPANY ACCOUNT	Original Creditor:	CHASE BANK USA N/A		

Remarks:>PAID COLLECTION<
Estimated month and year that this item will be removed: 03/2018

Satisfactory Accounts

The following accounts are reported with no adverse information. For your protection, your account numbers have been partially masked, and in some cases scrambled. Please note: Accounts are reported as "Current; Paid or paying as agreed" if paid within 30 days of the due date. Accounts reported as Current may still incur late fees or interest charges if not paid on or before the due date.

BAC HOME LOANS SERV LP #87189****
18 TAPO CANYON
SIMI VALLEY, CA 93063
(800) 451-6362

Date Opened:	06/14/2016	Balance	\$0	Pay Status:	Current; Paid or Paying as Agreed
Responsibility:	Individual Account	Date Updated:	09/23/2021		
Account Type:	Mortgage Account	Payment Received:	\$0	Terms:	\$0 per month, paid Monthly for 360 months
Loan Type:	CONVENTIONAL REAL ESTATE MTG	Last Payment Made:	09/23/2021	Date Closed:	09/23/2021
		High Balance:	\$196,000		

Remarks: CLOSED

	08/2021	07/2021	06/2021	05/2021	04/2021	03/2021	02/2021	01/2021	12/2020	11/2020
Rating	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK

	10/2020	09/2020	08/2020	07/2020	06/2020	05/2020	04/2020	03/2020	02/2020	01/2020
Rating	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK

	12/2019	11/2019	10/2019	09/2019	08/2019	07/2019	06/2019	05/2019	04/2019	03/2019
Rating	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK

	02/2019	01/2019	12/2018	11/2018	10/2018	09/2018	08/2018	07/2018	06/2018	05/2018
Rating	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK

	04/2018	03/2018	02/2018	01/2018	12/2017	11/2017	10/2017	09/2017	08/2017	07/2017
Rating	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK

	06/2017	05/2017	04/2017	03/2017	02/2017	01/2017	12/2016	11/2016	10/2016	09/2016
Rating	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK



Quiz:

Understanding Your Credit Profile

Quiz

1. What are the two components of a credit profile?
 - a) Employment History & Salary
 - b) Credit Report & Interest Rates
 - c) Bank Balances & Transaction History
 - d) Credit History & Credit Score
2. A credit report compiles an individual's credit history from the past ____ years.
 - a) 3-5
 - b) 7-10
 - c) 12-15
 - d) 18-20
3. Legally, bankruptcies and tax liens cannot be included on a credit report.
 - a) True
 - b) False
4. Which of the following is/are example(s) of a "revolving" line of credit?
 - a) Student Loan
 - b) Personal Loan
 - c) Gas Credit Card
 - d) All of the above
5. Which of the following information is not taken into consideration for generating credit history and credit score? More than one answer may be correct.
 - a) Criminal Record
 - b) Employment History
 - c) Payment History
 - d) A persons age



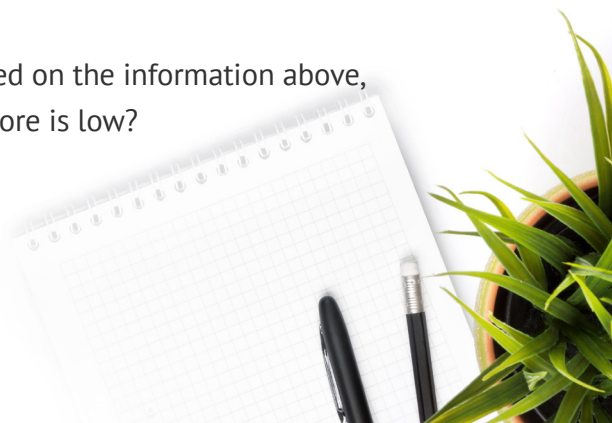
Quiz: Understanding Your Credit Profile

6. Which of these factors carries the largest weight with both the credit scoring systems, FICO and VantageScore?
- a) Length of credit history
 - b) Payment history
 - c) Types of credit
 - d) Amounts currently owed
7. It is possible to receive a 796 credit score from TransUnion and an 806 credit score from Equifax.
- a) True
 - b) False
8. Which of the following is a valid credit score? More than one answer may be correct.
- a) 475
 - b) 150
 - c) 743
 - d) 995
9. Jack currently is in the following situation regarding the factors used by FICO to evaluate his credit score.

Evaluation Factor	Jack's Situation
Amounts owed	40% of available credit
Length of credit history	15 years
Number of types of credit	5

However, Jack has received an unimpressive credit score. Based on the information above, which of the following is the most likely reason why Jack's score is low?

- a) Because Jack has had too many credit inquiries recently.
- b) Because Jack's credit card debt is too high.
- c) Because Jack does not have a good credit mix.
- d) Because Jack does not have a long-term credit record.



Quiz: Understanding Your Credit Profile

10. The chart below indicates Andrew's current situation in terms of four evaluation criteria used by VantageScore to determine his credit score.



Which of the following conclusions is most likely to be true about Andrew?

- a) Andrew is using too much of his available credit.
- b) Andrew has an unfavorable payment history that may lower his score.
- c) Andrew's score may be increased because he recently opened a new account.
- d) Andrew's score may be reduced because he has not had credit for very long and only has one type of credit.

Access Your Credit Report

Once you understand how your credit scores are calculated and what they represent, the next step is to create a credit plan. This topic shows you how to get a copy of your credit report, review your credit score, and develop a personal plan to stay on top of your credit history.



Time Investment
20 minutes



Access Your Credit Report
Credit Profile

Access Your Credit Report

Whether you feel your credit is in disrepair, in great shape, or you are simply unsure, it is important to review your credit regularly and develop an action plan. Regardless whether your plan is geared toward critical recovery or just maintenance, ongoing review and clear planning will assist you to reach your credit profile objectives.



It's important to get into the habit of checking your credit regularly. We suggest you do so at least a few times per year, and about three months before you apply for any loan. Checking several months in advance gives you time to address any problems on your credit report before submitting any loan, rental, or employment application.

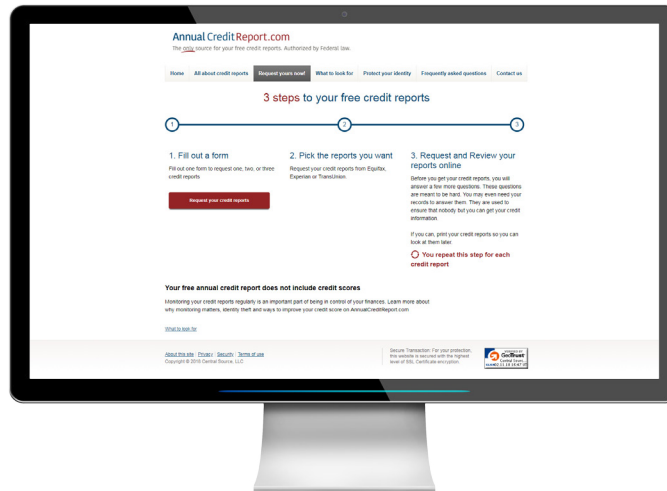
This topic will walk you through the step-by-step actions to obtain your credit report. You will need an internet connection to follow the steps.



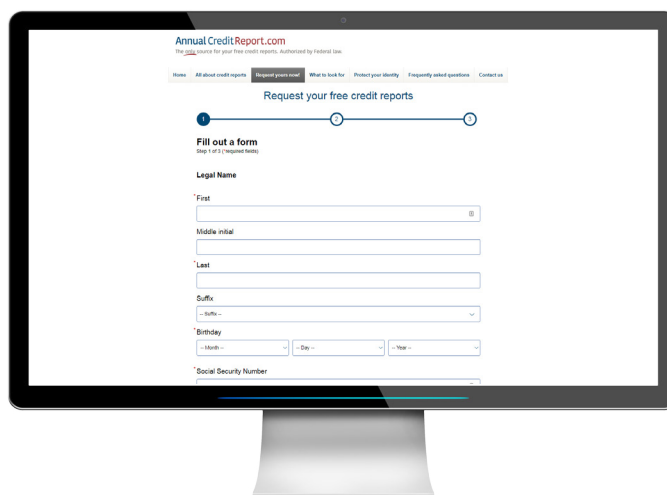
[Visit: Annual Credit Report](https://www.annualcreditreport.com/requestReport/landingPage.action)

<https://www.annualcreditreport.com/requestReport/landingPage.action>

Explore the website to learn more about the services they provide. Once you are ready, click on the “Request your free credit reports” button.



Next, enter your personal information. After you have entered your information, click “next” at the bottom of the page.



You will then have immediate access to your credit report. Depending on which bureau you requested the report from, the webpage will look different, have different features, and present different offers. However, all of them will provide your credit history from the bureau you selected. You may click the “Print” link found on the page. Feel free to physically print your report if you have a printer available. You can also “Print to file” the document into a PDF file by selecting the “PDF” option – typically found in the printer selection drop-down menu.

The reason you may obtain a credit report for free is due to a piece of legislation called the Fair Credit Reporting Act. The Fair Credit Reporting Act allows you to get a free copy of your credit report from one of the bureaus that collect your credit information, and also ensures that you receive your credit report any time you are denied credit by a lender. The general concept behind this legislation is that your credit history was always your information, and therefore you have the right to access that information.





Conclusion

Regardless of your current credit standing, it's important to obtain and monitor your credit report on a regular schedule. Whether your goal is maintaining a great credit score, building a history, or recovering from credit mistakes, checking your report a few times a year will enable you to make sure it's accurate and take steps to resolve any problems that arise. Creating a plan and schedule for monitoring your credit report forms a key piece of managing your personal finances.



Activity:

Creating Your Credit Plan

Now that you know how to access your credit report, it's important to set up a plan for staying on top of your credit history into the future – a plan that you can easily duplicate on a regularly-scheduled basis. In this activity, you will review examples of action steps and use them to develop your own credit plan.

Consider integrating your credit plan into your regular financial review processes. Below is a sample template of action steps to help you conduct a credit history review and stay on top of your credit score.

Activity: Creating Your Credit Plan

Step 1a) Credit Report. Visit www.AnnualCreditReport.com and get your credit report complimentary. You get one complimentary report from each credit bureau annually.

Option 1) You can pull your report from all three credit bureaus for a comprehensive look – this step is good for those trying to qualify for a loan or who have other credit needs that will take place in the next 12 months.

Option 2) Pull your credit report from one bureau every four months. This option allows you to check your credit for free over the course of the year by requesting reports from each bureau at different times. This method is good for those who just want to conduct regular monitoring.

Step 1b) Credit Scores. There are numerous ways to get your credit score – both free and paid.

Option 1) Utilize free credit score opportunities available through companies, banks, and other organizations. However, keep in mind that there is a big problem with this option as most of the scores provided are inaccurate – often by a large margin. They are based on estimates given your credit history, debt load, and other credit-related variables. To date, we have not found a reliable source of accurate credit scores among companies.

Option 2) Purchase your credit score. The advantage to this option is that you can purchase scores directly from the credit agencies and they are accurate. The drawback is that they cost money.

Activity: Creating Your Credit Plan

Step 2) Now that you have pulled your credit report, it's time to review the data. Review all the information in your report for accuracy. Look at the areas where you receive lower rankings, and work to improve those factors.

Step 3) Start a file where you keep records of your credit reports and credit score and track them over time. You can physically print reports, save them as PDFs, or both. Be sure to store the reports in a secure location.

Step 4) Look for any trends or problems in your report and work on long-term solutions to address those issues. Always keep in mind that each bureau is separate from the others. How each one calculates your score varies slightly. When tracking trends, do so using same-bureau comparisons.

Step 5) Regularly monitor your credit report, because inaccurate items and other problems can occur at any time. Get in the habit of checking your credit report from one single bureau every four months. Set up calendar reminders if your busy life demands such a reminder. Also perform a comprehensive review of reports from all three bureaus between 6 and 12 months ahead of any loan qualification, job application, or other credit needs you anticipate.





Quiz: Access Your Credit Report

Quiz

1. Checking your credit report well in advance of completing a loan, rental, or employment application can provide time to work toward resolving any issues found in the report.
 - a) True
 - b) False
2. It's important to check your credit report from all three credit bureaus, because they may not all contain the same information.
 - a) True
 - b) False
3. Websites that provide a credit score for free are usually reliable.
 - a) True
 - b) False
4. You can request unlimited free copies of your credit report from AnnualCreditReport.com.
 - a) True
 - b) False
5. Which legislation enables US consumers to receive free copies of their credit reports?
 - a) The Annual Credit Reporting Act
 - b) The Equal Credit Reporting Act
 - c) The Free Credit Reporting Act
 - d) The Fair Credit Reporting Act
6. Alberto plans to apply for a car loan. When should he check his credit report?
 - a) 1 week before applying for the loan
 - b) 1 month before applying for the loan
 - c) Around 3 to 6 months before applying for the loan
 - d) He does not need to check his credit report



Quiz: Access Your Credit Report

7. You can request your credit report from only one bureau at a time. Why would you do this?
- a) Doing so will allow you to request free copies from the other bureaus later in the year.
 - b) Requesting reports from all three bureaus at the same time will incur an additional charge.
 - c) Consumers are only allowed to request credit reports from one bureau at a time.
 - d) Checking reports from multiple bureaus at the same time might give you a wrong idea about your financial status
8. Joanna is planning on buying a home in a year's time. However, over the past 6 months, her credit report has been rather unimpressive. She plans on taking some action steps to solve this problem and apply for a home loan. Sequence Joanna's action steps listed below, in correct order. (The first one has been done for you.)
- Step No. ____: Obtain a complimentary credit report from a credit bureau.
- Step No. ____: Check for any problems or trends recurring in reports over the course of time, and come up with long-term solutions for such issues.
- Step No. ____: Analyze the report thoroughly, and identify problem areas and mistakes (if any).
- Step No. ____: Apply for a home loan, and hope for the best!
- Step No. ____: Start working on identified problem areas. Also start tracking credit scores and reports over time.
9. All of the following except ____ are advantages of staying on top of your credit history.
- a) Lower interest rates on loans
 - b) Favorable results on loan applications
 - c) Increasing interest rates
 - d) Prioritized rental applicant



Quiz: Access Your Credit Report

10. Nadia is planning on buying a car in a few months. However, over the last 5 years she has had many credit problems. What steps should she consider.
- a) Obtain a complimentary credit report from a credit bureau.
 - b) Check for any problems or trends recurring in reports over the course of time, and come up with long-term solutions for such issues
 - c) Analyze the report thoroughly, and identify problem areas and mistakes (if any).
 - d) Start working on identified problem areas. Also start tracking credit scores and reports over time.
 - e) All of the above.

