



UNDERSTANDING

YOUR CREDIT
REPORT & SCORE

 **GreenPath**[™]
financial wellness

Empowering people to lead financially healthy lives.

GREENPATH SERVICES



FINANCIAL
ASSESSMENTS



HOUSING
COUNSELING



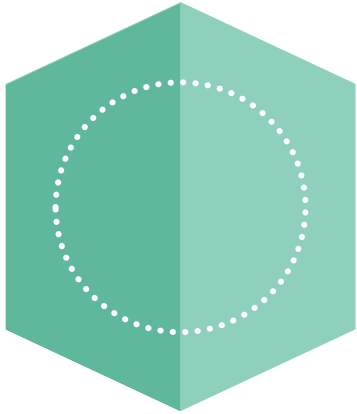
CREDIT REPORT
REVIEW



DEBT
MANAGEMENT

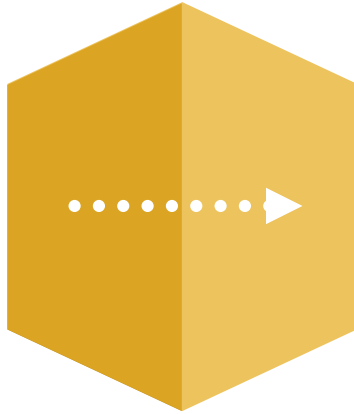
1

Why is credit important?



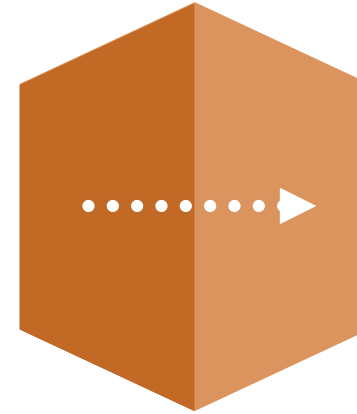
3

How to obtain a copy of your credit report.



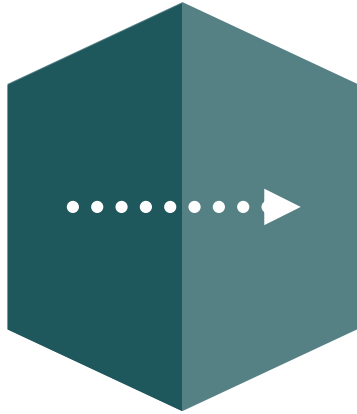
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How to build / rebuild credit.



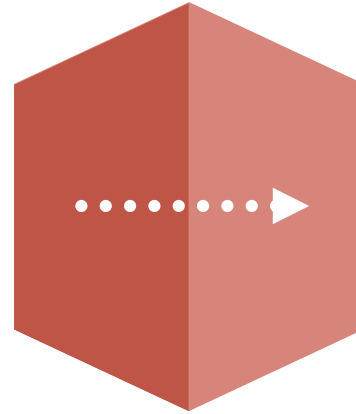
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What's on your credit report?



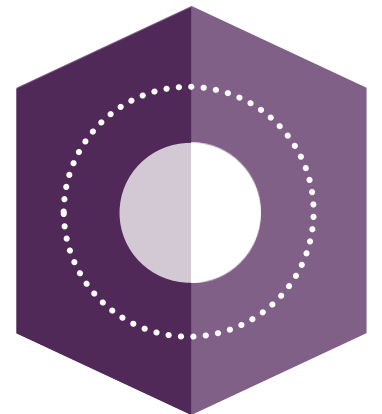
4

Credit scores & how they are calculated.



6

Common credit myths.

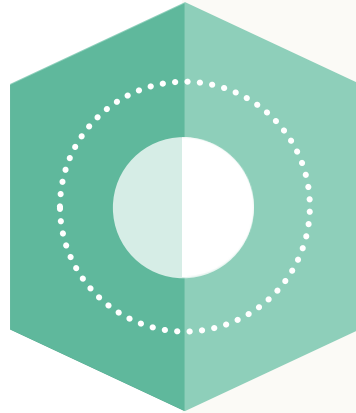




Why is
credit
important?

GOOD CREDIT

Land Your
Dream Job



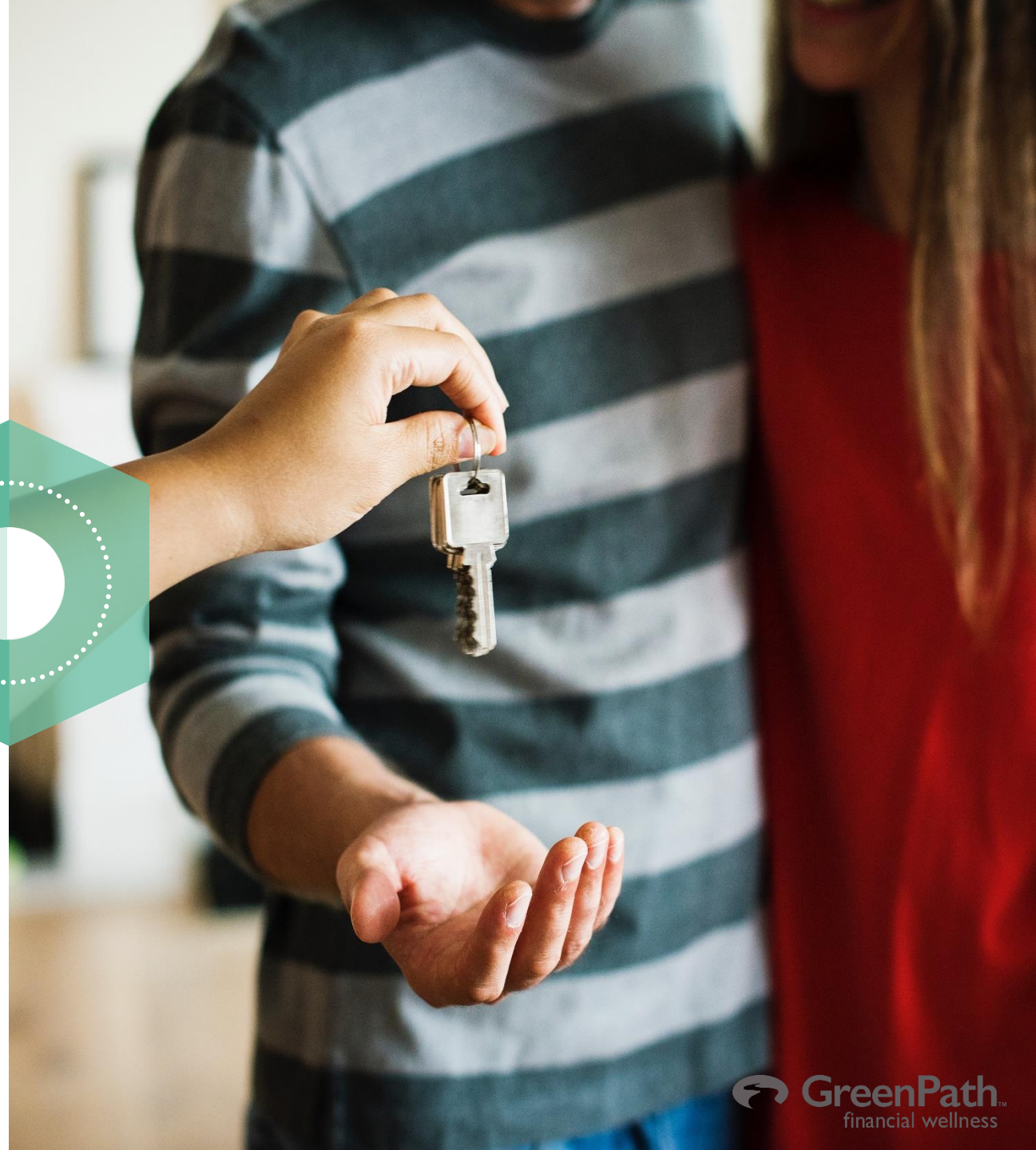


GOOD CREDIT

Getting a
Loan When
You Need It

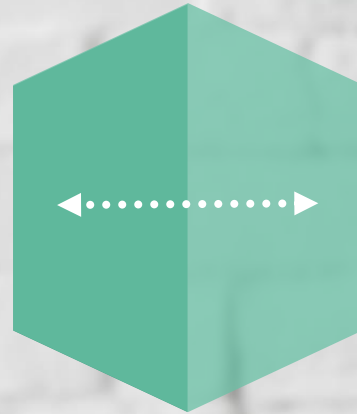
GOOD CREDIT

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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What's on your credit report?

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CREDIT BUREAUS



WHAT'S ON YOUR CREDIT REPORT?



IDENTIFYING
INFORMATION

OPEN
ACCOUNTS

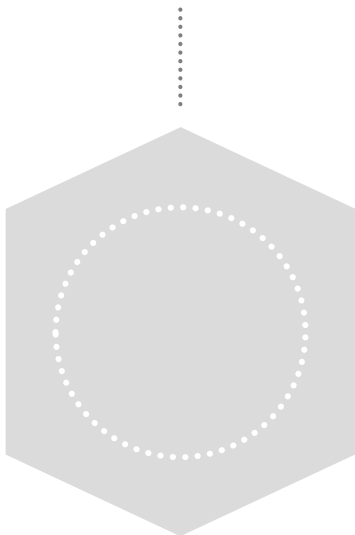
CLOSED
ACCOUNTS

COLLECTION
RECORDS

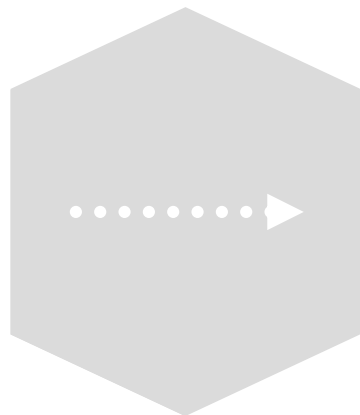
INQUIRIES

CONSUMER
STATEMENT

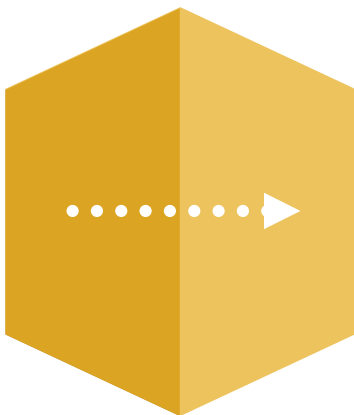
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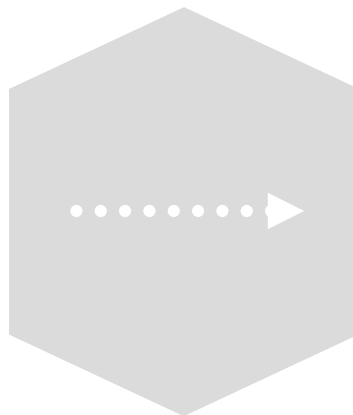
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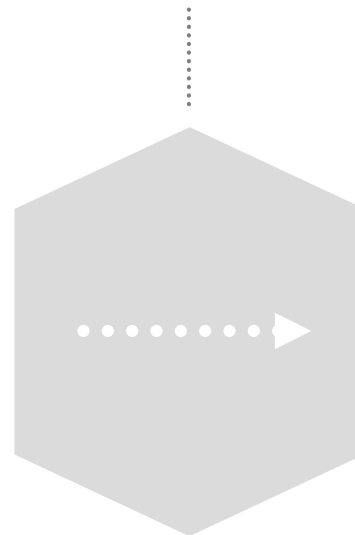
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CREDIT REPORT

annualcreditreport.com

Central Source LLC

P.O. Box 105283

Atlanta, GA 30348-5283

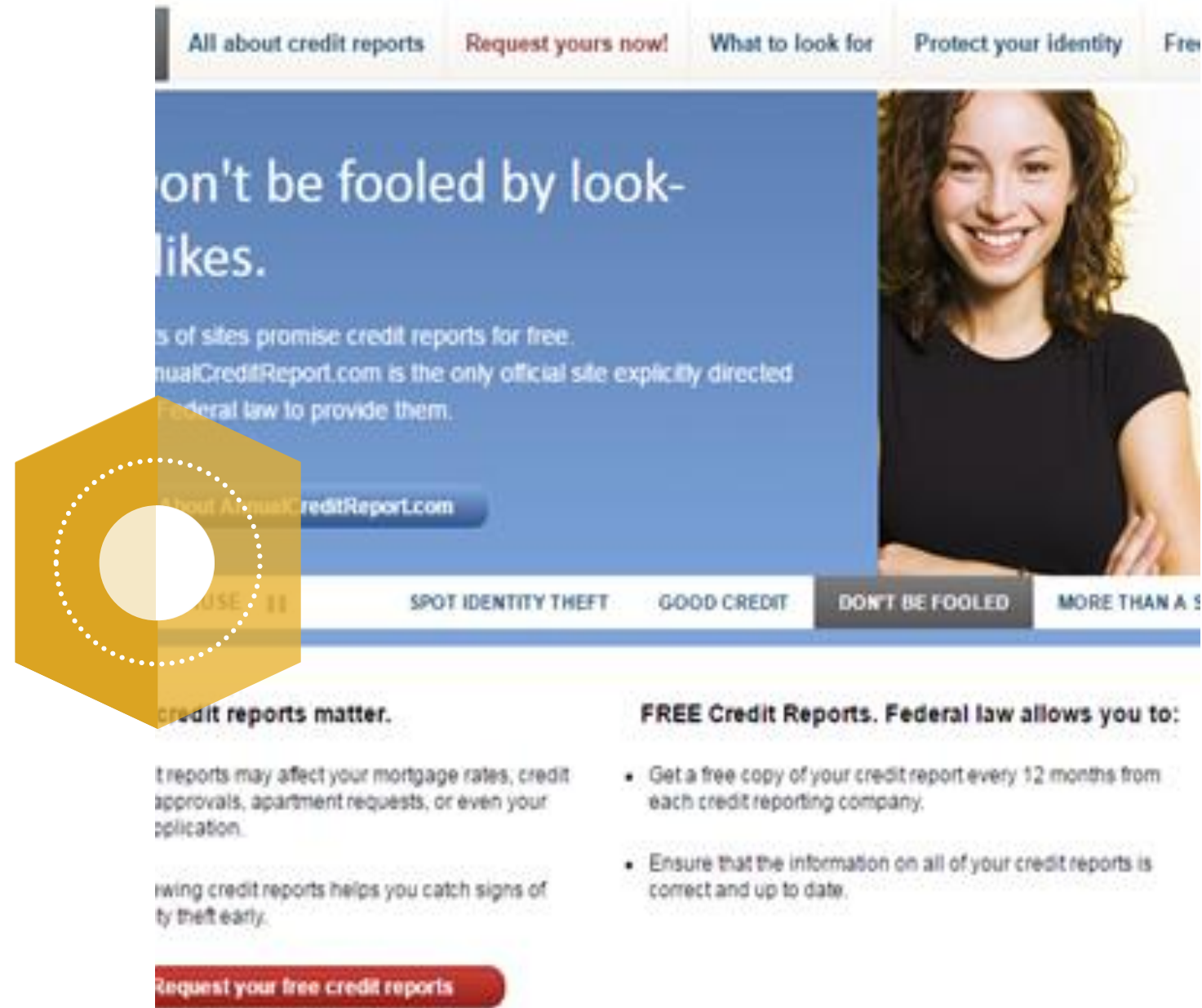
Phone: 877-322-8228

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

CREDIT REPORT

Only the **REPORTS** are free.

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



The image shows a screenshot of the AnnualCreditReport.com website. At the top, there are navigation links: "All about credit reports", "Request yours now!", "What to look for", "Protect your identity", and "Free". The main content area features a blue background with the text "Don't be fooled by look-alikes." and "Many sites promise credit reports for free. AnnualCreditReport.com is the only official site explicitly directed by Federal law to provide them." Below this is a button that says "Request your free credit reports". A large, semi-transparent hexagonal graphic with a white circle and dotted border is overlaid on the left side of the screenshot. At the bottom of the screenshot, there are several sections: "credit reports matter." with text about mortgage rates and credit approvals; "FREE Credit Reports. Federal law allows you to:" followed by a bulleted list: "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."; and a red button that says "Request your free credit reports".



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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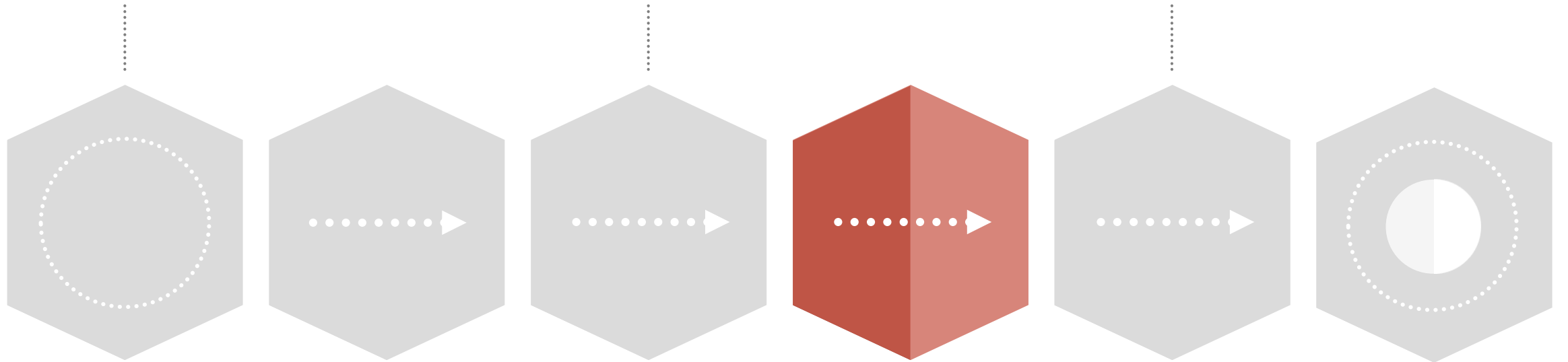
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CREDIT SCORES

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

LOWER RISK

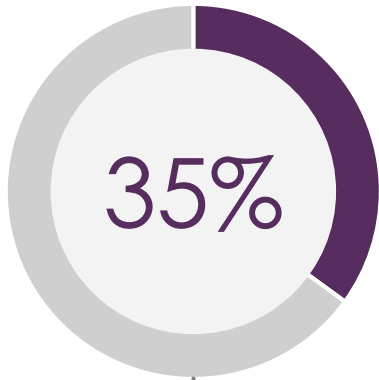
HIGHER RISK



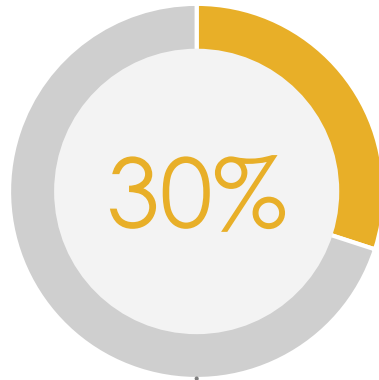


What are the factors that impact a credit score?

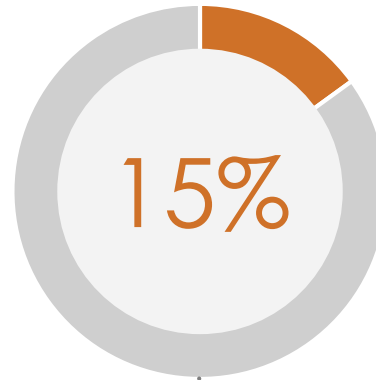
CREDIT SCORE BREAKDOWN



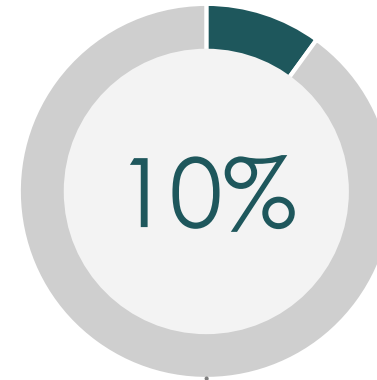
Payment History



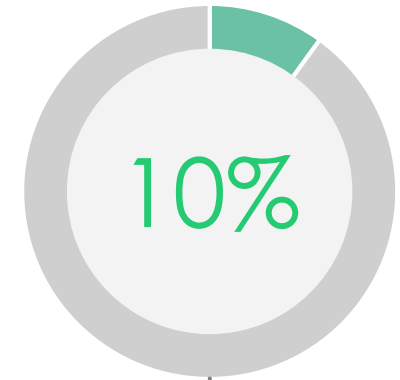
Amounts Owed /
Use of
Available Credit



Length of
Credit History

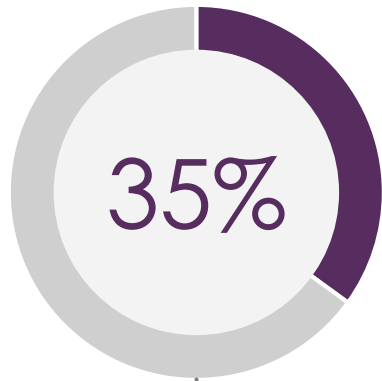


Types of
Credit Used/
Credit Mix

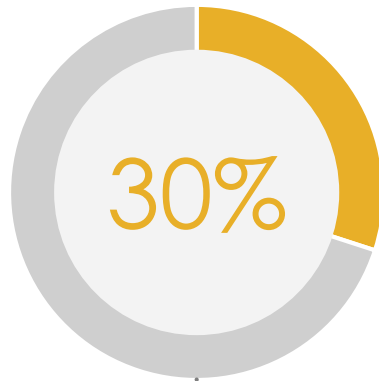


New Credit

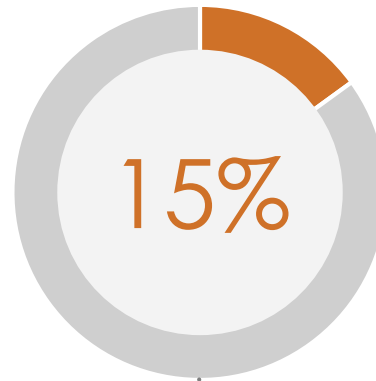
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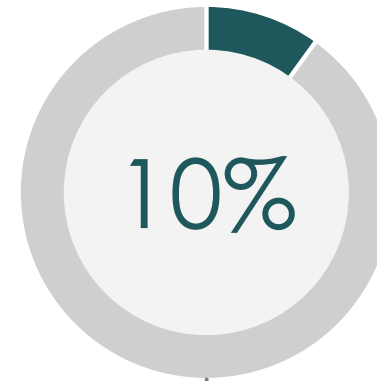
Payment History



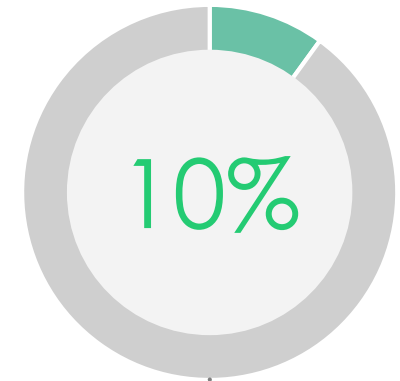
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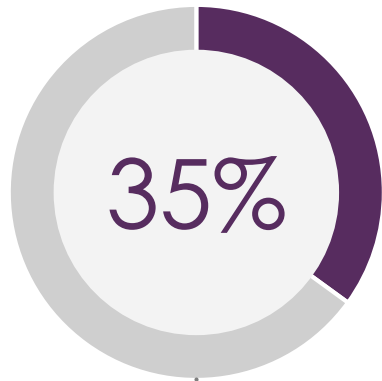
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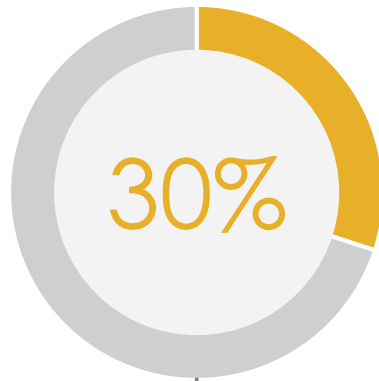
New Credit

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.

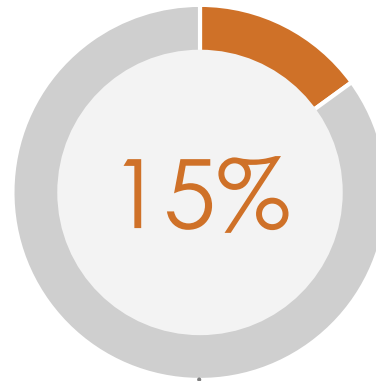
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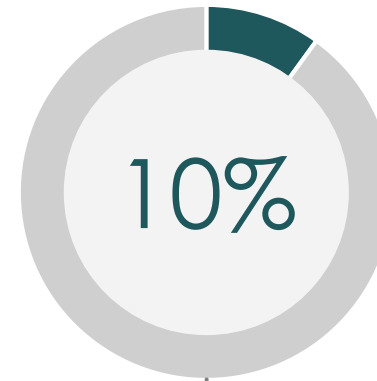
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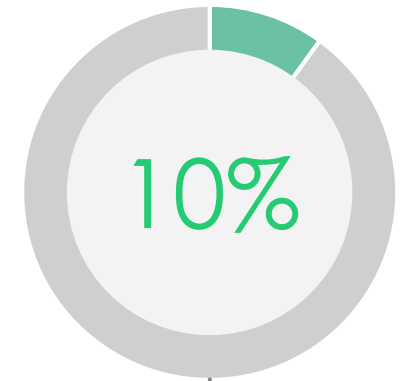
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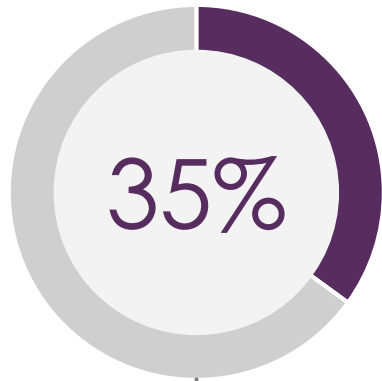
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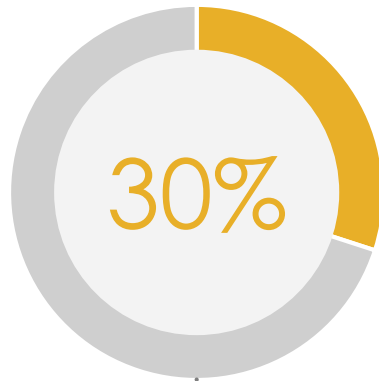
New Credit

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.

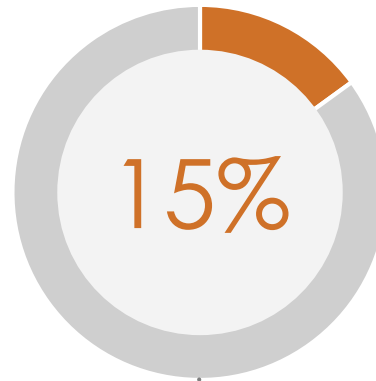
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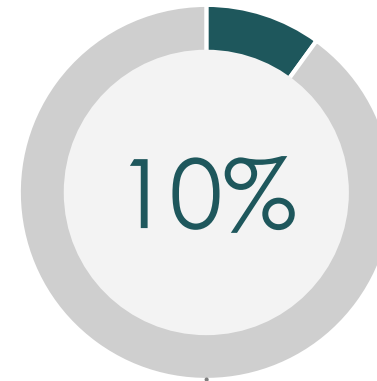
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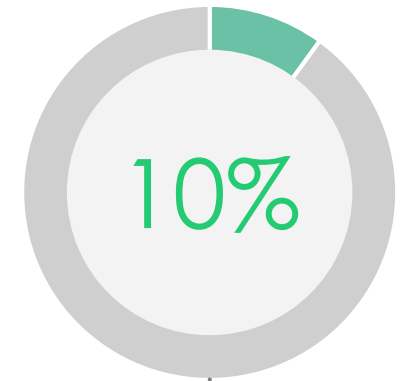
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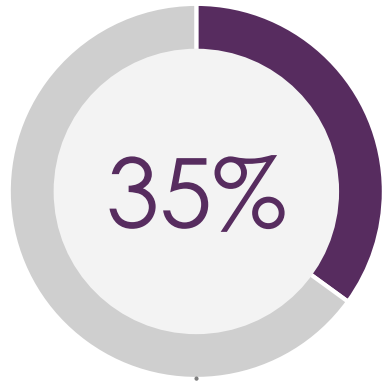
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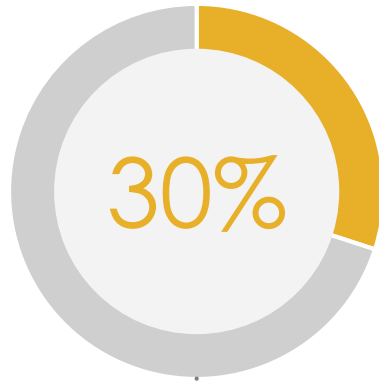
New Credit

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

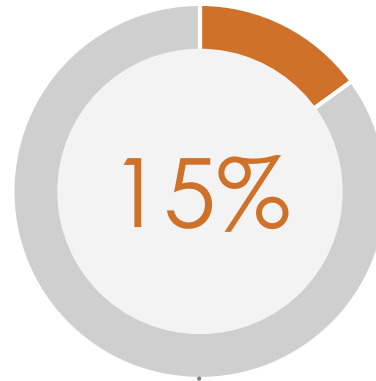
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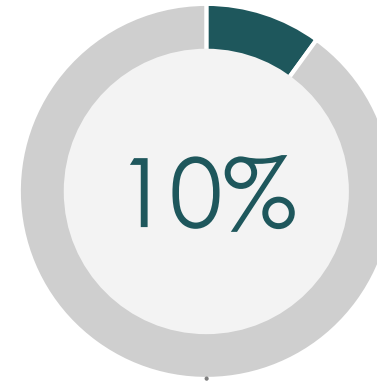
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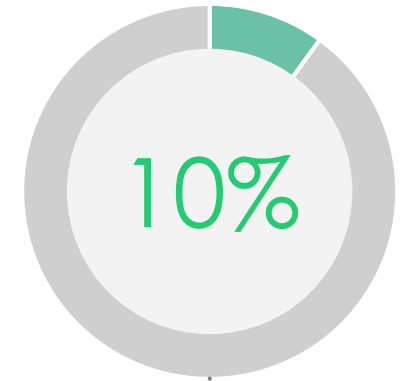
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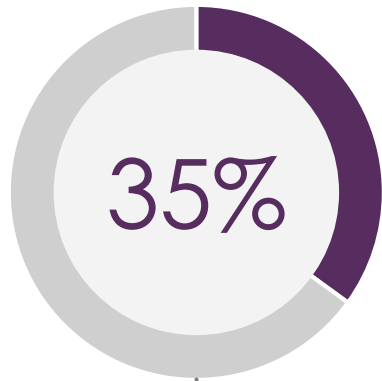
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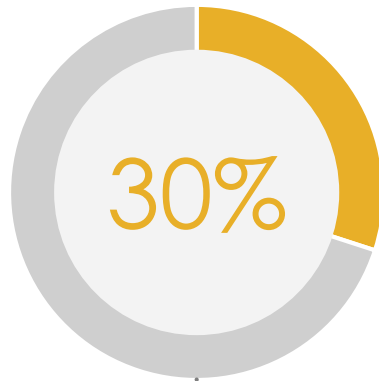
New Credit

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

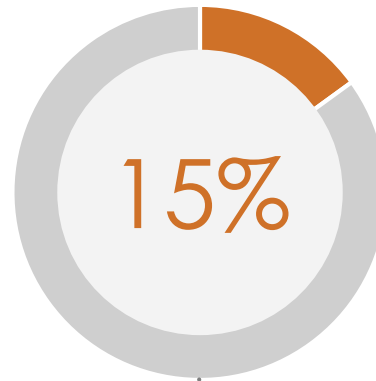
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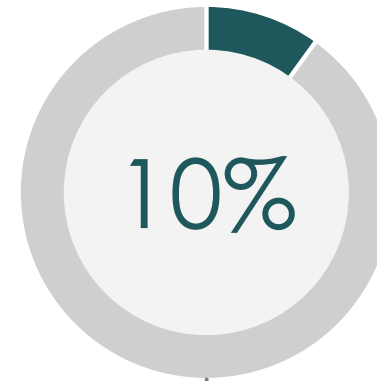
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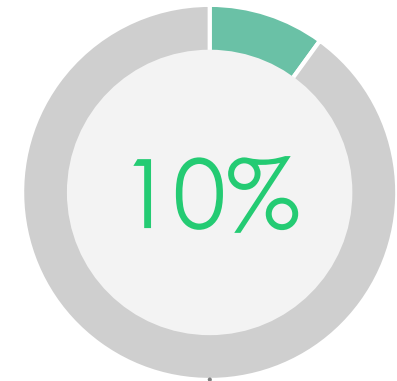
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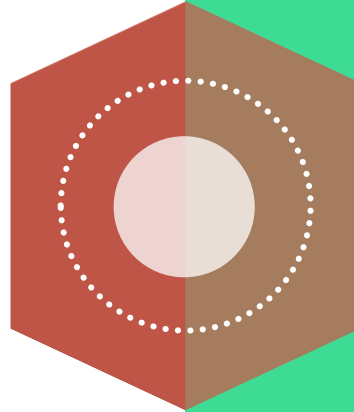
New Credit

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.

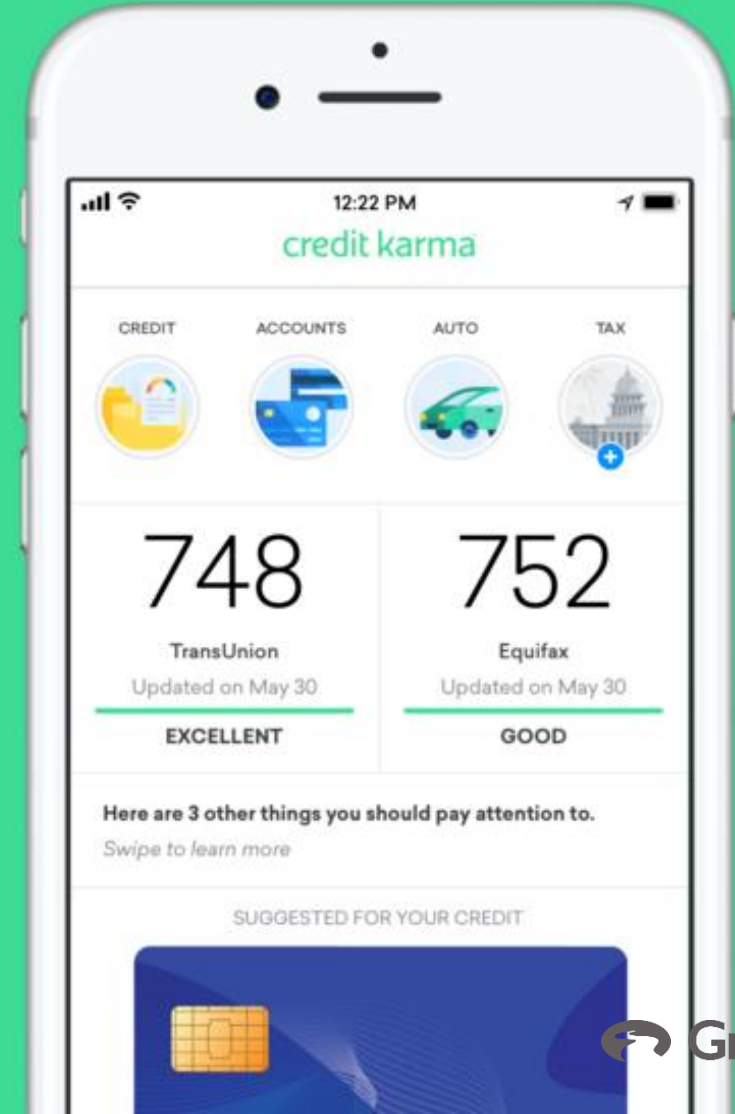
CREDIT KARMA

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.

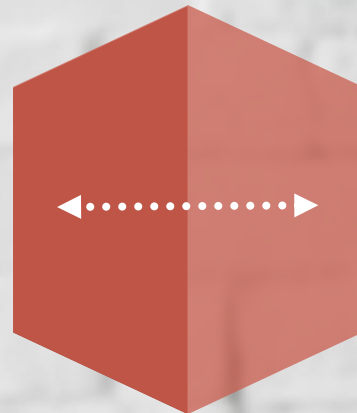


Check your credit scores
anytime, anywhere



Who has the better credit score?

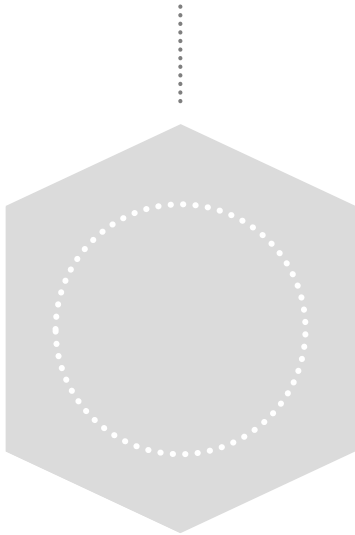
Diego	
Balance	\$800
Limit	\$1000
Pays	Entire Balance



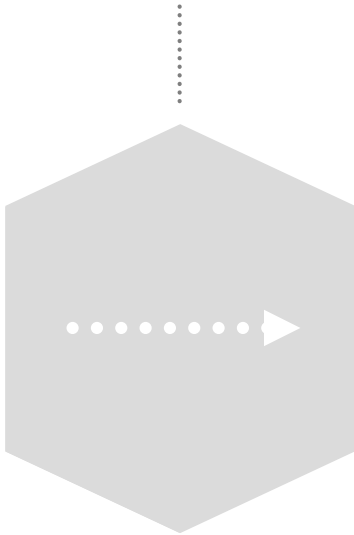
Angela	
Balance	\$5,000
Limit	\$10,000
Pays	Minimum Payment

Angela has the better credit score!

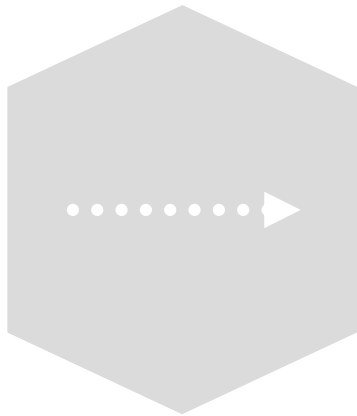
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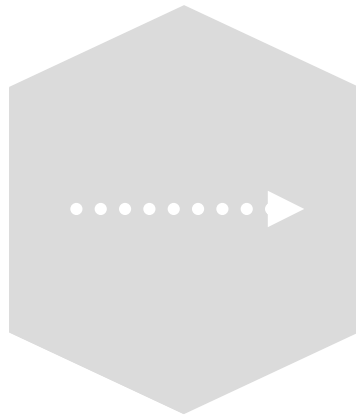
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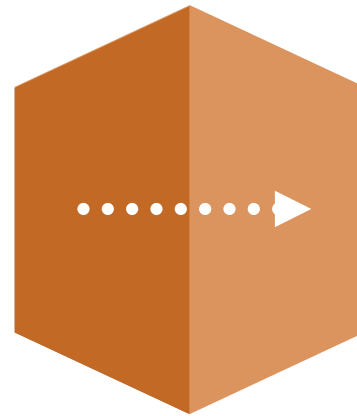
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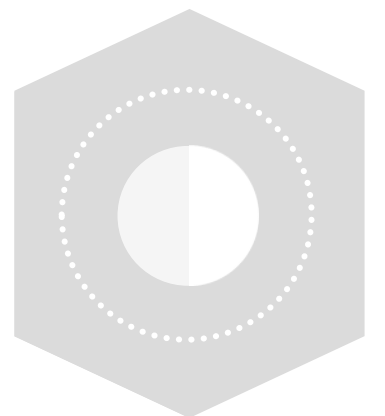
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BUILDING CREDIT

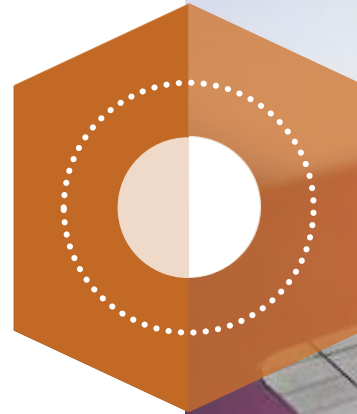
Review your goals

Financial Stability



BUILD CREDIT

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





TIPS

FOR USING
CREDIT WISELY

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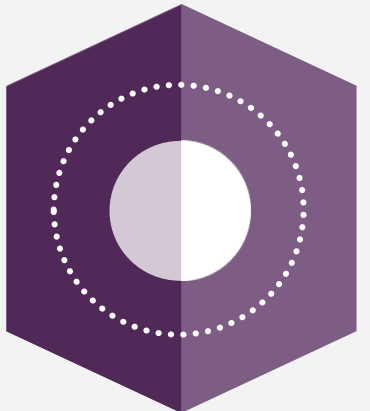
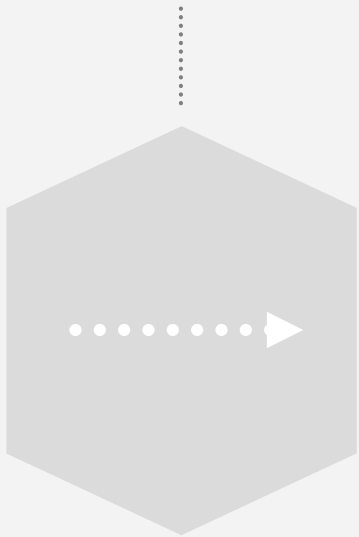
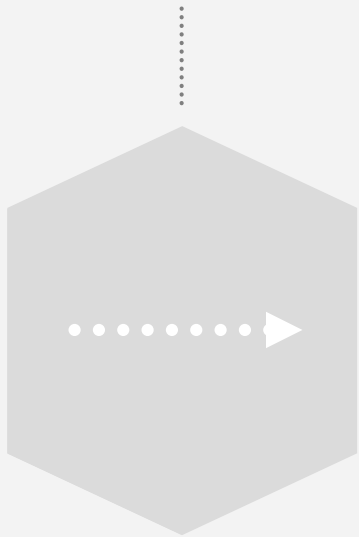
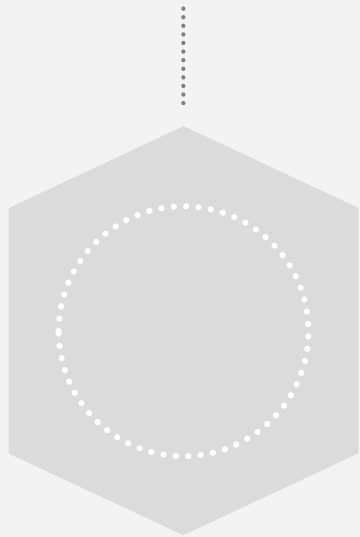
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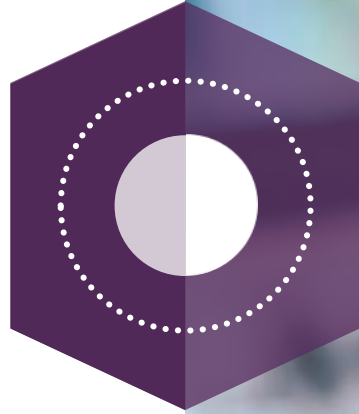
6

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

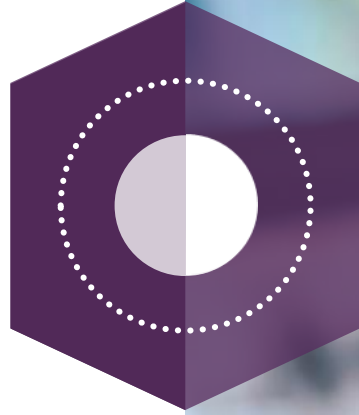
KATIE

.....

- 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”



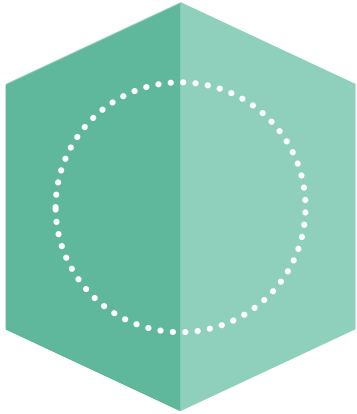


WILL NOT CHANGE YOUR SCORE

Applying too often can hurt credit.
Checking is considered a 'soft inquiry'.

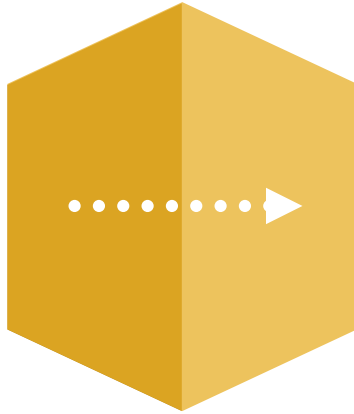
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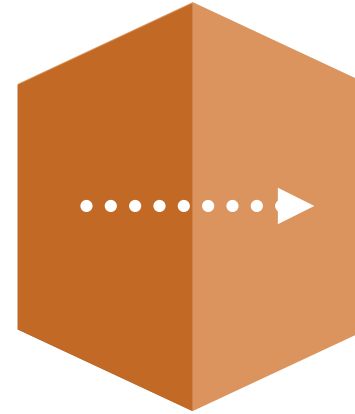
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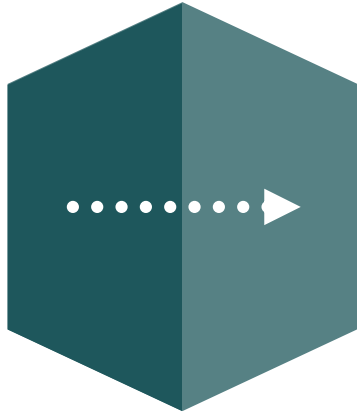
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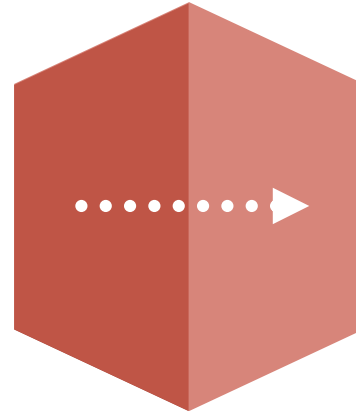
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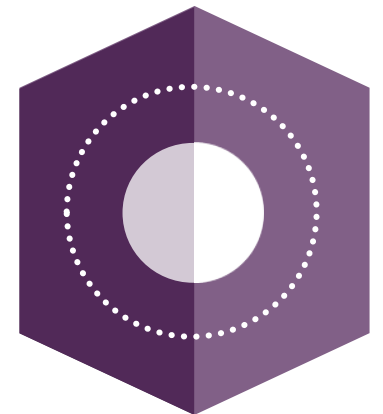
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GREENPATH

FINANCIAL WELLNESS

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