UNDERSTANDING CREDIT

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UNDERSTANDING CREDIT

- Arvest Bank wants you to know about your credit score, how it is used, and how you can maintain good rating.
- We will be glad to discuss financial solutions with you.
- We are not credit counselors. We cannot advise you on your specific situation.

CREDIT BUREAUS

Credit Bureau

ˈkredət ˈbyo͞orō/

noun

noun: **credit reference agency**; plural noun: **credit reference agencies**; noun: **credit agency**; plural noun: **credit agencies**; noun: **credit bureau**; plural noun: **credit bureaus**

A company that collects information relating to the credit ratings of individuals and makes it available to credit card companies, financial institutions, etc.

SAMPLE CREDIT REPORT

SAMPLE CREDIT REPORT
Report Date: 5/10/2018 **Report Number:** 123456

PERSONAL CONSUMER INFORMATION

SSN #: XXX-XX-6789 (Your SSN has been masked for your protection)

DOB: 01/01/1988

Names Reported:
John Doe
John Q. Doe

Telephone Numbers Reported:
555-555-5555
555-123-4567

Addresses Reported:
123 Oak St. Anytown, WI. 11111
111 Miller St. Hometown, WI. 33333
333 1st St. Townville, MN. 22222

Date Reported:
08/02/2013
06/06/2010
03/15/2007

EMPLOYMENT RECORDS

Employer Name: Dairyland Company **Location:** Anytown, WI

Date Reported: 09/2013 **Hire Date:** 07/2013

The **PERSONAL CONSUMER INFORMATION** includes identification, as well as current and past addresses. This data comes from the information given to creditors.

TIP: Make sure this information is correct. A wrong address or phone number could be a mistake – or a sign of identity theft.

SAMPLE CREDIT REPORT

PUBLIC RECORDS INFORMATION

This information was collected from public records sources by Sample Credit Report or a company we hired.

REGIONAL FEDERAL COURT Docket # XYZ789
111 Court Street, Capital City, WI 55555

Account Number: ***9514
Type: Chapter 7 Bankruptcy
Status: Filed
Date Reported: 04/2013
Closing Date: 07/2013

Filed as: Individual Account
Liability: $35,000
Exempt Amount: $5,000
Asset Amount: $10,000
Paid: $2,000

Estimated month and year that this item will be removed: 04/2023

PUBLIC RECORDS INFORMATION is data collected from court records and is viewed negatively by lenders. This section includes bankruptcies. Other public records for civil judgments and tax liens have recently been removed from credit reports, but could appear in other types of reports.

SAMPLE CREDIT REPORT

ADVERSE ACCOUNTS

Adverse information typically remains in your file for up to 7 years from the date of delinquency.

American Hospital Collections **Acct #:** 10254688
PO Box 999, Townsburg, WI 11111
(555) 123-1234

Date Placed for Collection: 07/01/2016
Responsibility: Individual Account
Type: COLLECTION AGENCY/ ATTORNEY
Original Amount: $302
Original Creditor: REGIONAL HOSPITAL OP (Medical/Health Care)

Balance: $0
Date Paid: 11/14/2016
Pay Status: >Account paid in full; was a Collection<
Date Updated: 02/01/2017

Remarks: >Paid Collection<
Estimated month and year that this item will be removed: 1/2023

Urgent Care Collections **Acct #:** 1234XYZ9
999 Business Road, Hometown, MN 11111
(555) 555-9999

Date Placed for Collection: 02/15/2013
Responsibility: Individual Account
Type: COLLECTION AGENCY/ ATTORNEY

Balance: $0
Date Closed: 06/2013
Pay Status: >Account included in

ADVERSE ACCOUNTS show lines of credit that have not been paid, have missed or late payments, were sent to a collection agency, or were "charged off" meaning that the company reported the debt as lost income and may have sold the debt to a collection agency. A history of late payments lowers your credit score, especially if it's more recent. Many lenders will not offer credit until overdue debts have been paid.

SAMPLE CREDIT REPORT

SATISFACTORY ACCOUNTS

Code	**OK**=paid as agreed	**X**=not reported	**30/60/90**= days late	**Blank**=no data available

Automobile Finance Inc. Acct #: 70705606
456 Drivers Lane, Big City, IL 66666
(555) 555-9876

Date Opened: 03/22/2016
Responsibility: Individual Account
Account Type: Installment Account
Type: Automobile
Pay Status: Current; Paying as Agreed

Balance: $6,580
Last Payment Made: 05/01/2018
Payment Received: $240
High Balance: $12,400
Terms: $240 per month; paid Monthly for 60 months

Remark: Open; one 30-day late payment

Year	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec
2018	OK	X	OK	OK	OK							
2017	OK	OK	OK	OK	OK	OK	OK	OK	X	OK	OK	OK
2016					OK	30	OK	OK	OK	OK	OK	OK

Convenient Credit Card Acct #: XXXXX3333
PO Box 2233, Great Prairie, ND 77777
1-800-555-2233

The **SATISFACTORY ACCOUNTS** section shows credit accounts that are current or have been paid as agreed. The accounts listed are from information reported by lenders. Creditors choose whether to report account information to none, one, two, or all three of the major Credit Reporting Agencies and how often to report. Having satisfactory accounts that you pay the balance on regularly is good for your credit score.

SAMPLE CREDIT REPORT

CREDIT INQUIRIES

REGULAR INQUIRIES

Regular inquiries are posted when someone accesses your credit information from Sample Credit Reports. These inquiries will remain on your credit file for up to 2 years.

Convenient Credit Card
PO Box 2233, Great Prairie, ND 77777
1-800-555-2233

Requested on: 11/18/2017
Inquiry Type: Individual

A1 Insurance Coverage
1234 Business Park Road, Townsquare, IL 66666
(555) 555-1111

Requested on: 10/01/2017
Inquiry Type: Individual

Automobile Finance Inc.
456 Drivers Lane, Big City, IL 66666
(555) 555-9876

Requested on: 3/22/2016
Inquiry Type: Individual

The **CREDIT INQUIRIES** section includes information about when a credit report has been requested. There are two types of inquiries:

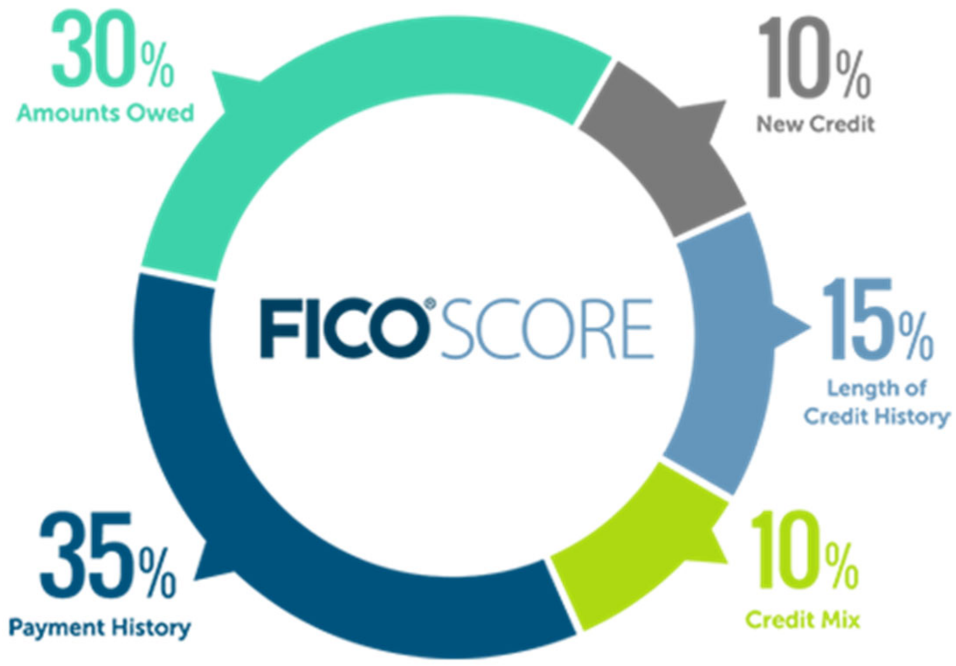
REGULAR INQUIRIES are also known as **HARD** inquiries. When you apply for credit or buy insurance, for example, the lender reviews your credit report for a positive history and credit worthiness. These inquiries stay on a report for 2 years and can be seen by all creditors who look up your report. Hard inquiries can drop a credit score by 5-20 points for many months.

FICO® SCORE

Your credit rating is drawn from your credit report.
A good rating helps you reach financial goals; a poor rating limits your financial opportunities.

- **800+ EXCEPTIONAL** – Well above the average score of U.S. consumers. Demonstrates to lenders you are an exceptional borrower.

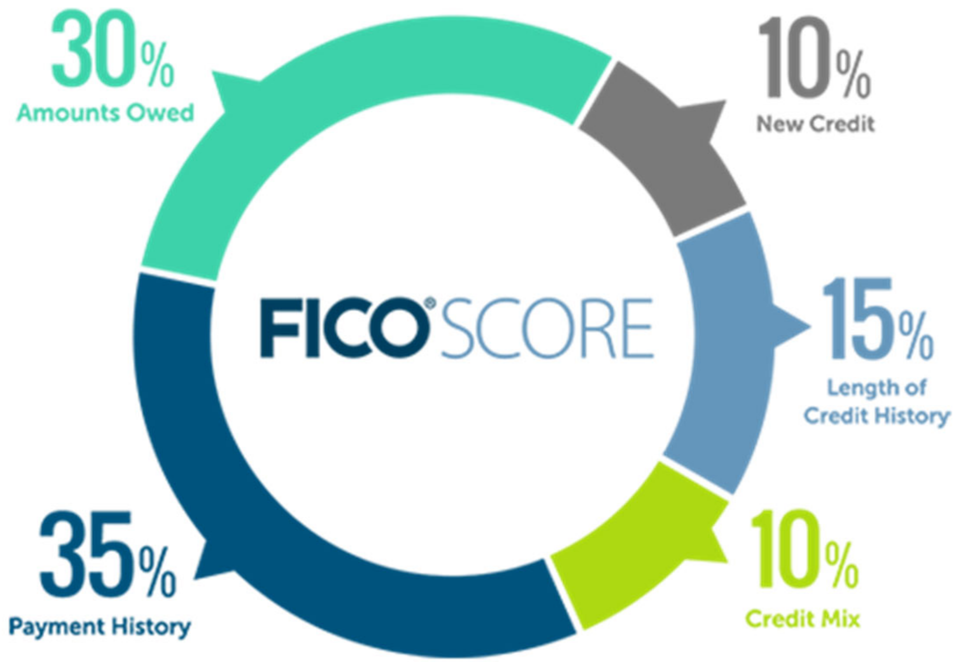
- **740 – 799 VERY GOOD** – Above the average of U.S. consumers. Demonstrates to lenders you are a very dependable borrower.



Information source:.myfico.com

FICO® SCORE

- **670 – 739 GOOD** – Near or slightly above the average of U.S. consumers. Most lenders consider this a good score.
- **580 – 669 FAIR** – Below the average score of U.S. consumers. Though many lenders will approve loans with this score.
- **<580 POOR** - Well below the average score of U.S. consumers. Demonstrates to lenders that you are a risky borrower

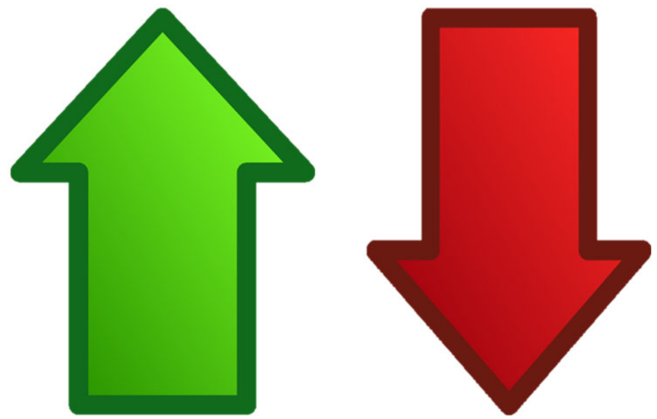


Information source:.myfico.com

WHAT AFFECTS YOUR FICO® SCORE

Helps your FICO® Score:

- 20%-30% Credit Utilization
- 2-3 Lines of Credit
- On time Payments
- Long standing Credit History
- History of paid off loans



Hurts your FICO® Score:

- Credit Lines Maxed Out
- Several Credit Cards
- Late payments
- No Credit History
- History of Default Loans

WHO CAN VIEW YOUR CREDIT REPORT

Creditors

- Lenders
- Car Dealerships
- Credit Card Providers

Employers

You

- www.annualcreditreport.com

ESTABLISHING CREDIT

Establishing or Reestablishing credit takes work and time.

Do not payoff the full balance until you receive your statement

Once you receive your statement payoff the statement amount to avoid interest charges

In some situations, co-borrowers may be required.

TYPES OF CREDIT

Installment Credit

- Car Loan
- Boat/RV Loan
- Unsecured Loan
- CD Secured Loan
- Mortgage

Revolving Credit

- Credit Card
- Personal Lines of Credit
- Home Equity Line of Credit

THE IMPORTANCE OF INSTALLMENT

Installment Credit allows the borrower to receive a lump sum of money upon approval from the lender.

Debt is generally paid in set monthly increments.

THE IMPORTANCE OF REVOLVING CREDIT

Revolving credit allows the borrower access to money without having to apply for it every time.

Debt can be borrowed again once it is repaid.

Funds available when you need it.

Flexibility of use & repayment.

HOME EQUITY LINES OF CREDIT

A Home Equity Line of Credit is a form of revolving credit in which your home serves as collateral.

- Large Purchasing Needs.
- Emergency Safety Net.
- Proactive Solution to Credit Needs.

CREDIT MONITORING

Credit monitoring services can help you protect your identity and credit score.

- Credit file monitoring
- Total identity reporting
- News, resources, educations, tips
- Security
- Peace of mind

QUESTIONS?

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