

UTTC LAND GRANT EXTENSION

UTTC Lifeskills Lessons – Money Matter\$

Lesson 6: Credit: Credit Score vs. Credit Report

LS0006

FACT\$:

- Credit reports and credit scores are different and are used for different purposes.
- Credit reports contain information detailing your credit history.
- Credit scores are the actual numerical value assigned to the information in your credit report.
- The FICO scores seen by lenders are not what are sold to consumers by the three national credit reporting agencies—Transunion, Equifax, and Experian.
- Individuals can access their FICO Score, free, one time each year www.freecreditscore.com



RESOURCES

- Building Native Communities...
 Financial Skills for Families
- Financial Education Southwestern Indian Polytechnic Institute (SIPI)
- www.businessnewsdaily/ finance
- www.freecrditscore.com

Types of Credit

Revolving Credit: The most common types are credit cards, department store cards and gas cards.

Installment Credit: This type of credit is common for larger purchases such as a home, car, or education.

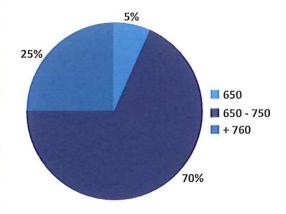
Service Credit: It allows you to pay for a used service at a later date like some small businesses and utility companies.

Secured Credit: This is when you are asked to provide something of value like cash or a car as "collateral".

Unsecured Credit: This is when a guarantee is not required. Credit card applications and some personal loans are unsecured credit.

Things That Effect The FICO Credit Score

- Delinguent (late) payments
- · Opening several credit accounts in a 12 month period
- Not having a credit or short-term credit history
- Maintaining card balances near the maximum level
- Taking tax liens, judgments, or bankruptcies
 Managing Credit Wisely
- · NEVER make monthly loans on things you cannot afford.
- Buy with a plan, not on an impulse.
- · Pay on time.
- Pay on credit card balances each month.
- Keep total charges to all credit cards together under 20% of your total annual income.



COLLEGE LOAN
DISBURSEMENT
BASED ON CREDIT
SCORE

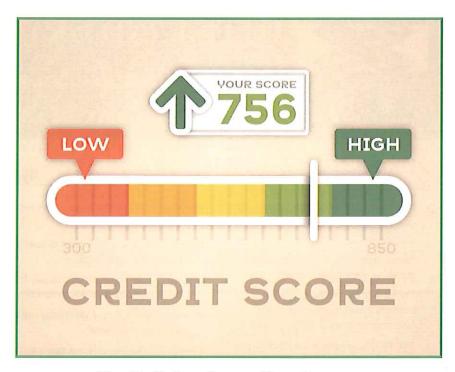
In the circle of life, traditional resource management always recognized how today's actions affected the resources available in the future. Today's actions are "needs" or "wants". Wants require immediate payment and should never be dependent on payments in the future!

NOTES & IDEAS

- Credit reports are meant to give potential lenders an idea of how big of a financial risk you are.
- Recognize that your credit report does not include your three-digit credit score.
- It is important to check your credit report for accuracy, 80% are inaccurate.
- Know there is a difference between a credit report and credit score, take steps to improve both.

MEANING OF

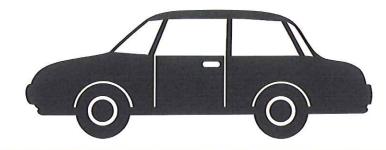
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CREDIT SCORE
579 and belowvery poor
580-619 poor
620-659 average
660-669good
700-759 great
760 and above excellent



How Credit Score Impacts House Payments

Source: Home Buying Institute (interest data from March 2012)

FICO Score	Interest % Rate	Monthly Payment House Payment
720-850	3.70 %	\$441
690—719	5.13%	\$450
660—689	7.30%	\$465
620—659	11.01%	\$491
590—619	16.04%	\$528
500—589	17.19%	\$536



Drivers with scores of 750 or higher saved an average of \$783 per year on their premiums, when compared to drivers with lower scores.