

# Improving Your Credit Score

Understanding and raising your credit score.



# Welcome!

## Introductions

### Objective:

Learn about the importance of credit scores, what impacts your score, and what actions you can take to raise it.

# 20%

*of consumers have an error in at least one of their three credit reports*

# 5%

*of consumers have errors in their credit reports that could result in less favorable loan terms*

•Source: Federal Trade Commission, 2013


# Why our credit score matters

- It comes into play whenever we try to:
  - Get a mortgage
  - Rent a house or apartment
  - Buy or lease a car
  - Refinance our student loan debt
  - Secure a credit card
  - Apply for a job



## The higher our credit score, the lower our loan payments

30-year fixed mortgage Loan amount \$200,000		
Credit score	Annual percentage rate (national average)	Monthly payment
760-850	4.093%	\$966
700-759	4.315%	\$992
680-699	4.492%	\$1,012
660-679	4.706%	\$1,038
640-659	5.136%	\$1,091
620-639	5.682%	\$1,159



(\$193 more than the lowest monthly payment or \$69,480 over the life of the loan)

Source: myfico.com - rates as of 1/21/14; for illustrative purposes only

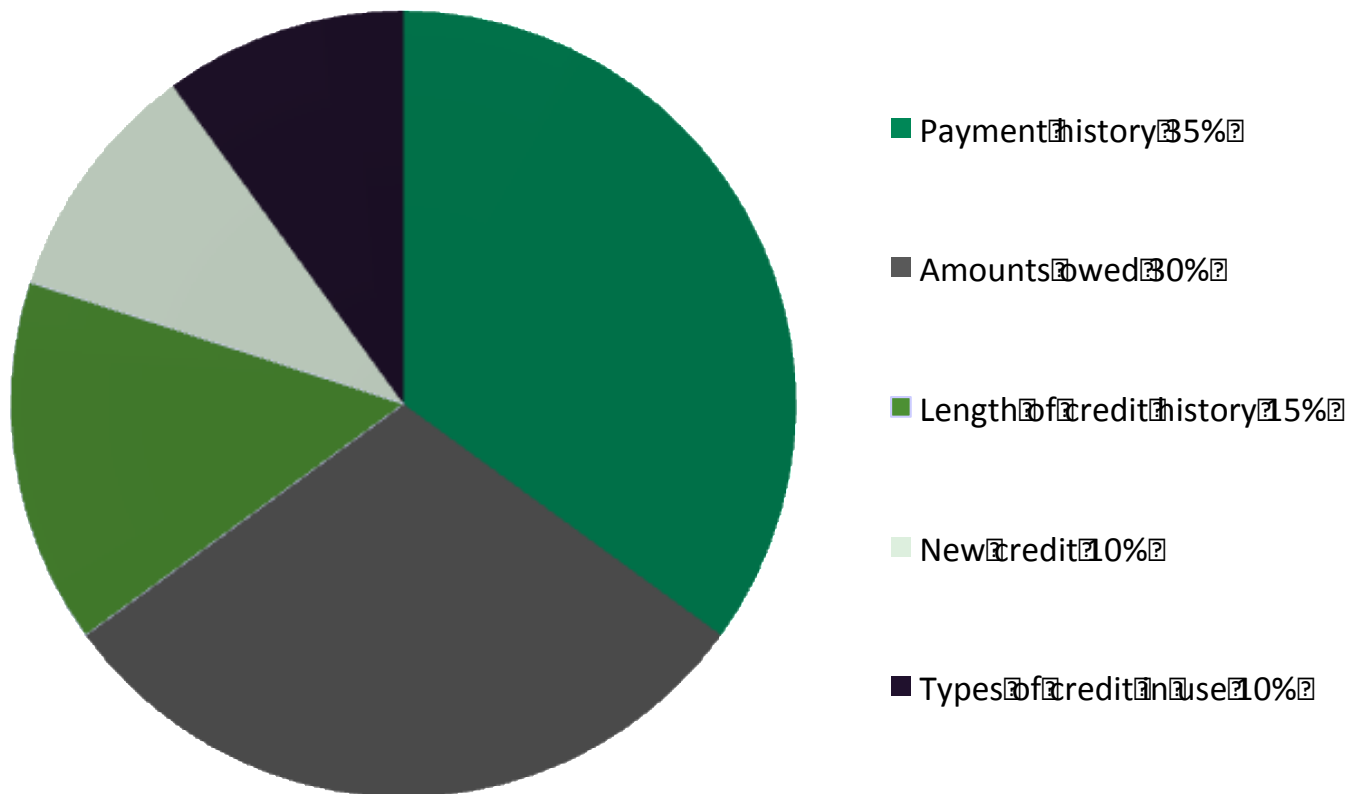
# What's a credit score, anyway?

- A rating to indicate how much credit risk we pose
- Used by lenders, insurance companies, landlords and employers

# FICO® Scores

- The most widely-used credit scores are our FICO® scores
- We have three FICO® scores, one from each nationwide credit reporting agency:
  - Equifax
  - Experian
  - TransUnion
- FICO® scores range from 300 to 850 points

# Factors behind each score





# Personal Action Plan

Action Step	When	Done
		<input type="checkbox"/>
		<input type="checkbox"/>
		<input type="checkbox"/>
		<input type="checkbox"/>

Action Item!

Create your own Personal Action Plan throughout this presentation.

# 1. Check our credit reports

- Once every 12 months, get a free copy of your credit report from each major agency
  - Go to: [AnnualCreditReport.com](http://AnnualCreditReport.com) or 1-877-322-8228
  - Tip: order a free report from a different agency every four months
- Check reports before applying for a new job, mortgage or other big loan
- Dispute errors with the Credit Reporting Agency (CRA) and the lender



# Credit Reports

- **Important Sections**
- 1. Personal Information
- 2. Public Records
- 3. Adverse Accounts, Potentially Negative Items
- 4. Accounts in Good Standing, Satisfactory Accounts
- 5. Revolving accounts
- 6. Credit History Request

# Personal Information

## Personal information ?

**Name:** JOE Q. CONSUMER

**Other names:** CONSUMER, JOSEPH Q.

**Report number:** XXXXXXX ?

**Report date:** April 4, 2015

### **CURRENT ADDRESS:** ?

123 MAIN ST., NEW YORK, NY 12345

### **EMPLOYMENT DATA REPORTED** ?

**Employer name:** CREDITCARDS.COM

**Location:** New York, NY

**Date reported:** 06/2012

**Employer name:** UNIVERSITY OF TEXAS

**Location:** TX

**Date reported:** 08/2010

**SSN:** XXX-XX-6789 ?

**Date of birth:** 04/1965

**Telephone number(s):** 917-555-1212

### **PREVIOUS ADDRESSES:**

17 BROOKLYN AVE., LONG ISLAND, NY 56789

**Position:** PROGRAMMER

**Hired:** 05/2011

**Position:**

**Hired:** 03/2004

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# Public Records

## Public records

**ROCKWELL MUNICIPAL** Docket#: 9B004875

5468 MLK AVE., SUITE 300, ROCKWELL,  
TX 97845

**Type:** Civil judgment  
**Court type:** Municipal  
**Date paid:** 07/2009  
**Assets:** \$1,089

**Date filed:** 12/2008  
**Responsibility:** Participant on account  
**Plaintiff:** BANK OF TEXAS  
**Plaintiff attorney:** RICHARD PERRY  
**Amount:** \$1,089

**Estimated date that this item will be removed** 06/2016 

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# Adverse Accounts, Potentially Negative Items

## COLLECTION RECOVERY SVC #321568

123 CHARLES ST.  
SUITE 202  
CORONA, CA 92877-0137  
(909) 898-4424

**Balance:** \$0  
**Date verified:** 06/2008  
**Original balance:** \$243  
**Original creditor:** SEARS ROEBUCK  
**Credit limit:** \$500  
**Past due:** \$0  
**Terms:** \$72 for 23 months

**Pay status:** Payment after charge  
off/collection ⓘ  
**Account type:** Installment account ⓘ  
**Responsibility:** Individual account  
**Date opened:** 03/2005  
**Date closed:** 05/2011  
**Date paid:** 05/2011

Remarks: >Paid collection<

**Estimated date that this item will be removed:** 08/2015

## DONOVAN & WILSON

1045 MAIN ST., SUITE 105  
RIVERSIDE, CA 92501  
(909) 781-1248

**Balance:** \$12,745  
**Date updated:** 06/2008  
**Original balance:** \$15,243

**Pay status:** 120 days  
past due ⓘ  
**Account type:** Revolving account ⓘ  
**Responsibility:** Individual account

**Estimated date that this item will be removed:** 06/2015

**The following item is suppressed pending credit grantor update:** ⓘ

## DISCOVER FINANCIAL SVC #6053000570658798

123 SMITH AVE.  
UNIT 55G  
WILMINGTON, DE 19850-5316  
Phone number not available

**Balance:** \$2,145  
**Date updated:** 08/2009  
**High balance:** \$25,463  
**Collateral:** 2003 Chevy ⓘ **Past due:**  
\$136  
**Terms:** \$68 for 260 months

**Pay status:** 60 days past due  
**Account type:** Installment account  
**Responsibility:** Individual account  
**Date opened:** 11/1999

**Loan type:** Student loan

**Remarks:** Repossession

Maximum delinquency of 60 days in 07/2009 for \$400

**Estimated date that this item will be removed:** 06/2015

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# Accounts in Good Standing, Satisfactory Accounts

**GMAC FINANCING** #640006137129

78901 JENKINS CIR  
FLOOR 15  
MIAMI, FL 33025  
Phone number not available

**Balance:** \$1,145  
**Date updated:** 08/2014  
**High balance:** \$10,000  
**Collateral:** 2009 Dodge Ram **Credit**  
**limit:** \$10,000  
**Past due:** \$0  
**Terms:** \$295 for 36 months

**Pay status:** Pays as agreed ⓘ **Account**  
**type:** Installment account  
**Responsibility:** Individual account  
**Date opened:** 11/2010  
**Date closed:** 11/2013  
**Date paid:** 11/2013

**Loan type:** Automobile

**Remarks:** Paid by insurance

**Estimated date that this item will be removed:** 12/2015

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# Revolving Accounts

## CAPITAL ONE

P.O. Box 30281

Salt Lake City, UT 841300281

Account Number: 400XXXXXXXXXX

Account owner: Individual account

Type of account: Revolving

Date opened: 08/08/2006

Pay: Pays as agreed

High credit: \$4,304

Credit limit: \$10,500

Balance: \$965

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## 81-month payment history?

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2015												
2014												
2013												
2012												
2011												
2010												
2009												
2008												

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## Historical account information?

	03/2015	02/2015	01/2015	12/2014	11/2014	10/2014
Balance	965	1095	2336	1161	1268	950
Scheduled payment amount	25	25	25	25	25	25
Actual payment amount	1095	2336	1161	1268	950	744
Date of last payment	02/2015	01/2015	12/2014	12/2014	10/2014	09/2014

Months before 10/2014 are not shown.

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# Credit History Request

## CALTECH EMPLOYEE FCU

555 W. ADAMS

SUITE 202

LA CANADA, CA 91012

(818) 555-1212

**Requested on:** 11/01/2014

**Inquiry type:** Individual ⓘ

**Permissible purpose:** Credit transaction ⓘ

## SUNSHINE APARTMENTS via RENTPORT

678 MARINE STREET

SUITE 999

LOS ANGELES, CA 90210

(818) 555-1212

**Requested on:** 05/01/2014

**Inquiry type:** Individual

**Loan type:** Real estate

**Loan amount:** \$90,000

**Permissible purpose:** Tenant screening ⓘ

## CHASE CARD MEMBER SVCS

666 W. SMITH

PHOENIX, AZ 87853

Phone number not available

**Requested on:** 11/01/2014

**Inquiry type:** Individual

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## 2. Know our score

- At least once a year, when ordering one of your free reports from one of the Credit Report Agencies, also buy one of your credit scores
- Credit Karma - pluses & minuses
- Apply for new credit - score provided
- Buy your credit scores anytime at myFICO.com
- Credit Card Benefits? FICO?

### 3. Raise our score

- Payment History - 35%
  - Pay bills on time
- Amount Owed - 30%
  - Pay down debt
- Length of Credit History - 15%
  - Keep long-running credit card accounts open
  - Avoid opening a lot of new accounts within a short time frame



### 3. Raise our score (continued)

- Types of Credit in Use – 10%
  - Maintain a good mix of credit
- New Credit – 10%
  - If we've had problems, re-establish our credit history
  - Avoid opening new accounts that we don't need
- Fix errors on credit reports



## 4. Monitor our reports and scores regularly

- Every four months, order a free credit report from one agency
- At least once a year, buy your credit score from one agency
- Take action, if necessary

# Credit reporting agency: contact info

- AnnualCreditReport.com or 1-877-322-8228
- Equifax.com or 1-800-846-5279
- Experian.com or 1-888-EXPERIAN (397-3742)
- TransUnion.com or 1-800-888-4213
- myFICO.com

# Personal Action Plan

Action step	When	Done
Meet with or set up an appointment with a banker	Today	<input type="checkbox"/>
Check your credit report and credit score from at least one agency	Next 7 days	<input type="checkbox"/>
Start raising your score	Next 14 days	<input type="checkbox"/>


# Questions?





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