

Credit Reporting

Why It Matters To You



Agenda

- Why is good credit important?
- What is in your credit report?
- Where do you obtain a credit report?
- What is your credit score?
- How do you improve your credit score?
- How does FCS Financial use credit reports and scores?

Why is good credit important?

First, what is Credit?

Credit means the ability to ***use someone else's money*** to pay for things accompanied by a promise to repay that money

So then what is Good Credit?

Good credit means that you make good on your promise to repay your debts



Why is good credit important?

Two Fundamental Advantages of Having Good Credit

- Better Access to Funds
 - Increased ability to utilize “someone else’s money” to fund purchases, investments, cash flow, etc.
- Lower Cost of Funds
 - Decreased costs required to utilize “someone else’s money”



Why is good credit important?

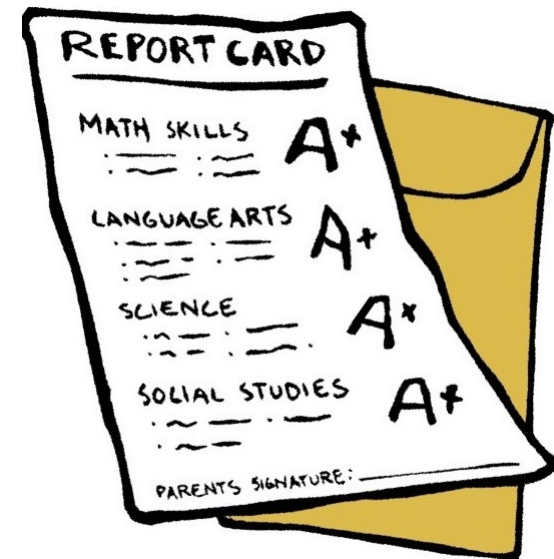
Other advantages of Good Credit include:

- Better Insurance Rates
- Ability to Rent an Apartment or House
- Job Applications



What is your credit report?

- Grade card for financial management
- Your financial story
- Governed by the Fair Credit Reporting Act



What is in your credit report?

Four Basic Elements to Every Credit Report

- Identifying Information
- Public Records and Collections
- Trade Lines
- Credit Inquiries



What is in your credit report?

Identifying Information

Duncan, Elizabeth Also Known As: Cook, Elizabeth	SSN: 666-58-5521 Date of Birth: 02/14/1954	Phone: 555-555-5555	In File Since: 4/78
Current Address: 9932 WOODBINE, #9B CHICAGO, IL. 60068 Reported 1/05	Previous Address: 10 N. CAMINO OAKLAND, CA. 94583 Reported 4/01	Previous Address: 8500 N. WESTERN AV. CHICAGO, IL 60645	
EMPLOYMENT			
ABC HOTELS ANYTOWN, IL.	Position: CONCIERGE	Start: 3/01 End:	In File Since: 5/07 Effective: 5/07
ACME SYSTEMS INC OAKLAND, CA.	Position: ADMIN ASST	Start: End:	In File Since: 3/00 Effective: 3/01



Helps verify consumer identification by providing:

- Names reported by data furnishers
- Current address and date it was first reported
- Up to two previous addresses and the date initially reported on first previous address
- Social Security number (SSN) if available
- Date of birth if available
- Telephone number or Phone Append (optional)
- Employment if available (including most current and one previous position, date employment was verified, reported and/or hired)

What is in your credit report?

Public Records

PUBLIC RECORDS				
DAUPHIN CP (Z 4937063)	Docket #	99B38521		
Type: CHAPTER 7 BANKRUPTCY	Location:	Assets: \$2,668	Filed: 10/05	
Court:	Plaintiff:	Liabilities: \$14,668	Verified:	
Responsibility: C	Attorney: D. WINSLOW	Orig Balance:	Paid:	
		Curr Balance:		
KINGS BK (ZP 5027011)	Docket #	98M987654		
Type: PAID CIVIL JUDGMENT	Location:	Assets:	Filed: 4/05	
Court:	Plaintiff: BANK A	Liabilities:	Verified:	
Responsibility: I	Attorney: WILLIAMS	Orig Balance: \$3,128	Paid: 6/05	
		Curr Balance: \$0		

Public record information is maintained on a consumer's file in compliance with the Fair credit reporting Act (FCRA). This information is obtained from county, state and federal courts, and includes civil judgments, state tax liens, federal tax liens, and bankruptcies. The length of time each record is held on TransUnion's database varies by the type of record.

TYPICAL RETENTION PERIODS (MAY VARY BY STATE)	
Civil judgments	7 years
Unpaid tax liens	10 years
Paid tax liens	7 years from date paid
Chapter 7, 11 or 12 bankruptcies	10 years
Chapter 13 bankruptcy filings	10 years
Chapter 13 bankruptcy dismissal or discharges	7 years
Bankruptcies voluntarily dismissed	7 years

What is in your credit report?

Collections

COLLECTIONS			
ADVANCED COL (Y 999C004)	Account # 12345	Account Rating 09B	
Original Creditor: BANK A	Remarks:	Amount Placed: \$2,500	Opened: 5/02
Account Type: AG		Balance: \$1,000	Paid:
Responsibility: I		Past Due:	Closed:
		Last Payment:	Verified: 4/07 A

Collection information includes the name of the collection agency providing information, consumer's account number, date the item was turned over to a collection agency, original dollar amount of collection, the balance owed as of date verified or closed, name of the original creditor and an explanation of current account status as reported by the collection agency.

What is in your credit report?

Tradelines

TRADES									
ABC BK (B 6781001)		Account # 9876543210				Account Rating 105			
Account Type: AUTOMOBILE		Credit Limit:		Balance: \$12,900		Opened: 8/05			
Responsibility: I		High Credit: \$16,900		Past Due: \$1,128		Paid:			
Remarks: ACCOUNT IN DISPUTE		Terms: 60M282				Closed:			
						Verified: 5/07 A			
Late Payments (20 months)		1 1 5	Delinquency	Maximum: 1/07	Payment Pattern	Months 1 -12: 445543211111			
		30 60 90		Amount: \$1410		Months 13 -24: 11111111			
ABC RETAILER (D 1234567)		Account # 1234567890				Account Rating R01			
Account Type: CREDIT CARD		Credit Limit: \$16,700		Balance: \$5,200		Opened: 12/04			
Responsibility: I		High Credit: \$9,600		Past Due: \$0		Paid:			
Remarks:		Terms: MIN200				Closed:			
						Verified: 5/07 A			
Late Payments (29 months)		1 1 0	Delinquency	Maximum: 2/05	Payment Pattern	Months 1 -12: 111111111111			
		30 60 90		Amount: \$230		Months 13 -24: 111111111111			

Trade information includes the following: Name and Kind of Business of the Credit Grantor/Data Furnisher, Account Number, Account Rating, Account Type, Responsibility, Credit Limits, Terms, Delinquency, Payment History, and Opened and Closed dates.

What is in your credit report?

Inquiries

Inquiries

INQUIRIES			
Date	Subscriber Name (Code)	Type	Amount
5/30/10	ABC DEPT STORE (DCH048)		
3/07/07	TEST BANK (BPH9999 EAS)		
2/30/07	MAIN ST AUTO (ASD1234 CAL)		
3/03/07	123 RETAILER (DNY777 EAS)		

Displays which companies viewed the consumer's credit file over the last two years. Includes date the inquiry occurred, and the inquiring subscriber's TransUnion-assigned member number and name.

What is in your credit report?

Other “Optional” data is available in Credit Reports (Depends on Provider)

Includes:

- Credit Scores
- Credit Summary
- Alerts and Special Messages
- Consumer Statement

Where do you obtain a credit report?

Federal Law allows you to:

- Get a free copy of your credit report every 12 months from each credit reporting agency
- Use www.annualcreditreport.com



Where do you obtain a credit report?

You may also contact one of the three credit reporting agencies:

- TransUnion
- Equifax
- Experian

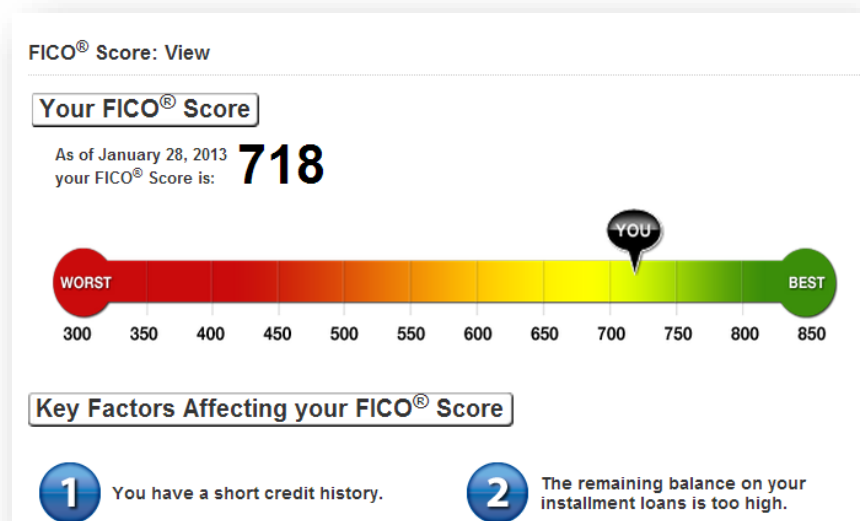
What is Your Credit Score?

A ***Credit Score*** is a statistically validated calculation used to predict how likely an individual is to repay a new loan

- Many different models exist
- The FICO (Fair Isaac Company) is the most commonly referenced score, although Vantage Score is also popular

What is your credit score?

- Pay attention to your credit score
 - It appears on your credit report for a nominal fee
 - You can also obtain your score from some of your banks or from credit apps
 - Scores typically range from 300-850
 - “Average” scores are between 660-720



What is your credit score?

Factors That Affect Your Score:



Factors That DON'T:

- Your age or health
- Your race, gender, or national origin
- Your religion
- Your marital status
- Your income (on a stand alone basis)
- Your employment

How do you improve your credit score?

Ensure the items reported in your credit report are accurate

- If you see a problem, address it by reporting it
- If you do not agree with your creditor, add a consumer statement to your credit report

How do you improve your credit score?

- Pay your bills FIRST and ON TIME
- Pay off credit cards as quickly as possible
- Only apply for credit you NEED
- Talk to creditors if you're having trouble making your payments



How do you improve your credit score?

- If you don't have credit but are looking to build credit:
 - Get a small personal loan
 - Obtain one credit card with a good cash rewards program

OR

- Create a non-traditional history package

How do you improve your credit score?

- Protect your credit report from fraud by freezing your file
 - Go directly to the credit reporting agencies OR use a verified third party
 - Nominal price for security
 - Protects against fraudulent new accounts
 - Especially beneficial if you don't utilize much credit or do not check your credit often

How does FCS Financial use credit reports and scores?

- We use the information in an applicant's credit report to HELP make decisions about extending credit
- We also look at an applicant's financial position and income
- We look at the loan request and how invested the applicant is in the purchase

QUESTIONS?

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