

Credit Building Pathway

Building or rebuilding credit, can feel challenging and maybe a little confusing. But by knowing a few tips and tricks, you'll be fine. Here is the path to good credit!



Understanding Credit

Two Types of Credit

Revolving
(credit cards)



Installment
(house or car loan)



What Impacts Your Credit

- On time bill payment
- Amount of debt
- Amount of credit available
- Credit history

Benefits of Good Credit

- Increases housing options
- Expands job opportunities
- Lower interest rates on loans
- Lowers the cost of insurance and utility deposits



Steps to Credit



Check Your Credit Score and Monitor



Open a Secured Credit Card



Build Other Credit Secured



Graduate to an Unsecured Credit Card



Apply for an Unsecured Loan

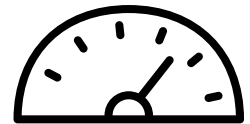
Where to Start: Review Your Credit

Credit Report

www.annualcreditreport.com

Credit Score

Credit Karma or ask your financial institution



If your credit score is **below 700**, build it with secured credit.

Secured Credit



Secured credit products are based on funds that are held for you in some type of savings account. The deposit “guarantees” the credit extended to you, hence the term “**secured**.” Payments for secured products do **NOT** come from the security deposit!

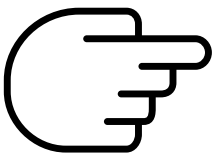
Secured Credit Cards (SCC)



- Your savings deposit is the credit line of the SCC.
- Pay off your balance in full as many months as you can.
- Never spend more than 30% of the amount you have in credit.

Example:

If you have a credit line of \$200, **don't spend** more than \$60 on the card.



PRO TIP: Use your SCC for a monthly bill to your secured card. Then set-up automatic online bill pay from your checking account to your SCC.

Secured Loans and Credit Builder CDs



With a Credit Builder CD's, you take out a loan and the money you borrow is deposited in a savings account. After paying off the loan, you have access to the money and you've earned yourself a good credit report.

Loans like these are great for working on your savings habits too. Pick a savings goal (like buying or fixing a car) and use this as an opportunity to work towards it.

Unsecured Credit Cards

If you think you're ready for an unsecured credit card, check with your current financial institution that already knows you.

When you consider any unsecured credit card, you must evaluate:



Creditability

What do people say about the company?



APR

Look for cards with APRs **no more** than 18%.



Penalty Fees

How much does it cost if you're late on your payment or go over the limit?



Annual Fees

Usually not worth the cost.



Rewards

What kind, costs associated, and how complicated?

Unsecured Loans

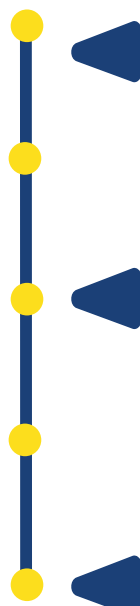
Before taking out a loan, make sure you understand the following:



Interest Rate (APR):
The price you pay for borrowing money.
This should always be as low as possible.



Frequency of Payments:
How often you have to make a payment.



Loan Amount:
How much you're asking for.
This should always be as low as possible.



Loan Term:
How long you will make payments



Total Cost of the Loan:
The full amount you pay back.
This should always be as low as possible.