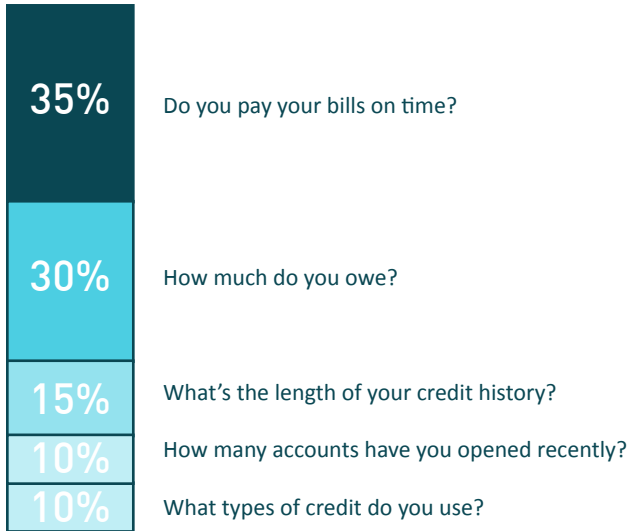
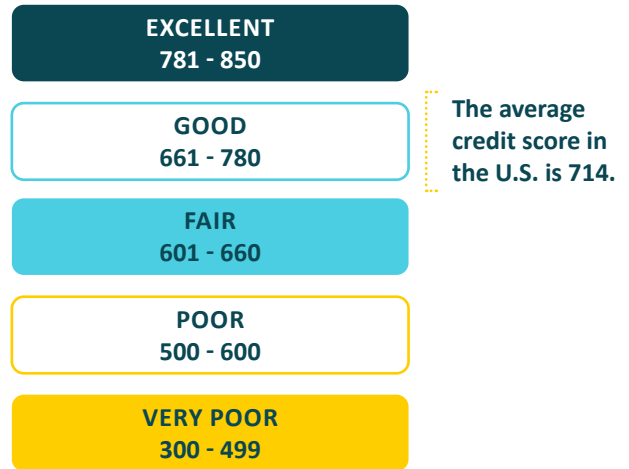


HOW YOUR CREDIT SCORE IS CALCULATED



KNOW WHERE YOU STAND



DEFINITIONS

Credit: A contract agreement in which a borrower receives a sum of money or something of value and repays the lender at a later date, generally with interest.

APR (Annual Percentage Rate): The amount of interest a cardholder pays in a year in addition to the to the regular balance. APR can be either fixed or variable.

Fixed Interest Rate: When the interest you are charged on borrowed money remains constant.

Interest: A charge for borrowing money, most often based on a percentage of the amount owed.

Variable Interest Rate: When the interest you are charged on borrowed money changes based on outside influences.

Credit Limit: The maximum amount of money you are allowed to borrow.

Grace Period: The time between your purchase and the point when you start having to pay interest on the amount you borrowed.

Minimum Payment: Credit cards typically demand you pay a minimum amount of money on what you owe each month. Remember, though, you will be charged interest on the amount of money you don't pay.

Annual Fee: Many credit cards, particularly those that offer rewards like airline miles, charge an annual fee to use the card. This is important to pay attention to, as the fee can actually be more than any rewards you might be able to use.

MORTGAGE LOAN / DIFFERENT CREDIT SCORES

	Applicant One	Applicant Two
Credit Score:	800	640
Interest Rate:	5%	6%
Monthly Payment	\$1,610	\$1,799
Total Interest Paid:	\$279,767	\$347,515

Both loans are for \$300,000 (30 years). The borrower with a lower credit rating will pay “only” \$189 more per month (\$67,748 more in interest over the life of the loan).

HOW TO BUILD YOUR CREDIT

- ☀ Open a student or beginner credit card (must be 18)
- ☀ Make payments on time
- ☀ Pay at least the minimum (try to pay in full!)
- ☀ Keep your credit utilization below 30%
- ☀ Don't apply for multiple accounts close together
- ☀ Keep credit card accounts open

TYPES OF CREDIT

Revolving - No fixed number of payments

- Credit cards
- Home equity lines of credit

Installment - Set number of scheduled payments

- Auto loans
- Mortgages
- Student loans

Open - Use what you need, pay in full monthly

- Cell phone
- Utilities (water, electricity, natural gas)

AMORTIZATION

Amortization schedules are used by lenders, such as banks, to present a loan repayment schedule based on a specific maturity date. Part of each payment goes toward the loan principal, and part goes to interest.

Date	Principal	Interest	Balance
May-23	64.40	41.67	9,936
Jun-23	64.67	41.40	9,871
Jul-23	64.94	41.13	9,806
Aug-23	65.21	40.86	9,741
Sep-23	65.48	40.59	9,675
Oct-23	65.75	40.31	9,610
Nov-23	66.03	40.04	9,544
Dec-23	66.30	39.76	9,477
Jan-24	66.58	39.49	9,411
Feb-24	66.85	39.21	9,344
Mar-24	67.13	38.93	9,277
Apr-24	67.41	38.65	9,209

EIGHT YEARS LATER....

May-32	100.90	5.16	1,138
Jun-32	101.32	4.74	1,037
Jul-32	101.75	4.32	935
Aug-32	102.17	3.90	833
Sep-32	102.60	3.47	730
Oct-32	103.02	3.04	627
Nov-32	103.45	2.61	524
Dec-32	103.88	2.18	420
Jan-33	104.32	1.75	316
Feb-33	104.75	1.31	211
Mar-33	105.19	0.88	106
Apr-33	105.63	0.44	(0)

Total Principal Paid: \$10,000

Total Interest Paid: \$2,728

Total Number of Payments: 120