Building Credit: Tools

Creating Assets, Savings and Hope

© 2019 Credit Builders Alliance, Inc. Some rights reserved.

Review! Best Practices for Strong Credit Scores

Keep it Active! Establish and maintain a mix of at least three active installment and revolving credit tradelines–ALWAYS PAY ON TIME!

Keep it Low! Lower debt balances on revolving lines of credit.

Keep it Up! You want at least six months of credit history--andactivity! --on your credit report at any time.

CBA Training Institute

© 2019 Credit Builders Alliance, Inc. Some rights reserved.

Credit Building Products

- Secured Credit Card
- Unsecured Credit Card
- Installment Loan

© 2019 Credit Builders Alliance, Inc. Some rights reserved.

Credit Building Products

- Small Dollar Loan programs in MD

  - **AsianAmerican HomeownershipCounseling**
  - **Maryland Capital Enterprises**
  - **SECU**
  - **Security Plus Credit Union**
  - **Nymeo Credit Union**
  - **APG Credit Union**

© 2019 Credit Builders Alliance, Inc. Some rights reserved.

FinTech

- Payment tool
- Banking tool
- Investing tool
- Money management tool
- Getting wages earlier tool
- Credit building tool

© 2019 Credit Builders Alliance, Inc. Some rights reserved.

FinTechService Providers

- Are they insured?
- Are the protected?
- What do they do with data?
- How to they handle complaints?

Technology

A Banking App Has Been Suddenly Closing Accounts, Sometimes Not Returning Customers' Money

Cash App, Zelle and Venmo money transfer apps generate thousands of complaints

Many consumers can't get their money back after fraud or error

CBA Training Institute

© 2019 Credit Builders Alliance, Inc. Some rights reserved.

1) Be wary of Inquiries

CASH CAMPAIGN OF MARYLAND

© 2019 Credit Builders Alliance, Inc. Some rights reserved.

“Bunching” Hard Inquiries

© 2019 Credit Builders Alliance, Inc. Some rights reserved.

2. Dispute Inaccurate Information on Credit Report

- Tell the credit company in writing what information you believe to be inaccurate. Include supporting documents.

- Identify each item on your report you are disputing; state facts, and explain why you dispute the information. REQUEST FOR IT TO BE REMOVED

- Enclose copy of report w/ items in question circled; Send via certified mail, with return receipt requested

© 2019 Credit Builders Alliance, Inc. Some rights reserved.

3.Medical Debt

- If consumerallegesaninsurance dispute, medical collection will not be placed on credit report

- Medical Debt can not be reported until after 180 days

- Medical Debt must be deleted if paid in full either by consumer or insurance

© 2019 Credit Builders Alliance, Inc. Some rights reserved.

4. Know the Weights

- LittleKnownFacts:
  - **Morerecent(0-11month)delinquencies are weighted more than old delinquencies**
  - **Inquiries for new credit holders are weighted more, viewed riskier**
  - **Unpaid medical collections are weighted differently than unpaid non-medical collections**
  - **Credit cards are weighted more than installment-considered harder to manage**

© 2019 Credit Builders Alliance, Inc. Some rights reserved.

5. Know the Numbers

- Little Known Facts:
  - **Score does not consider collections with $0 balance**
  - **10% credit utilization will have higher score than 30%**
  - **“Super FICO” score has utilization of 6%**

© 2019 Credit Builders Alliance, Inc. Some rights reserved.

Credit Jeopardy

Step 2:
Knowthe Score

MYTH OR FACT?	Myth	Fact
If you pay all your monthly bills on time, you will have a high credit score.	Myth	
If you *only* have collection accounts on your credit report, you may not have a score.		Fact
You can ruin your credit by applying for a few new lines of credit (making inquiries).	Myth	
It is possible to go from “unscored” to a prime score in 6 months if you have onereportedloanpaidontimeeachmonth.		Fact
A single delinquency can reduce a credit score by as much as 100 points.		Fact

CBA
TRAINING
INSTITUTE

© 2019 Credit Builders Alliance, Inc. Some rights reserved.

Credit Building: Protecting Credit

Creating Assets, Savings and Hope

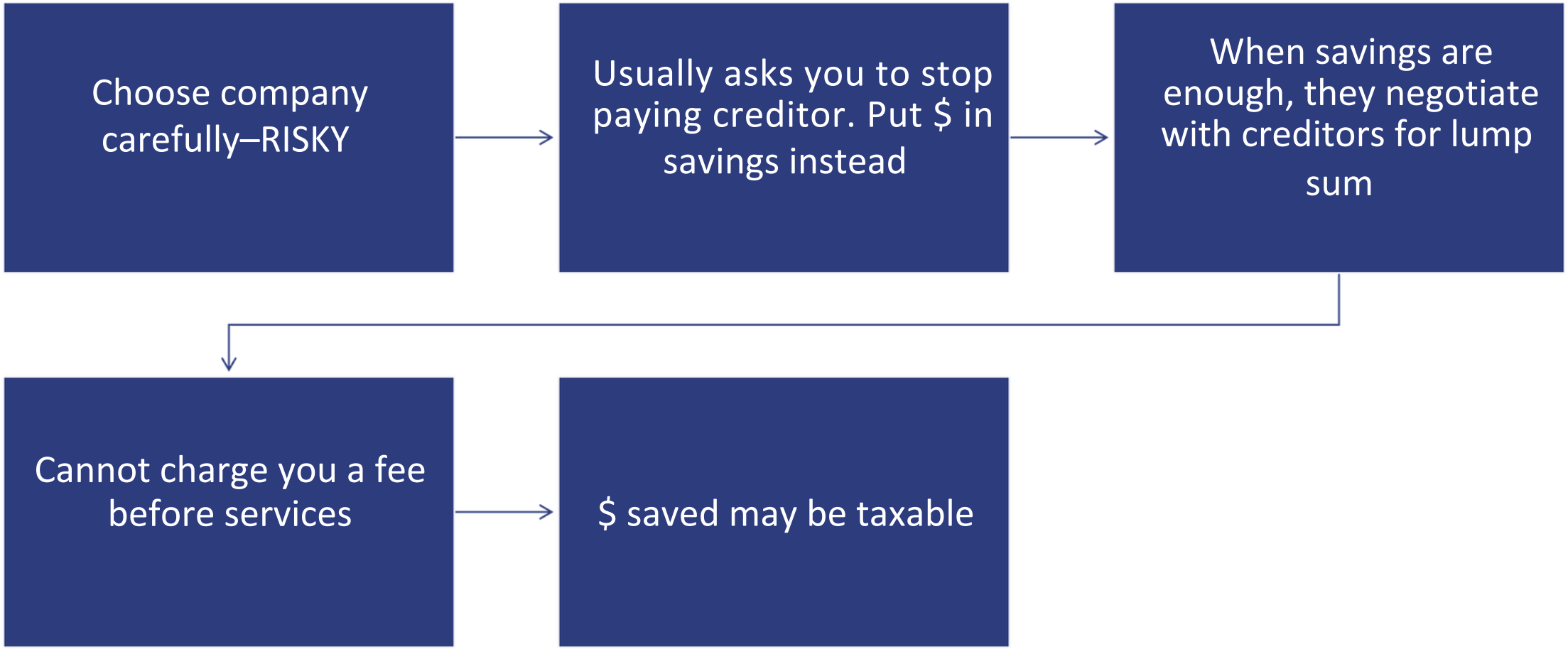
© 2019 Credit Builders Alliance, Inc. Some rights reserved.

Debt Management Plans

- Choose agency carefully
- Agency contacts creditors and creates a plan
- Usually gets interest and fees reduced
- Helps with creating a budget
- You pay agency monthly payments, often for 48 months
- Original debt usually paid and reported as such on credit report

© 2019 Credit Builders Alliance, Inc. Some rights reserved.

Debt Settlement



© 2019 Credit Builders Alliance, Inc. Some rights reserved.

Avoid Scams

- Requires up front fees

- Promises to remove negative information

© 2019 Credit Builders Alliance, Inc. Some rights reserved.

Building Credit Not Credit Repair

© 2019 Credit Builders Alliance, Inc. Some rights reserved.

Review! Best Practices for Strong Credit Score

Keep it Active! Establish and maintain a mix of at leastthreeactiveinstallment and revolving credit tradelines–ALWAYS PAY ON TIME!

Keep it Low! Lower debt balances on revolving lines of credit.

Keep it Up! You want at least six months of credit history--andactivity! --on your credit report at any time.

CBA Training Institute

© 2019 Credit Builders Alliance, Inc. Some rights reserved.

Thank you!

- Looking for more resources?
  - www.mdcashacademy.org

- Sue Rogan, AFC®
  - sue@cashmd.org

© 2019 Credit Builders Alliance, Inc. Some rights reserved.