

# Bank Credit

What is credit?

What is involved in the credit process?

How can I get started?

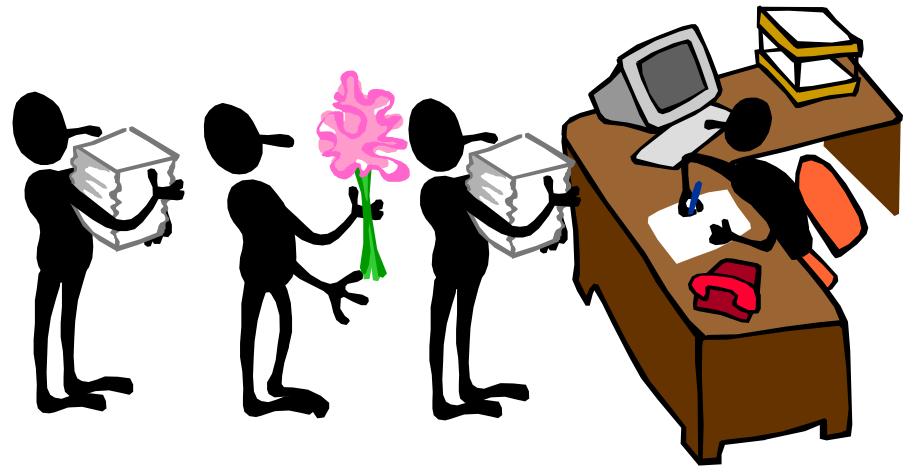
# What is CREDIT

- To regard as having performed an action or being endowed with a quality: *had to credit them with good intentions.*
- Belief or confidence in the truth of something.
- An arrangement for deferred payment of a loan or purchase: *a store that offers credit; bought my stereo on credit.*
- The terms governing such an arrangement: *low prices and easy credit.*
- The time allowed for deferred payment.



# How can you obtain credit?

- Loans
- Credit Cards
- Bank Accounts
- Utility Bills
- Mortgages
- Cell phone agreements
- Credit Unions



# 3 Steps to Good Credit

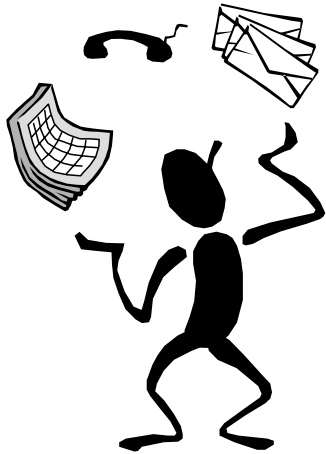
1. Borrow only what you can afford to repay.
2. Start small and perform as promised.
3. Repay loans on time and as quickly as possible.

- Use credit wisely -

Credit is a tool to reach your goals.

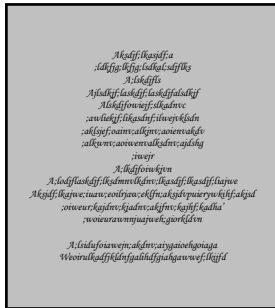


# The Credit Process



The **borrower** is the person borrowing the funds – THAT IS YOU!

# The Credit Process

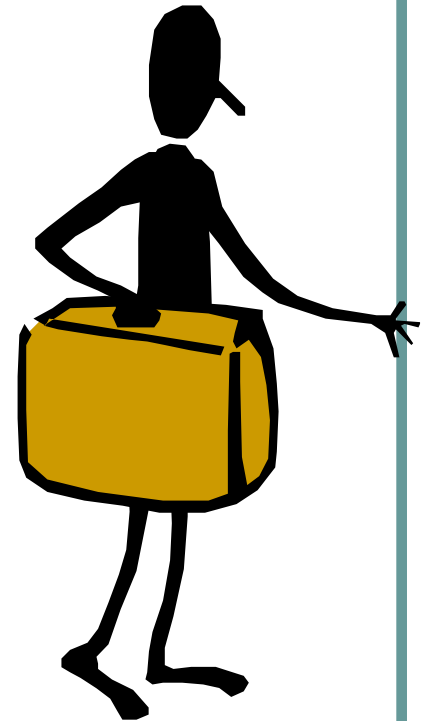


The first step in the credit process is to complete a **loan application**. You can obtain an application from any financial institution.

# The Credit Process

After completing a loan application the lender or a financial institution representative will want to meet with you and discuss your financial background. This is the interview stage of the credit process.

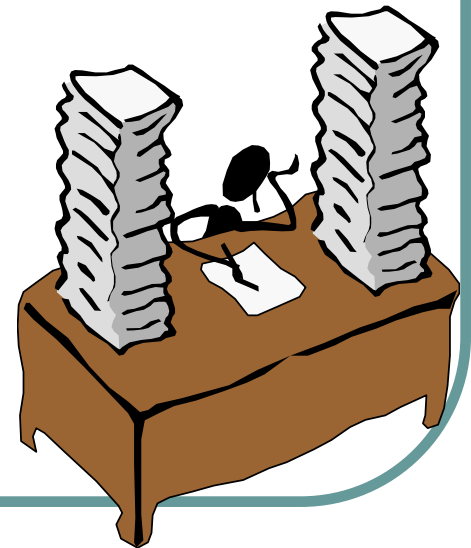
Ask the lender what documents you need to bring with you to help with the approval process.



# The Credit Process

The **interview** helps the lender understand the borrower's need to obtain credit. The lender gathers documents and formulates a loan type.

After the interview with your lender, the investigation step begins. Your credit report is read to analyze past credit & payment history. The lender then makes a decision to offer credit to you.



# Credit is a Privilege

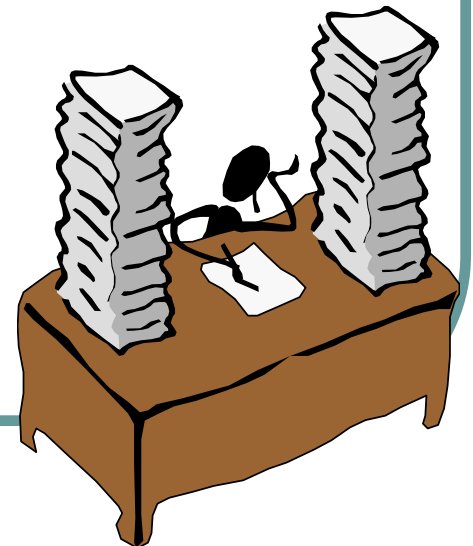
- Credit is offered to you based on evidence you provide which demonstrates that you will be able to repay what you borrow plus fees and interest. A lender will require evidence of the following when you apply for credit:
  - Character
  - Capacity
  - Collateral
  - Credit history

# The Credit Investigation

- Character: signs of stability and reliability; proof of employment; proof of regular payments
- Capacity: lenders need to confirm that you can repay (what you borrowed plus fees & interest)
- Collateral: something of personal value to back up your loan; a car or your house
- Credit History: outstanding credit; history of payments; your beacon score

# Questions the Lender may ask...

- Can the borrower repay?
- Do I need collateral to secure the loan?
- What will happen if...?
- What could go wrong?



# The Credit Process

Once all papers are signed and the loan document file is complete, the borrower is given a loan proceeds check.



# Your Credit Report

When you use credit or borrow money, your payment information may be reported to one or more of three national credit bureaus.

## 3 Credit Bureau Agencies

- EQUIFAX                      1-800-685-1111
- EXPERIAN                    1-888-397-3742
- TRANS UNION              1-800-916-8800

You can get a free credit report by calling one of the these agencies or going to the following website  
[www.freecreditreport.com](http://www.freecreditreport.com).

# Your Credit Report

It is a good idea to check your credit report once a year to make sure it is accurate.

# Your Credit Report

Your credit report is like a resume of your credit history. It contains a beacon score that is used by lenders when making credit decisions.

How do credit agencies come up with your beacon score? They use a math formula that takes into consideration the following information about your credit history:

- Payment History
- Amounts Owed
- Length of History
- New Credit
- Types of Credit Used



# C.R.E.D.I.T. Tips

- **Carrying** a balance cost money; if you pay off your credit card bill each month, it's like a free and instant loan.
- **Records** follow you everywhere; pay your bills on time and record your debit transactions immediately to keep yourself on track and your credit report clean.
- **Errors** occur, so check your report regularly to make sure it's accurate. Balance your checkbook each month too.
- **Developing** a budget and sticking to it discourages over-spending and helps you save.
- **Information** is power; keep yours secure and give it out only when you make the call.
- **Talk** with your banker; in case of any problems; it's the first step toward resolution.