

# Loans and Credit

## Loans, Credit Scores, & Credit Reports

**Borrowing money is a responsibility and a privilege. Your credit can have a big impact on your financial life.**



**Credit scores** and **reports** provide a picture of your financial habits from banks, auto dealers, cell phone companies, credit card companies and others to show how you pay back loans and manage your bills. While a *credit report* shows your credit history, a *credit score* is the number generated based on this history.

**Applying for a loan does not guarantee that you will receive the loan. Lenders, or creditors,** rely on your credit report and credit score as part of the loan decision process. This tells them how you pay your bills. This report will follow you for your entire life and must be taken seriously for your personal goals. You can request one free credit report per year through [www.annualcreditreport.com](http://www.annualcreditreport.com) (\*3 Credit Reporting Agencies– Equifax, Experian, and TransUnion).

### Your credit score is impacted by:

- **Types of credit-** car loans, credit cards, mortgage loans, auto loans
- **Length of credit history-** How long have you had loans?
- **Amounts owed**
- **Payment history-** Do you pay on time? Are there *late* payments?
- **New credit-** Are there new requests for credit cards or other loans?



### Your credit score impacts your:

- **Interest rate-** The lower the credit score, the higher the interest rate may be.
- **Loan request-** A low credit score may cause your loan request to be denied.

### Tips to build and maintain a good credit score:

*(1) Pay your bills on time, (2) Stay within your budget, (3) Pay at least the minimum due on any loans or bills, (4) Don't use up all the credit available, (5) Pay off your credit card balance, (6) Put due dates on your calendar, (7) Set up automatic payments, and (8) Talk with the lender if there is a problem*

*Disclaimer: The content shared is intended to be used for informational purposes only. It should not be considered as financial advice or recommendations.*