



Financial Education | ScoreBuilder Loans

Whether you are well established with a good credit history or you are just starting out, Citizens National Bank is here to help educate you on factors that impact your credit history and credit score. Building and maintaining a good credit history takes time, discipline and effort. Here are a few basic definitions to get you started:

Credit: The ability of a consumer to obtain goods or services before payment, based on the trust that payment will be made in the future.

Credit History: Credit history is the measure of your ability and responsibility to repay debts.

Credit Bureau: A company that collects information relating to the credit ratings of individuals and makes it available to credit card companies, financial institutions, etc. There are several companies that maintain your credit history in the form of a credit report. The three largest and most used credit bureaus are Equifax, Experian and Transunion.

Credit Utilization Rate: Your credit utilization rate, sometimes called your credit utilization ratio, is the amount of revolving credit you're currently using divided by the total amount of revolving credit you have available. In other words, it is how much you currently owe divided by your credit limit.

Credit Limit: The maximum amount of money a lender will allow a consumer to spend using a credit card or revolving line of credit.

Credit Score: A credit score is a number assigned to a person indicating their capacity to repay a loan to potential lenders. This number ranges between scores of 300-850 and demonstrates a consumer's creditworthiness. The higher the credit score, the better a consumer appears to a lender based upon several credit factors.

Five Factors Impacting Your Credit Score:

Payment History	35%
Amount of Credit Owed	30%
Length of Credit History	15%
Types of Credit Established	10%
Amount of New Credit Received	10%

There are several strategic actions you can take to improve your credit history which include:

Pay your bills on time.

Late payments or missing payments such as loan payments, utility payments etc., may lower your credit score because they demonstrate a poor payment history. Not paying your bills on time could even lead to debt collections further reducing your credit score.

Don't max out your available limits on credit cards.

Credit scoring models analyze how much credit you have outstanding compared to your credit limit which is called your credit utilization rate. Having a credit balance close to the maximum amount of credit available could possibly negatively affect your credit score. By demonstrating discipline and keeping credit card balances low relative to your maximum credit limit, you can improve your credit score.

Pay your credit card balances in full each month.

Demonstrating the ability to borrow revolving credit via credit cards and paying these balances in full each month, will not only improve your credit scores, but it will help reduce the amount of interest paid on carrying balances over from month to month. This will also demonstrate your ability to manage and handle credit properly to potential creditors.

Only utilize credit when you really need it.

Many credit-scoring modules look at your recent credit history and new credit activity as a sign of your need for credit. If you apply and receive many credit offers over a short period of time, it may appear to lenders that your economic situation has changed for the worse. Only having a few open credit accounts on your credit report demonstrates responsibility to manage and maintain credit when you absolutely need it.

Verify that the information on your credit report is accurate.

There are times when information on your credit report is inaccurate or could be reported multiple times. If this is the case, submit a dispute with the credit reporting agency to clear up any errors on your credit file.

If you have any questions about credit, credit history or credit scores, please ask your CNB Banker to help explain or answer any of your questions.

Acknowledgment

I have read and asked my CNB Banker questions as needed to fully understand the information presented above as a Financial Education Session hosted by Citizens National Bank.

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Client Name (Print)	Signature of Client	Date

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Banker Name (Print)	Signature of Banker	Date

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