Establishing Credit

What is Credit?

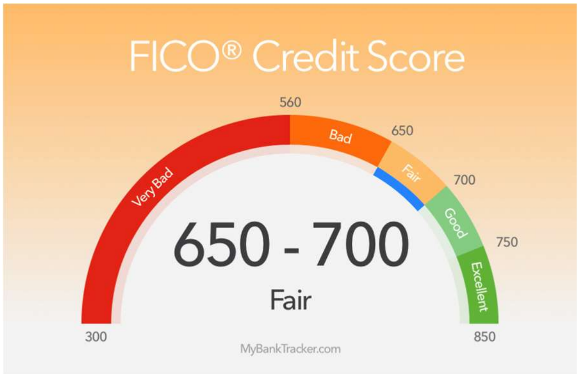
Credit can mean either borrowing money or getting something of value, like a car, with the commitment to repay later and often with interest charged. It can also mean your ability to borrow or buy things on a credit contract. Your credit report and credit score are two ways your access to credit is defined.

Building good credit can take time and relies on using credit responsibly. By doing things like paying bills on time every month, making on-time payments, and adding new lines of credit to your portfolio, you can build a healthy credit score. As your credit score improves, keep practicing good credit habits like keeping balances low and avoiding unnecessary credit inquiries.

Credit Reporting Companies

There are three big nationwide providers of consumer reports: Equifax, TransUnion, and Experian. These are private companies that collect and sell credit information on individual consumers to lenders and others. While the three bureaus have similar functions, they also have some differences, including in the information they report. Their reports contain information about your payment history, how much credit you have and use, and other inquiries and information.

You can check your credit score on the respective bureau sites or through affiliated sites like Credit Karma. Affiliated site often will compile your credit scores, calculate home equity, and complete your annual taxes.



What is a credit score?

A credit score is a prediction of your credit behavior, such as how likely you are to pay a loan back on time, based on information from your credit reports.

Companies use credit scores to make decisions on whether to offer you a mortgage, credit card, auto loan, and other credit products, as well as for tenant screening and insurance. They are also used to determine the interest rate and credit limit you receive.

Companies use a mathematical formula—called a scoring model—to create your credit score from the information in your credit report.

A credit card is helpful for a number of reasons. Credit cards are safer to use than cash or debit cards, they allow you to have more access to funds, and they're one of the easiest ways to build credit. The best credit cards also frequently come with benefits like the chance to earn rewards for certain types of purchases, such as grocery store or travel purchases. Typically you get a credit card through a bank.

Relative Read Link: https://www.consumerfinance.gov/ask-cfpb/what-is-a-credit-score-en-315/

How To Get A Credit Card

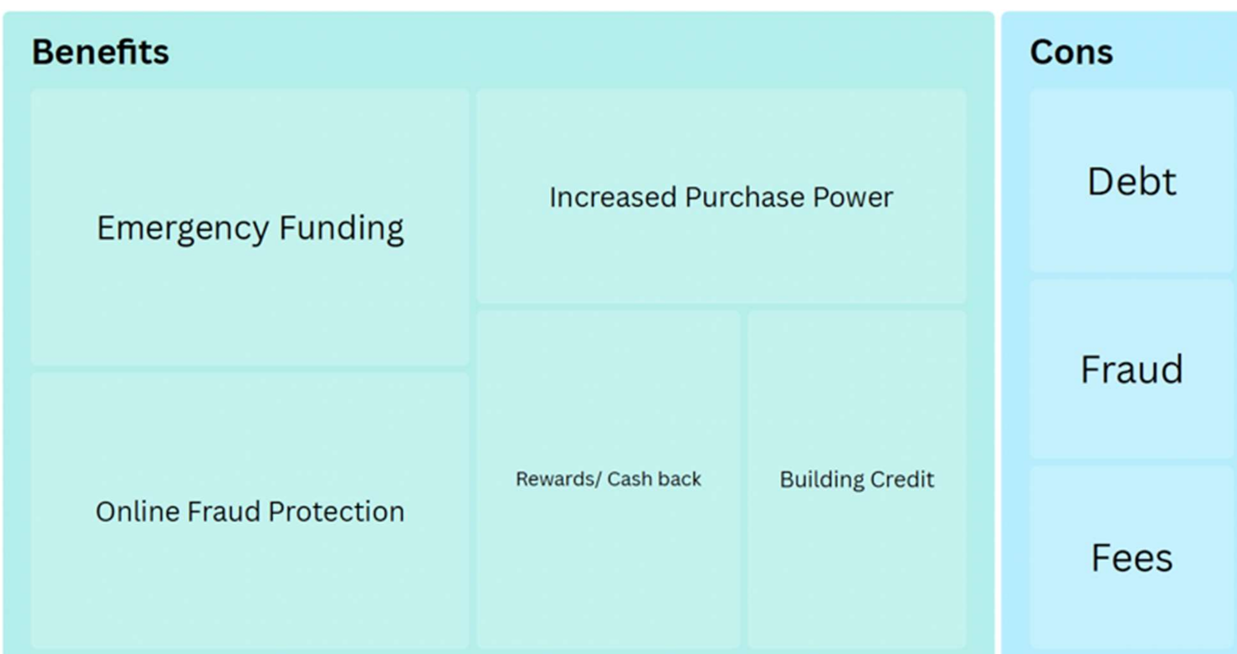
- Decide why you want a credit card.
- Check your credit score.
- Shop around for the best credit card offers.
- Read the fine print.
- Apply for the best credit card for your needs.

You will need to provide your personal information and copies of certain documents to apply for a credit card, including your:

Document	Yes	No	Notes
One document verifying legal name, age, birthdate and identity			
A Social Security card or an Individual Tax Identification Number (ITIN)			
One document proving residency/ Mailing address			
Employment Information			
Income Information			
Debt Information			

Relative Read Link : https://www.bankrate.com/finance/credit-cards/how-to-apply-for-a-credit-card/

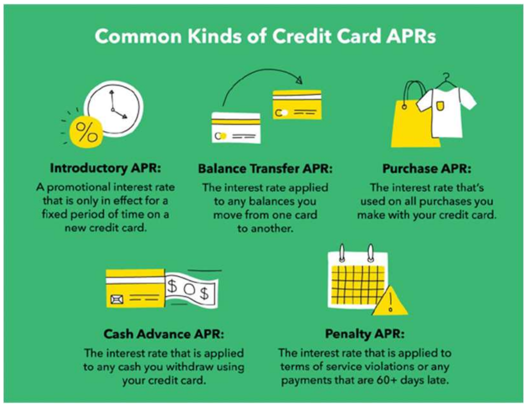
Credit Card Benefits/Cons



Relative Read Link: https://www.capitalone.com/learn-grow/money-management/credit-card-advantages/

Interest Rates

A credit card's interest rate is the price you pay for borrowing money. For credit cards, the interest rates are typically stated as a yearly rate. This is called the annual percentage rate (APR).Try to get the lowest interest rates so you pay back the amount closest to what you originally borrowed.



What Is a Good Credit Card APR?

Balance	$2,000	Monthly Minimum Payment	$100
	APR	**Time to Repay (Months)**	**Total Interest Paid**
Best	0%	20	$0
Excellent	5%	21	$92
Good	10%	22	$196
Average	15%	24	$315
Poor	20%	25	$453
Bad	25%	27	$614

Credit Card Tips

1. **A secured credit card is a great option for beginners because it requires a security deposit.**
   - Start with a secured credit card
2. **Get a co-signer**
   - If you have trouble getting approved for a credit card, you may want to get someone who agrees to be responsible for you.
3. **Use your credit card wisely**
   - Once you have a credit card, it's important to use it wisely.
4. **Monitor your credit report**
   - It's also important to monitor your credit report for any suspicious activity.
5. **Keep your balances low**
   - Try to keep your balances low.
6. **Pay down Monthly**
   - Use your card for common expenses like gas and groceries and pay payments monthly. Make payments on time.

***Be Responsible with your credit card and report any fraudulent behavior immediately to your bank.**
***Do NOT share your credit card information with anyone. Keep your information secure at all times.**