did you know?

BETTER SCORE = LOWER BORROWING COSTS

Higher credit scores can mean lower interest rates—and big cost savings—for buying big-ticket items such as cars. Here's an example. For a five-year, $20,000 car loan, a good credit score may get you a lower annual interest rate—say 8 percent. But if your credit score is low, your loan may cost you more—say a 14 percent interest rate. What's the difference? With the higher interest rate, you'll wind up paying about $3,600 ($60/month) in additional interest costs.

HOW TO GET YOUR CREDIT SCORE AND MORE

Your credit score: For a fee, you can order your FICO® credit score and learn more about credit scoring by going to: www.myfico.com

Your credit report: To obtain a copy of your credit report or to report errors, you can contact the three major credit repositories:

Equifax:	(800) 685-1111	www.equifax.com
Experian:	(888) 397-3742	www.experian.com
Trans Union:	(800) 888-4213	www.transunion.com

In some situations, such as when you've been denied credit, you can get your report for free. Otherwise, there may be a fee.

For more information about how you can successfully manage credit, go to **www.freddiemac.com/creditsmart.** CreditSmart℠ is a new Freddie Mac educational program to help consumers use credit wisely.

For more information about credit, debt and savings, go to **www.consumerfed.org**, the website for the Consumer Federation of America.

To access "Know Your Score" online, go to **www.freddiemac.com/knowyourscore**

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www.freddiemac.com

www.consumerfed.org

know your SCORE

THINK YOUR GRADE POINT AVERAGE

IS YOUR ONLY SCORE THAT MATTERS?

BROUGHT TO YOU BY THE CONSUMER FEDERATION OF AMERICA AND FREDDIE MAC

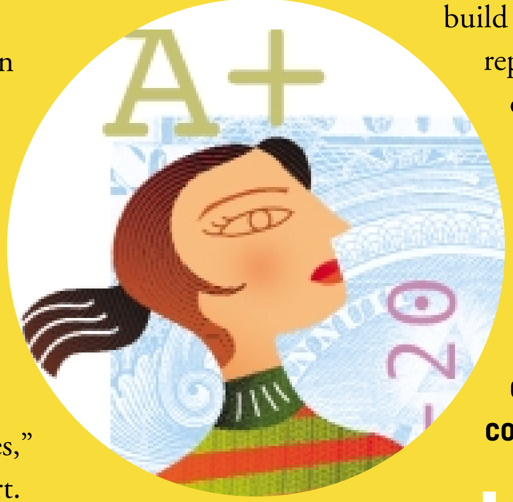
think again!

THERE'S ANOTHER SCORE THAT'S IMPORTANT AS YOU GO THROUGH LIFE. IT'S CALLED A CREDIT SCORE. AND WHETHER YOU KNOW IT OR NOT, SOMEONE IS ALREADY KEEPING TRACK.

WHAT IS A CREDIT SCORE?

In simplest terms, a credit score is a single number that helps lenders and others decide how likely you are to repay your debts. It is based on an analysis of the information in your credit report, which lists your debt and repayment history.

Do you have any credit cards? A car loan? A student loan or bank loan in your name? A department store charge account? If you answered "yes," you likely have a credit report. If you have a credit report, then you likely have a credit score that goes with it.



Your credit score changes over time. Every time you apply for, use, make or miss a payment on a loan or credit card, you build another entry on your credit report—and raise or lower your credit score. More recent activity carries more weight.

WHAT GOES INTO A CREDIT SCORE?

Your credit score is based on several types of information contained in your credit report:

- Your payment track record.
- The amount of debt you owe.
- How long you've used credit.
- How often you've applied for new credit and whether you've taken on new debt.
- The types of credit you currently use, such as credit cards, retail accounts, installment loans, finance company accounts and mortgages.

did you know?

Credit scores are based solely on credit history and don't include in the calculation factors like race, religion, national origin, gender, age, education level or marital status.

know your score!

know your score!

WHY DOES MY CREDIT SCORE MATTER RIGHT NOW?

Because your credit score can be a factor in some of the most important events of your life.

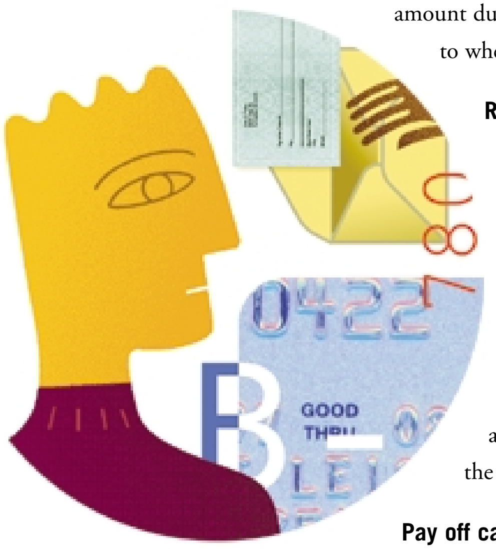
Buying a car or a home: Lenders may look at it before deciding whether you are a good risk for a car loan or home mortgage—or how much interest to charge you if you get the loan.

Getting affordable credit when you need it: Credit card issuers use credit scores to help decide whether to approve your application for a new card and if you should get a low interest rate on that card.

Keeping credit affordable: Credit card issuers continue to look at your credit scores after they issue a credit card to you—they may raise your interest rate if your credit score gets significantly worse. Or, they may raise your credit limit if your credit score improves.

Renting an apartment: Landlords may check it before deciding whether to rent to you.

Phone and electric line set-up: Utility companies may check it before deciding whether you have to pay a deposit.



WHAT IS CONSIDERED A "GOOD" CREDIT SCORE?

The higher the number, the better your credit score. FICO® credit scores—developed by Fair, Isaac and Company, Inc., and today's most commonly used scoring system—can range from 300 to 850. Most people score in the 600s and 700s.

Other scoring systems may use different numerical scales, but most use similar methods and factors to determine scores.

did you know?

One recent study from Nellie Mae found that undergraduate students carry an average of almost $2,800 in credit card debt. If you owed that much on a card with an 18 percent interest rate, and paid $50 each month, you'd wind up paying a total of $6,154. Moreover, it would take you more than 10 years to pay off that debt.

HOW CAN I BUILD A STRONG CREDIT RECORD AND A GOOD CREDIT SCORE?

Establish a credit record. Open a credit account—such as a credit card—in your name, and use it wisely.

Pay your bills consistently and on time. BEFORE the due date, pay as much as you can, but never less than the minimum amount due. Always follow the terms you agreed to when you opened the account.

Remember that a little late is bad — and a lot late is worse. If you miss the due date on a payment, send it as soon as possible—the late fees, interest penalties and harm to your credit score increase as the payment becomes more overdue.

"Maxing out" credit lines is never a good Idea. Use your credit sparingly and keep well within the credit limit on the account.

Pay off card balances instead of moving debt to other cards. Opening new accounts you don't really need can lead to more debt, and too many open accounts may lower your credit score.

Finally, check your credit report regularly to make sure it is error-free. You can do that by contacting any of the three major reporting agencies. (Phone numbers are on the back panel of this brochure.)

want an example?

Meet Tina. Take a look at the ups and downs of Tina's credit score. Tina is a fictitious person, but what happens to her credit score is a realistic example. Tina has just arrived at college ready to take on a new life full of opportunities. She's got her money saved up for the semester, and thus far has never had a loan or a line of credit of her own. She signs up for a new credit card at the bookstore her first week at school, where they are giving away free T-shirts for every completed application.

Here is how her credit management decisions affect her credit score in our hypothetical story.

BEHAVIOR OR ACTION	CHANGE IN SCORE	CURRENT FICO SCORE	THE CREDIT SCORE CURVE
Freshman Year			
Her new credit card arrives in the mail with a $1000 credit limit. She breaks it in by buying her books and supplies over the semester. She pays at least the minimum due as soon as the bill arrives every month.	—	780	A+
Tina starts Spring Break in a great mood. She throws a party for all her friends and maxes out her card.	-180	600	C-
She pays the minimum balance every month on time until the year ends.	+30	630	C-
Tina applies for and gets a second credit card.	-10	620	C-
SUMMER She works hard and pays off her balance on her first card.	+180	800	A+
Sophomore Year			
In September, Tina's car needs major repairs so she can get to her job. The bill maxes out both cards.	-180	620	C-
In October, Tina forgets to tell one credit card company that she has moved, so her payment on her account, including late fees, is $100 and 30 days past due.	-130	490	F
In December, Tina's old, uninsured car is totaled when a tree falls on it. To buy a car, Tina needs a loan. She applies with two lenders who look at her credit score and credit record. One lender simply says "no" and the other offers her a high interest loan at 29% APR. She takes the bus until she can save enough money to buy another car.	0	490	F
She makes up the late payment and pays just the minimum amount due on time on both cards for the rest of the year.	+110	600	C-
Junior Year			
Tina works very hard to pay down her debts by paying $50 more than the minimum payment on each credit card every month and by using her cards sparingly for the rest of the school year.	+70	670	B-
Senior Year			
Tina does some self-reflection and decides to take better control of her credit. She tapes her credit cards into her wallet to limit the urge to use them spontaneously. Tina pays off almost all of her debt by graduation, and, since she has also paid her bills on time for a solid two years, her credit is once again excellent.	+100	770	A+

Credit scoring information used here is provided courtesy of Fair, Isaac and Company, Inc.
The FICO® scores cited in Tina's story are simplified for purposes of illustration and are hypothetical. Your actual scores may differ.