smart score

A free benefit of your Powerco Credit Union membership

WWW.POWERCOCU.ORG

Mr. Smith
1234 Any Street
Any Town, USA

Dear Mr. Smith,

As a member of Powerco Credit Union we are providing to you our Smart Score Financial Informational Resource, absolutely free.

Smart Score is a tool for you to monitor your current credit score.

Your financial health is important and your credit score is used in decisions made by lenders, insurers, employers, landlords and many others to determine what services you may qualify for – and how much those services will cost you.

Credit scores can range from 380 - 830 (the higher the score the better)

Credit scores are the result of calculating five basic items:

1. **Payment History (35%)**
2. **Capacity (30%)**
3. **Length of Credit (15%)**
4. **Accumulation of Debt over the last 12-18 months (10%)**
5. **Credit Mix (10%)**

POWERCO CREDIT UNION WILL SEND YOU YOUR SMART SCORE ONCE EACH YEAR.

Smart Score is for informational purposes only and it will not show as a credit inquiry on your credit report.

On the other side of this informational packet you will find additional information about the five basic components that make up your credit score. If you would like to set-up a confidential score enhancement appointment or would like more information about any of Powerco's loan and investment products please **contact our office at 614-416-7588 or toll-free 800-367-7485.**

Sincerely,

Michael B. Shafer
President / CEO

At this time your credit score is:

782

Credit Score Rating Index

• Excellent	Over 750
• Very Good	720 to 750
• Good	660 to 720
• Fair	620 to 660
• Could be improved	below 620

POWERCO CREDIT UNION INC.

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GAHANNA, OHIO 43230

the basics of understanding & improving your credit score

Components of a Credit Score

- 35% = based on payment history (i.e. on-time pays or delinquencies and more weight is put on current pay history)
- 30% = capacity
- 15% = length of credit
- 10% = accumulation of debt in the last 12-18 months (# of inquiries & opening dates)
- 10% = credit mix (installment raises scores, revolving lowers score and the number of finance companies lower the score as well)

Approximate Credit Weight Each Year

- 40% = current to 12 months
- 30% = 13-24 months
- 20% = 25-36 months
- 10% = 37 + months

What actions hurt a score?

- Missing payments (regardless of the dollar amount, it will take 24 months to restore credit with one late payment)
- Credit cards at capacity (i.e. maxing out credit cards)
- Closing credit cards out (this lowers available capacity)
- Shopping for credit excessively (auto & mortgage shopping do not have a negative effect)
- Opening up numerous trades in a short period of time
- Having more revolving loans in relation to installment loans
- Borrowing from finance companies

What will improve a score?

- Paying down on credit cards
- Not closing credit cards
- Continue to make payments on time (older late pays will become less significant with time)
- Slow down on opening new accounts
- Acquire a solid credit history with years of experience
- Moving revolving debt to installment debt

What doesn't affect the score?

- Debt ratio
- Income
- Length of residence
- Length of employment

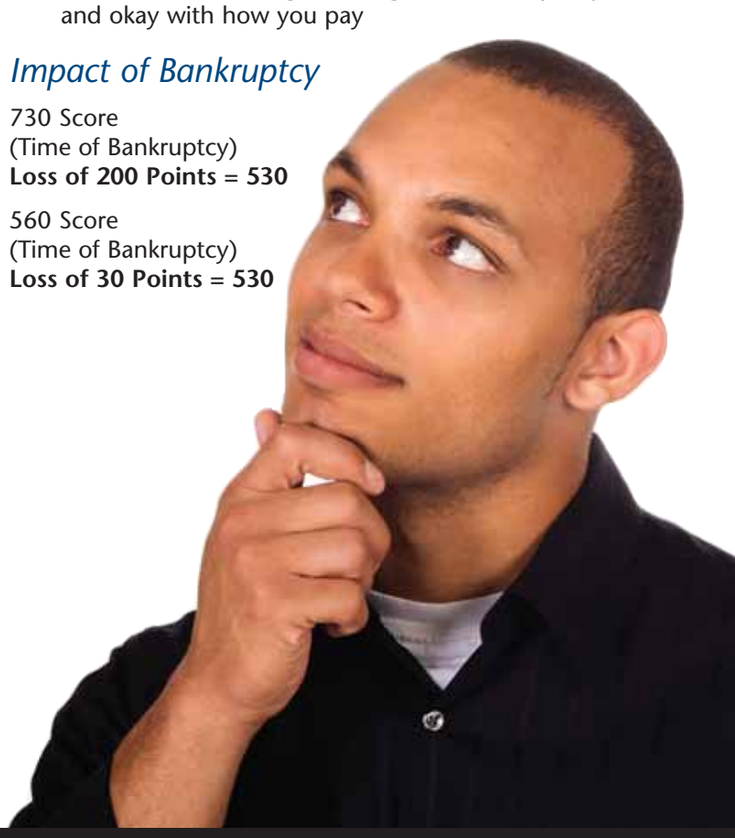
Scoring "Cheat Sheet"

- Almost impossible to score 700+ points with any current delinquency
- Almost impossible to score 700+ points without good capacity
- Will always score 700+ with good capacity and no public records, current or past delinquencies
- Will always score 500 point range or lower with no capacity and current delinquencies
- Will score in 600 range if doing well with how you pay and okay in capacity
- Will score in 600 range if doing well with capacity and okay with how you pay

Impact of Bankruptcy

730 Score
(Time of Bankruptcy)
Loss of 200 Points = 530

560 Score
(Time of Bankruptcy)
Loss of 30 Points = 530



Credit scores are the result of calculating five basic items:

- Payment History (35%)
- Capacity (30%)
- Length of Credit (15%)
- Accumulation of Debt over the last 12 – 18 months (10%)
- Credit Mix (10%)

POWERCO CREDIT UNION INC.

Main Office:

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NCUA