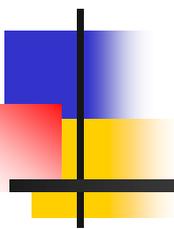
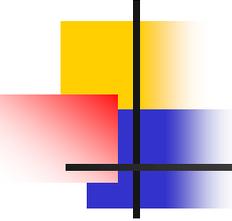


Credit Matters, so stay
on top of your game by
keeping score!

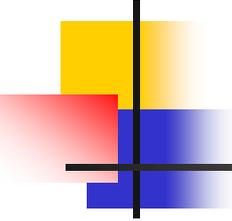


**State of Maryland
and
Consumer Credit Counseling Service of
Maryland and Delaware, Inc.**



Overview

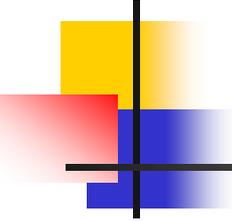
- My Background
- What will we cover
- How long is the presentation
- What are our goals for today
- Understanding Credit
- Handouts
- Questions and contact information



CCCS OF MD & DE MISSION

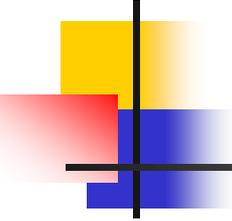
“To help stabilize communities by creating hope and promoting self-sufficiency to individuals and families through financial education and counseling”

Helping People Help Themselves Through Education, Financial Counseling and Debt Repayment



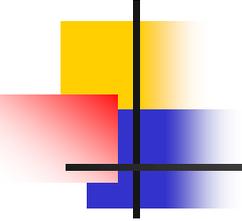
CCCS of MD & DE Qualifications

- Founded in 1966
- Licensed (first agency in MD #14-01, first agency in DE #07-01
District of Columbia does not require a license, licensed in VA.
Counseling Services offered in 34 states)
- 501 (c) (3) Non Profit Corporation
- COA accredited
- NFCC member
- All counselors certified thru the NFCC
- HUD approved
- BBB accredit
- EOUST Approved
- HECM
- Pre purchase education



CCCS of MD & DE Services

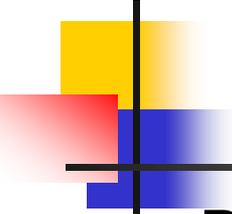
- CCCS of MD & DE Services
- Budgeting
- Debt Management Plans
- Housing Counseling
- HECM
- Pre Purchase
- Pre-file Bankruptcy Counseling
- Pre-discharge Bankruptcy Education
- Financial Literacy Education



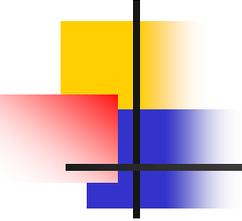
Did you know??????

- If you have a credit card balance of \$5000 and paid 2% minimum payment it would take 21.5 years to pay off
- If you saved \$4000 per year @ 10% average return for 30 years you would have \$763,424
- The average return on the stock market history is approx 12.5%

TEN RULE FOR FINANCES

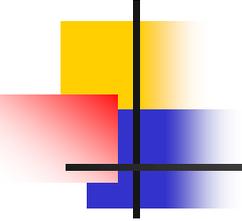


- **Pay Yourself First**
- **Use direct deposit if possible**
- **Budget wisely**
- **Track your cash**
- **Stop impulse buying**
- **Do not overspend, make a list and stick to**
- **Do not covet your neighbor's lifestyle, live within your means**
- **Diversify – business, stocks, real estate**
- **Short, Intermediate and Long term goals**
- **Review your credit reports on a regular basis**



What do I learn from tracking my expenses

- Where money goes
- How much I eat out
- Entertainment
- Clothing
- Funding priorities
- Savings
- How much debt I reduced



Expense tracking

- *Track your Cash-* Use a small book . Keep it in your pocket and write down all cash, ATM charges on a daily basis.
- *Review your credit cards-* Need, want or desire?? Review your spending habits. Are you living on them???
- *Review your checking account*
- *Count all three* – Add all 3 together, this is your spending level vs. your income
- *Track monthly* – track on computer, buy software, take charge

Avoid the Minimum Payment Trap

Credit card:

Balance of \$3000

19.0% interest



Pay Minimum per Month:

4% of balance (starts at \$120/mo.)

134 months

\$1,872.49 in interest

Total Paid: \$4,872.49

Pay More each month:

4% of balance + \$15/mo.

53 months

\$1,358.74 in interest

Total Paid: \$4,358.74

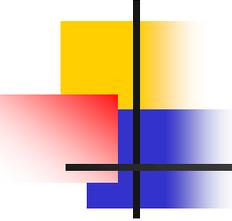
Making a monthly "Power Payment":

\$120/month (fixed payment)

33 months

\$849.27 in interest

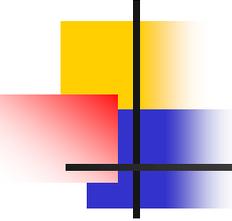
Total Paid: \$3,849.27



Reducing Daily Expenses

- 1) **Utilities**
- 2) **Cable**
- 3) **Internet**
- 4) **Phone**
- 5) **Insurance**
- 6) **Food**
- 7) **Lunches**
- 8) **Entertainment**
- 9) **Restaurants**
- 10) **Auto**

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repayment



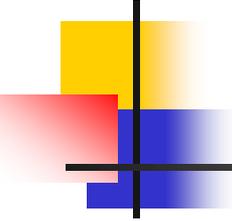
Reducing Daily Expenses

Utilities \$74

Unplug electric items	\$40 Average
Peak Rewards	\$16 Average
Energy Audit	\$10 Average
Changing electric providers	\$ 8 Average

Other possibilities \$60

68 winter 78 summer	\$20 Average
Hot Water Heater	\$40 Average

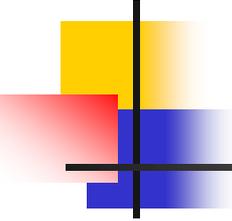


Reducing Daily Expenses

Cable \$80 (up to \$120)

Get a digital box and a set of antennas.
You will get 8 to 12 channels

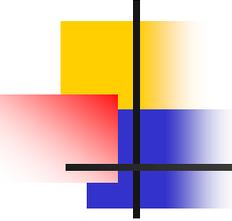
If you can't pay your bills or save you can't
afford cable.



Reducing Daily Expenses

1) **Internet \$40**

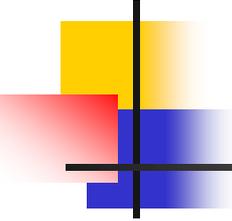
Make a list of the items you need to research.
Go to the library where the internet is free.



Reducing Daily Expenses

1) **Phone \$40 (up to \$60)**

Eliminate your home phone. If a second phone is needed due to children being home by themselves or an elderly person purchase a disposable cell phone for \$20. This still saves \$40per month

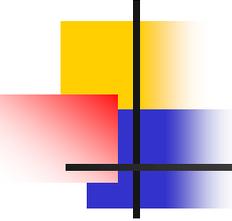


Reducing Daily Expenses

1) **Insurance \$30 (Up to \$50)**

Check your insurance policy to see what your auto and home deductible is. If it is \$250 and you increase it to \$1000 you will save approximately \$30 per month just on your auto insurance. If you include your renters or home policy it should increase the savings to \$40-\$50 per month average.

In addition you should compare the leading insurance companies now and yearly to get the best rates possible.



Reducing Daily Expenses

1) **Food \$150 (up to \$300)**

Basic Rules

Never go hungry

Do not go with children

Use coupons

Golden Rules

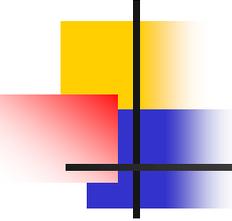
Use fliers from newspaper

Create a menu/ shopping list

Only buy 7 days worth of food

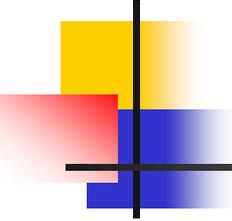
Only buy items half off or more

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repayment



Save big when shopping

- Get a Sunday paper
- Review the on sale items
- Pre plan menu
- Shop Alone
- Don't buy bulk, unless justified
- Make a list
- No impulse buying
- Use coupons
- Don't go hungry
- Take an inventory of pantry and freezer



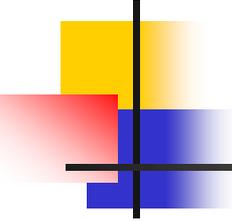
Reducing Daily Expenses

1) Lunches \$50

The average American buys lunch 2 times a week. To pack a lunch costs roughly \$2 per day. If you bring lunch daily and not buy you will save roughly \$50 a month or \$600 per year.

In addition if you bring coffee and snacks from home rather than the store you will save roughly \$3 per day or \$60 per month and \$720 per year.

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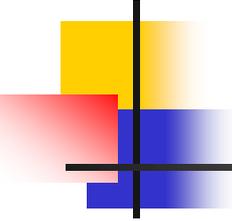
Reduce Daily Expenses

1) Entertainment \$25

Track and review the monies you spend on entertainment and see where you can reduce you spending by \$25 per month

It is the small items that can change your life.

Example \$25 per month over a 20 year period with a 6% rate of return will give you roughly \$12,000

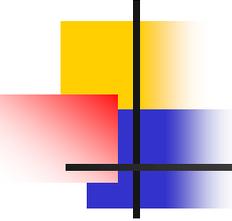


Reducing Daily Expenses

1) **Restaurants \$100**

The average American family will spend \$50 per week on fast foods or to eat out. The reason for this is many times we are running late from work with nothing prepared for dinner. If you cook 3 extra meals on a Sunday you will have your meals prepared and not be tempted to go purchase dinner. If you just cut dinners out by half you will save \$100 per month

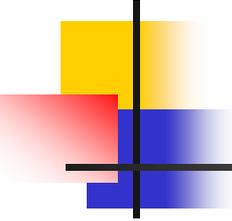
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repayment



Reducing Daily Expenses

	Average	Up To
1) Utilities	\$74	\$134
2) Cable	\$80	\$120
3) Internet	\$40	\$40
4) Phone	\$40	\$60
5) Insurance	\$30	\$50
6) Food	\$150	\$300
7) Lunches	\$50	\$50
8) Entertainment	\$25	\$25
9) Restaurants	\$100	\$100
TOTAL	\$589	\$879

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repayment

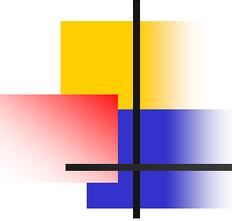


Compound Interest

- “ The most powerful force in the world is compound interest”

Albert Einstein

Insanity – doing the same thing over and over again and expecting different results



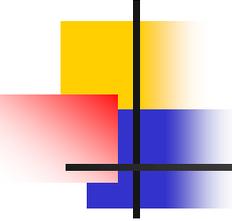
Rule of 72

- **Rule of 72**

- A formula that shows you how long it takes to double your money

- **Example**

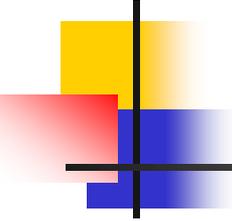
- 72 divided by 4% interest rate = 18 years
- 72 divided by 6% interest rate = 12 years
- 72 divided by 12% interest rate = 6 years



Credit and Debt Management

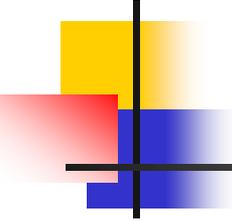
“Today, there are three kinds of people: the have's, the have-not's, and the have-not-paid-for-what-they-have's.”

Earl Wilson



CREDIT REPORT CONTAINS

- YOUR FINANCIAL RESUME
- Personal
- Credit Accounts
- Public Record
- Inquiries (Hard and Soft)
- SEE EQUIFAX REPORT (HANDOUT)
- **FRAUD FREEZING** YOUR REPORT
 - **Pin code**
 - **DISPUTING ITEMS LETTER (HANDOUT)**



OBTAIN YOUR REPORT

- Yearly from Equifax, Experian, and Trans Union
- If denied credit
- Potential Fraud
- Free copy yearly starting in 2005 thanks to the Fair and Accurate Credit Transactions Act (FACTAct)
- ***www.annualcreditreport.com***

Trans Union Report

(I) D248 ABC DBPT STORE 06 CH 4/76 5/20/05 09:36CT

2 <SUBJECT> DUNCAN, ELIZABETH <ALSO KNOWN AS> COOK, ELIZABETH

2A <SSN> 111-11-1111

2B <BIRTH DATE> 2/52

2C <TELEPHONE> (555) 555-5555

<CURRENT ADDRESS> 9932 WOODBINE, #9B, CHICAGO, IL. 60693

<FORMER ADDRESS> 10 N. CAMINO, OAKLAND, CA. 94583

8500 N. WESTERN AV. CHICAGO, IL 60645

<DATE RPTD> 1/03

4/99

<CURRENT EMPLOYER AND ADDRESS> ABC HOTELS ANYTOWN, IL.

<POSITION> CONCIERGE

<VERF> 5/05

<RPTD> 5/05

<HIRE> 3/99

S P E C I A L M E S S A G E S

3A ***ID MISMATCH ALERT: PREVIOUS INPUT ADDRESS DOES NOT MATCH FILE ADDRESS(ES)***

3B ***HIGH RISK FRAUD ALERT: INPUT SSN NOT ISSUED BY SOCIAL SECURITY ADMINISTRATION***

SSN YEAR OF ISSUANCE: FILE SSN ISSUED: 1957-1960; STATE ISSUED: IL; EST. AGE OBTAINED: 4-8

3C ***FRAUD MANAGEMENT PLATFORM FRAUD MODEL SCORE: 650 INPUT ZIP CODE NOT VALID FOR CITY

3D ***OFAC NAME SCREEN: CLEAR***

CONSUMER STATEMENT: SEE END RPT

4 M O D E L P R O F I L E * * * A L E R T * * *

***TRANSUNION NEW ACCOUNT MODEL: SCORE +550: 24, 23, 10, 07 ***

***TRANSUNION BANKRUPTCY MODEL: SCORE +533: 24, 07, 15, 08 ***

5 C R E D I T S U M M A R Y * * * T O T A L F I L E H I S T O R Y

PR=2 COL=1 NEG=1 HSTNEG=2-8 TRD=4 RVL=2 INST=1 MTG=1 OPN=0 INQ=4

	HIGH CRED	CRED LIM	BALANCE	PAST DUE	MNTHLY PAY	AVAILABLE
REVOLVING:	\$10.1K	\$18.2K	\$5.4K		\$225	71%
INSTALLMENT:	\$16.9K		\$12.9K	\$1128	\$282	
MORTGAGE	\$232.5K		\$173.2K		\$1470	
TOTALS:	\$259.5	\$18.2K	\$191.5K	\$1128	\$1977	

6 P U B L I C R E C O R D S

SOURCE	DATE	LIAB	ECO	COURT LOC	ASSETS	PAID	DOCKET#
Z 4932059	10/03R			C			ATTORNEY 99B38521 D. WINSLOW
ZP5027011	1/03R	\$3128	I			6/03	98M987654 WILLIAMS

PAID CIVIL JUDGMENT

7 C O L L E C T I O N S

SUBNAME	SUBCODE	ECO	OPENED	CLOSED	\$PLACED	CREDITOR	MOP
ACCOUNT#			VERIFIED		BALANCE	REMARKS	
ADVANCED COL	Y 999C004	I	5/00	5/00F	\$2500	ABC BANK	09P
12345			4/05A		\$1000		

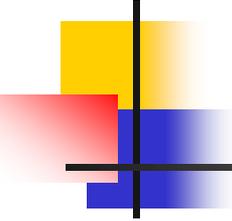
8 T R A D E S

SUBNAME	SUBCODE	OPENED	HIGHCRED	TERMS	MAXDELO	PAYPAT	MOP
ACCOUNT#		VERIFIED	CREDLIM	PASTDUE	AMT-MOP <td>PAYPAT</td> <td></td>	PAYPAT	
							1-12 13-24

10 ECOA 12 COLLATRL/LOANTYPE 15 CLSD/PD 18 BALANCE 21 REMARKS 25 MO 30/60/90

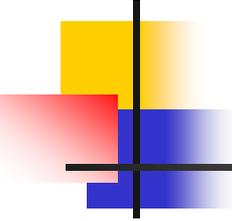
ABC BK	B 6781001	8/03	\$16.9K	60M282	1/05	445543211111	I05
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Unkn



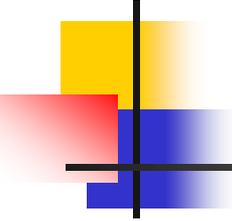
How Long Do Items Stay On My Credit Report

- Most Items – 7 years from date of last activity
- Bankruptcy – 10 years



Credit Report Contact info

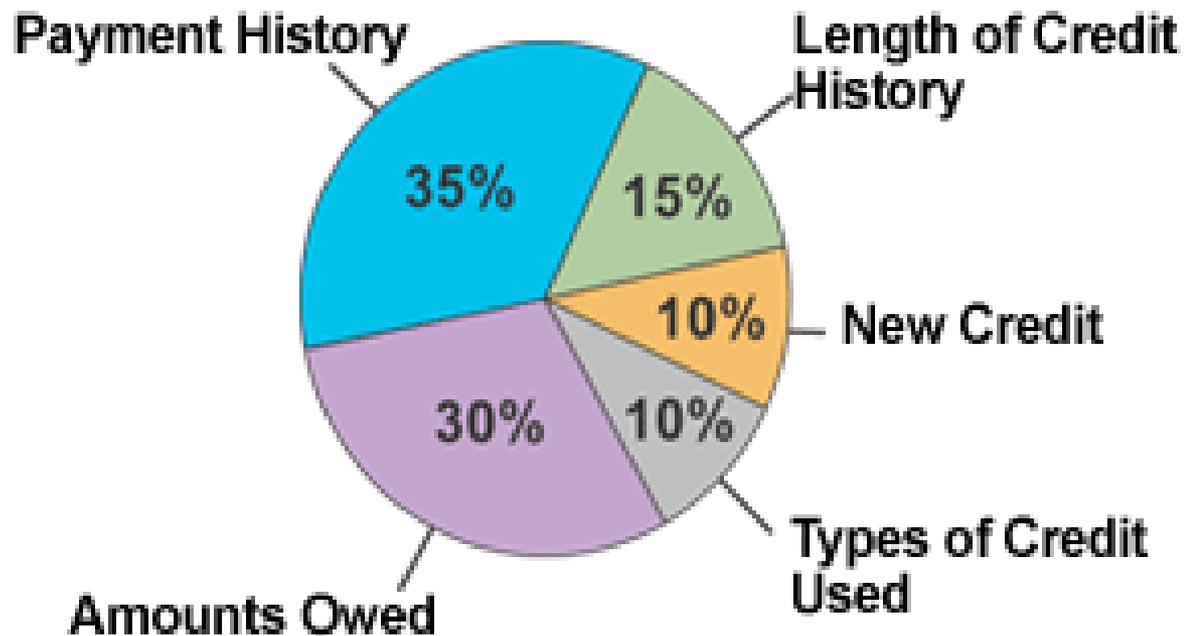
	Get report	Report fraud
Equifax	800-685-1111	800-525-6285
Experian	888-experian	888-experian
Transunion	800-888-4213	800-680-7289



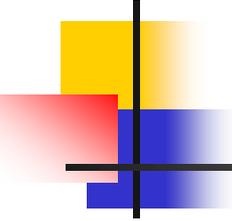
What Is a Credit Score

- Used to predict the future of how likely an individual is to repay a new loan based on experience with millions of consumers and previous credit history
- Computer models calculate scores based on information contained in a credit report
- Scores range from 350-850
- Each creditor decides what credit score range it considers to be a good risk or poor risk

Credit Scoring



Derived from www.myfico.com



CREDIT SCORE

* FAIR ISAACS CREATOR

* 350-850

* 10 SCORE CARDS

* PREDICTS FUTURE NOT PAST

* SUMMARY OF YOUR REPORT

* USED BY LENDERS

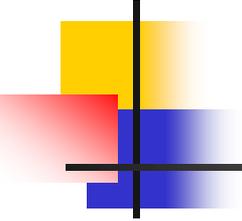
• DETERMINES YOUR LEVEL OF CREDITWORTHINESS

• QUALIFIES YOU FOR HIGHER/LOWER RATES

• DETERMINES INSURANCE RATES

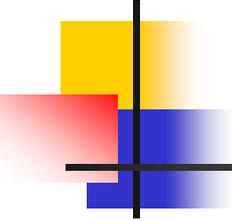
• COULD IMPACT PROMOTIONS

• EMPLOYMENT OPPORTUNITIES



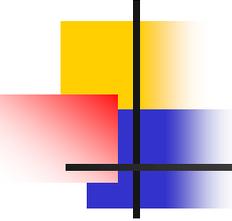
Where Do I Turn

- WWW.CCCS-inc.org
- www.mdhope.org
- www.makinghomeaffordable.gov



Expense reduction ideas

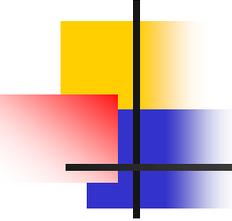
- Increase Insurance deductible
- Insure only house not land
- Unplug electric items
- Compare fees
- Shop Rates
- www.money.com
- www.bestrate.com
- Flatten toilet paper
- Coupon clipping
- Florescent bulbs
- Review deductions from pay
- Turn jarred items upside down
- Ketchup/vinegar
Brass cleaner
- Stale potatoes chips
- Phones



Expense reduction ideas

Continued

- Reduce Fees
- Money pits
 - Big house
 - Big cars
 - Investment properties
 - Tight budgets means less non essentials
 - Cable TV
 - Lunches
- Hot water heater cover
- Seal duct seams
- Programmable thermostat
- Seal drafty windows and doors
- Fuel additives



Avoid Fees

- Over limit \$39
- Atm Fees \$2.50
- Foreign C.C. fees
- Late fees
- Bad deposit fee
- Checking Acct Fees
- Bi weekly payment
- Car rental Ins
- Heavy bag fees
- Paper ticket fees
- Change flight fee
- Talking to Airline
- Gift card fee
- Hotel fees, internet, resort fee, bell fees
- Broker fee

Contact Information

Consumer Credit Counseling Service of MD and DE, Inc.

- **Jim Harris 410-7472050**
- **CCCS - 1-800 642 2227**
- **CCCS Website www.CCCS-inc.org**
- **Email - Jharris@cccs-inc.org**