



# Bank On It

A publication of Southern Good Faith Fund's Asset Builders Program

1st Quarter 2005

## Your Credit Score Affects Your Mortgage

It is important to understand how lenders look at your credit. Your credit score is useful to lenders who use it to determine the likelihood that you will re-pay your loan on time. The variables that determine the actual score include delinquent bills, outstanding debt, the number and amount of balances you owe creditors, and credit history.

So, what is a good credit score? Credit scores range from 400 to 900. The unofficial line in the sand is 620. Anything over 620 you will be considered for a mortgage, but usually at a higher interest rate. With a score above 680, you get the additional benefit of lower interest rates and better terms. Any score lower than 620 will most likely result in a denial.

Besides your credit score, there are other things that may signal you are not a good credit risk. These include late payments, recent credit inquiries, over extended credit, liens, paycheck garnishments and bankruptcy.

## Credit Repair Scams

If you have a poor credit history, be wary of companies that promise to "fix" your credit report for a fee.

Beware of companies that:

- Want you to pay for credit repair services before any services are provided
- Don't tell you your legal rights and what you can do, yourself, for free
- Recommend that you not contact a credit bureau directly
- Suggest that you try to invent a "new" credit report by applying for an Employer Identification Number to use instead of your Social Security Number
- Advise you to dispute all information in your credit report or take any action that seems illegal, such as creating a new credit identity. If you follow illegal advice and commit fraud, you may be subject to prosecution.

There are no easy or quick ways to repair an accurate, but negative credit history. Only time can repair it.

If you are denied a loan for a mortgage, it does not mean that you will never own a home. It does mean that you have some work to do. It's recommended that you get a tri-merge report of your credit—you can ask your lender for this. This report is more detailed and should consist of everything that has been reported to each bureau for the last seven years. After you have obtained this report, you should review it and ask the credit bureau to reinvestigate any details you find questionable. If the information is undisputed, then check the dates of the derogatory accounts. Credit bureaus should remove credit information on file for more than seven years, with the exception of bankruptcy.

Once you have an accurate account of your debt, it is now your responsibility to resolve it. If you don't know how to start, you should consult a credit counselor that will help you prioritize and come up with a feasible plan for repayment.

## Your Rights & Obligations

By law, credit repair organizations must give you a copy of the "Consumer Credit File Rights Under State and Federal Law" before you sign a contract. They also must give you a written contract that spells out your rights and obligations. Read these documents before signing the contract. The law contains specific protections for you. For example, a credit repair company cannot:

- Make false claims about their services
- Charge you until they have completed the promised services
- Perform any services until they have your signature on a written contract and have completed a three-day waiting period. During this time, you can cancel the contract without paying any fees.

Your contract must specify:

- The payment in terms for services, including their total costs

Continued, next column

## Detria Stackhouse: Home Improvements Pay Off



When Detria Stackhouse needed a loan, she went to First National Bank of Phillips County, in Helena. They referred her to the Asset Builders program, and in April 2004 she opened an IDA account and began saving to make improvements to her home. Within 7 months, she reached her savings goal and completed the economic skills training classes.

Before enrolling in Asset Builders, Detria did not have a savings habit. However, since receiving training, she has learned to save. Detria says the most valuable reward was the finished product. Before starting an IDA account, she was not sure how to get the repair work done on her house, or how to begin the project.

Detria says "Since I've had insulated windows and storm doors installed, my house is warmer and my utility bills are lower. I can open my windows to enjoy the air. On top of it all, I love being in my kitchen now that my cabinets aren't falling down."

Detria offers advice for others interested in joining the program. "Make sure to save each month and attend the classes. The IDA staff is always there to help and answer any questions."

- A detailed description of the services to be performed
- How long it will take to achieve the results
- Any guarantees they offer
- The company's name and business address.

## Upcoming Classes

### Pine Bluff

All Pine Bluff classes will be held at 10 a.m. and 6 p.m. at Good Faith Fund, 2304 W. 29th Ave.

#### April

- 14 Information Meeting
- 18 Credit Management—Solving Debt Problems<sup>+</sup>
- 26 Renting, Leasing or Buying

#### May

- 3 Saver's Club<sup>+</sup>
- 11 Asset Specific Training-Education
- 16 Information Meeting
- 24 Asset Specific Training-Home Ownership<sup>+</sup>

#### June

- 6 Money Management
- 14 Spending as a Habit—Saving as a Goal<sup>+</sup>
- 23 Information Meeting

<sup>+</sup> Free childcare at the 6 p.m. class in Pine Bluff on April 18, May 3, May 24 and June 14.

### Helena

10 a.m. classes (designated with an \*) will be held at First National Bank, 502 Cherry St.

6 p.m. classes will be held at PCCUA T & I Building

#### April

- 4 Financial Services
- 7 Credit Management—Solving Debt Problems\*
- 11 Renting, Leasing or Buying
- 19 Asset Specific Training-Home Ownership
- 27 Information Meeting\*
- 28 Information Meeting

#### May

- 3 Asset Specific Training-Education\*
- 11 Money Management
- 17 Spending as a Habit—Saving as a Goal\*
- 25 Financial Services
- 26 Information Meeting\*
- 30 Information Meeting

### Helena

#### June

- 2 Credit Management—Solving Debt Problems\*
- 8 Renting, Leasing or Buying
- 14 Asset Specific Training-Home Ownership\*
- 20 Asset Specific Training-Education
- 23 Information Meeting\*
- 27 Information Meeting

#### Contact Us

Pine Bluff: 2304 W. 29th  
870.535.6233

Helena: 502 Cherry St  
870.816.1104

Ruleville, MS: Mondays  
117 Floyce Street  
662.756.4343

