

## INDIVIDUAL BORROWING LESSON:

### *CREDIT SCORE: STUDENT HANDOUT*

Go to [www.experian.com/consumer/credit\\_education.html](http://www.experian.com/consumer/credit_education.html). Now, click the link to the left titled "Credit Reporting Basics" and then the link "My Credit Report."

1. Describe four categories of information that are included in your credit report. For each category, describe one thing you could do to create a positive report.

A.

B.

C.

D.

Now, click the left link under "Credit Reporting" titled "Improving Your Credit."

2. Describe and rank in order of importance four things you can do to create a positive credit history.

A.

B.

C.

D.

3. What do you think is the most important thing to do if you fall behind on your payments?

4. Now, click the left link titled "Credit Scores" and then the link "What Is a Credit Score?" Describe a credit score in your own words.

5. What factors would make your credit score change?

6. A credit score can be generated based on the information in your credit report. Go to the FICO® Web site, [www.myfico.com](http://www.myfico.com). Click the tab halfway down the page that is titled "About FICO® scores." What is the range for the scores?

7. What are the five categories used to calculate your score and the weightings (percentages) for each category?

A.

B.

- C.
- D.
- E.

8. What is the median average score in the U.S.?
9. What are the most important things you can do to improve a credit score?

Now you are ready to begin establishing your credit history and score. As a student, you can begin building a positive history by applying for a student credit card from a credit union. Charge some small purchases and pay the credit card bill on time and in full every month. You can also take out a small loan and pay the monthly payment back on time and in full every month. Any bills in your name, such as for a cellular phone, should be paid on time every month. Soon enough, you will be eligible to be a "prime" borrower, receiving the lowest loan rates available and the best terms.

To see an example of a credit report, click this link:

[www.experian.com/credit\\_report\\_basics/pdf/samplecreditreport.pdf](http://www.experian.com/credit_report_basics/pdf/samplecreditreport.pdf).