

Credit Reports and Student Loans

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Certified Consumer Credit Educator



Who is **GreenPath**?

Nonprofit financial counseling
agency (HUD approved)

Established in 1961

Seven offices in Texas including
Brownsville, Corpus Christi,
Harlingen, McAllen, McKinney,
Plano and San Antonio





TODAY'S AGENDA

What's in a credit report?

How can you get your credit report?

How is your credit score calculated?

How can you build/rebuild your credit?

Common credit score myths





TODAY'S AGENDA

Types of loans

Repayment options

Income driven and forgiveness plans

Student loans in collections





What is Listed on Your Credit Report?

- 1) Identifying Information
- 2) Money You Borrow
- 3) Collection Records
- 4) Public Records
- 5) Inquiries
- 6) Consumer Statement





Credit Reports: One Slice of Your Financial Pie



Income and assets are not listed.

You could have excellent credit, but have no savings or income.

You could have poor credit, but be very wealthy.



Credit Bureaus

Three Major Credit Bureaus:

EQUIFAX[®]

 TransUnion.

 Experian[™]
A world of insight

Each bureau has different types of info so
review all three reports for a complete picture



What is the best website to get your free credit report?





freecreditreport.com
Know your Score.™



EQUIFAX



You've seen the commercials... now get
America's #1 Free Online Credit Report!

See it online – print it out if you'd like!
Includes your **FREE** Experian® Credit Score!

*According to comScore MediaMetrix 2.0

NOT FREE!

[Home](#)[All about credit reports](#)[Request yours now!](#)[What to look for](#)[Protect your identity](#)[Frequently asked questions](#)[Contact us](#)

Don't be fooled by look-alikes.

Lots of sites promise credit reports for free.
AnnualCreditReport.com is the only official site explicitly directed by Federal law to provide them.

[About AnnualCreditReport.com](#)[PAUSE](#) [SPOT IDENTITY THEFT](#)[GOOD CREDIT](#)[DON'T BE FOOLED](#)[MORE THAN A SCORE](#)[NOT LIKE THE OTHERS](#)

Your credit reports matter.

- Credit reports may affect your mortgage rates, credit card approvals, apartment requests, or even your job application.
- Reviewing credit reports helps you catch signs of identity theft early.

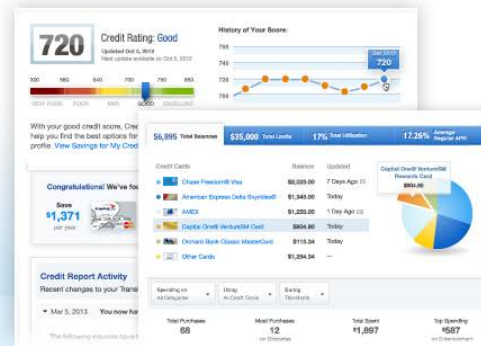
[Request your free credit reports](#)

FREE Credit Reports. Federal law allows you to:

- Get a free copy of your credit report every 12 months from each credit reporting company.
- Ensure that the information on all of your credit reports is correct and up to date.

BROUGHT TO YOU BY





Your Credit Score Should Be Free—and Now It Is.

- Get Your Absolutely Free Credit Score.
- Stay on Top of All of Your Accounts in One
- No Trials. No Credit Cards. Truly Free.

GET STARTED NOW

Credit Karma gives you access to all of your financial information — bank accounts, credit cards, bills, mortgages, loans, and, of course, your credit scores — all in one location, all under one account, **all for FREE.**

As Seen In:



SmartMoney

THE WALL STREET JOURNAL

USATODAY

CNN

Truly Free Credit Scores



Free Credit Monitoring

Credit Karma
You had the following new credit alerts appear on your TransUnion credit report:

New Inquiry
You have 1 new inquiry

Account Monitoring

Jan 01	INTY 8817 - Pending	Food	\$0.00
Jan 01	STY 8817 - Pending	Grocery	\$128.45
May 05	Bloomberg - \$799578	Outgoing	\$149.75
May 05	Payment Credit	Pay	Jan 2013
May 05	TARGET 8817	Shirts	\$532.73
		Income	\$400.00
		Comps	14

Reviews & Ad

★★★★★
I love this card. I signed it nine months ago. I paid for the first 6 months in rewards for signing

www.creditkarma.com

Get free
weekly
updates of
your
Transunion
and Equifax
reports/scores

Negative Information

- Delinquencies, collections, public records and most other negative items: **seven** years
- Chapter 7 bankruptcy reported for **ten** years
- Unpaid tax liens reported for **15** years
- Positive info: in general, **10** years or longer





How to Fix Errors

To request an investigation of an error:

- Send copies, keep records, document your claim
- File dispute online if report was obtained online
- If unhappy with outcome, file complaint with Consumer Financial Protection Bureau (CFPB) by going to www.consumerfinance.gov or calling 855-411-2372.

Credit Scoring

- Credit score is a number based on the credit report used to predict how likely you are to pay a new debt back
- Last two years of activity have the greatest impact





Your Credit Score

FICO Score

- Developed by Fair-Isaacs Corp
- Most commonly used by lenders
- Range is 300-850
- 300s, 400s, 500s = poor
- 600s = fair
- 700s and above = good or excellent





Who has the better credit score?



	Diego	Andrew
Balance	\$900	\$10,000
Limit	\$1000	\$20,000
Pays	entire balance	minimum



Credit Score

How is FICO calculated?

- Payment History: 35%
- Credit utilization: 30%
- Length of Credit History: 15%
- New Credit: 10%
- Types of Credit Used: 10%
- See www.myfico.com for more information





I have no credit. What is the best way to build my credit?



Building Your Credit

Secured credit cards: make a deposit and receive a card with a limit equal to the deposit amount.



Prepaid cards don't build credit!

Building or Repairing Credit

Obtaining a co-signer

vs.

Being added as an authorized
user





Before Applying for a Credit Card

1. Have a stable source of income
2. Have a written monthly budget. Track expenses first to help create realistic numbers.
3. Build up enough savings to cover any monthly credit card charges.





Using Credit Cards Wisely

1. If you tend to make impulsive purchases, consider only making one charge a month and make this charge an automatic bill, such as Netflix, internet or cell phone.
2. Use less than $1/3$ of your available credit.
3. Pay off the entire balance at the end of the month to avoid finance charges.





MYTH #1

Closing a credit card will
always hurt your credit score.



Andrew

- 3 maxed out credit cards.
- Paid off the first card and decides to close it (so he's not tempted to use it again)
- Other two cards remain maxed out.



Diego

- Five open accounts.
- All balances are either zero or near zero
- Decides to close one of his accounts (to avoid an annual fee)





MYTH #2

My credit score is 760, so I have excellent credit.



Other Credit Scores

Vantage Scores range from 501 – 990 using Alpha Indicators

501-600 F

601-700 D

701-800 C

801-900 B

901-990 A



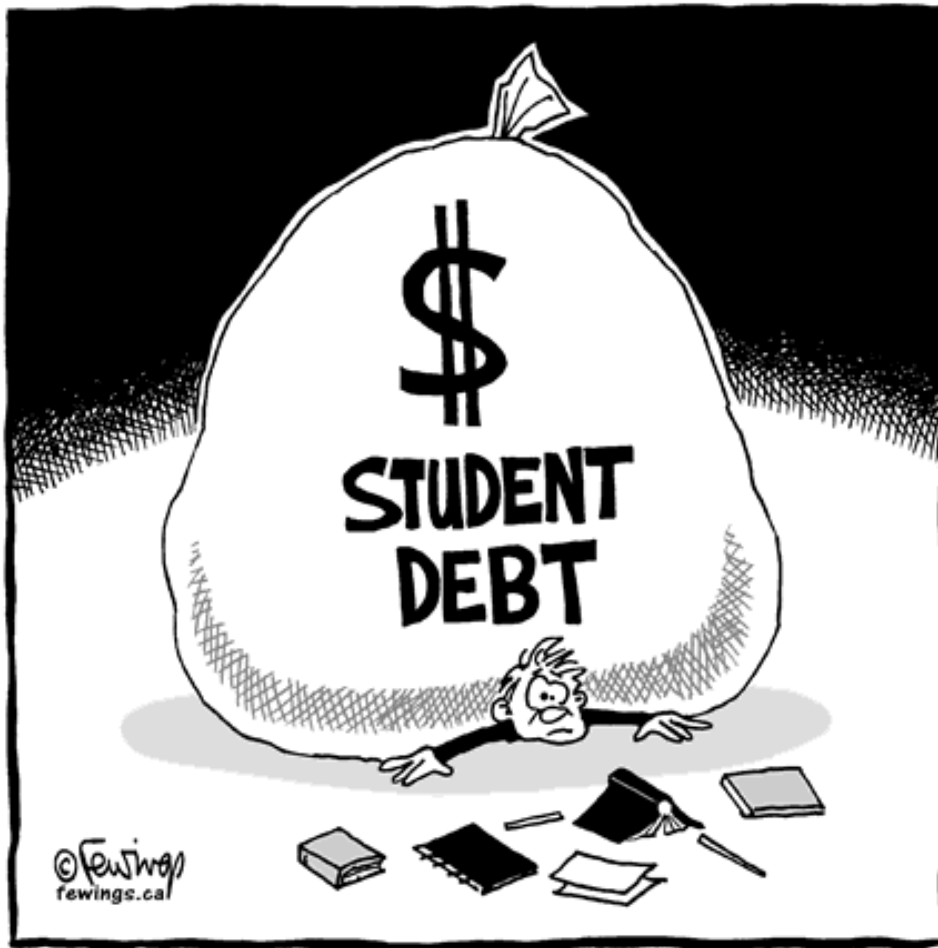


MYTH #3

Checking your credit report
will hurt your credit score.



Student
loans can
be a major
obstacle
towards
home
ownership.



According to a 2013 study, the average college senior graduated with approximately **\$28,400** in student loan debt! **1 in 7** borrowers default within three years.



So many choices!

Stafford Loans

Perkins Loans

Parent PLUS Loans

Grad PLUS Loans

Private Loans



Subsidized Loans

Rates
change
each year

Limit ranges from
\$3500 to \$5500

No interest during school.
Not available to grad
students.

Last year: 3.86%
This year: 4.66%
Future rates: ???

Once you take
out the loan, the
rate does not
change.



Unsubsidized Loans

Rates
change
each year

Limit usually
\$2000 if getting
max subsidized
amount

Interest accumulates during school.
Rate is higher for grad students.

Last year: 3.86%
This year: 4.66%
Future rates: ???

Once you take
out the loan, the
rate does not
change.



Perkins Loans

Rates stay the
same each
year

Limit = \$5500

No interest during school

Rate = 5%

Needs based;
First come, first
served



Parent/Grad PLUS Loans

Rates
change
each year

Limit = cost of
attendance

Interest accumulates during school;
Credit check required; additional
fees apply

Last year: 6.41%
This year: 7.21%
Future rates: ???

Once you take
out the loan, the
rate does not
change.



Direct Loans vs.
FFEL (Federal
Family Education
Loans) → July
1, 2010



HAGGART
COMMERCIAL MARINE ENGINEERS
HAVE MOVED TO: UNIT 1 PORSHAM CLOSE,
BELLIVER INDUSTRIAL ESTATE,
PLYMOUTH, PL6 7DB
TEL: 01752 789000 TEL. FAX 01752 778820 MOBILE 07778205173

PRIVATE

Brad is a sophomore at Notre Dame. He's considered a dependent student. After grants (Pell, state grant) and a scholarship (winner of hot dog eating contest) he must borrow \$20,000 per year.



Subsidized Stafford = \$5500 @ 4.66% APR

Perkins loan = \$5500 @ 5% APR

Unsubsidized Stafford = \$2000 @ 4.66%
APR

Parent PLUS = \$7000 at 7.21% APR



For an inventory of federal student loans, go to www.nslds.ed.gov. Clients can obtain a PIN at www.pin.ed.gov.



START HERE
GO FURTHER
FEDERAL STUDENT AID™

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[Skip Navigation](#)

National Student Loan Data System (NSLDS) for Students

[Financial Aid Review](#) [Exit Counseling](#) [Glossary of Terms](#) [Browser Info/Setup](#) [FAQs](#) [Contact Us](#)



NSLDS STUDENT ACCESS

National Student Loan Data System

Retrieve Your Loan Information

The National Student Loan Data System (NSLDS) is the U.S. Department of Education's (ED's) central database for student aid. NSLDS receives data from schools, guaranty agencies, the Direct Loan program, and other Department of ED programs. NSLDS Student Access provides a centralized, integrated view of Title IV loans and grants so that recipients of Title IV Aid can access and inquire about their Title IV loans and/or grant data.

[Financial Aid Review](#)

[Exit Counseling](#)

Federal Repayment Options

- Standard Repayment: 5 to 10 years
- Graduated Repayment: usually increase every two years
- Extended Repayment: if balance exceeds \$30,000; fixed or graduated payments not to exceed 25 years
- Income based repayment (IBR) and Pay As You Earn (PAYE) → more on this later



Consolidation?

Federal Direct Consolidation Loan

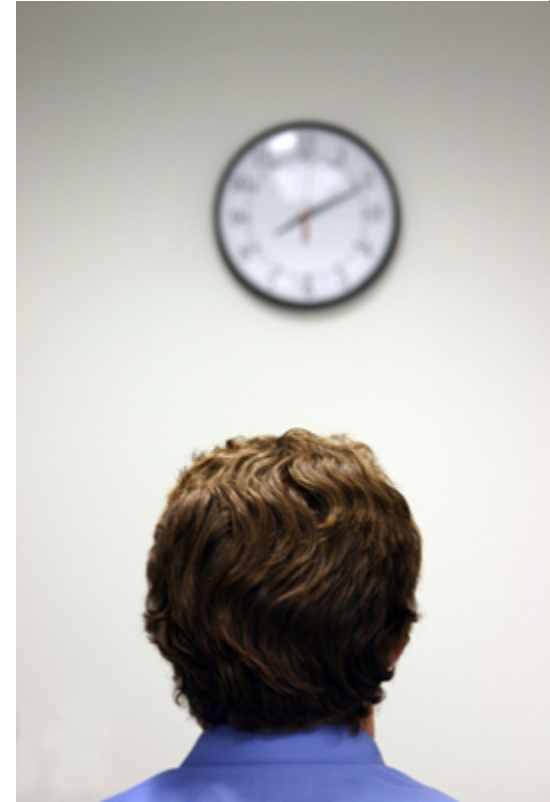
- See loanconsolidation.ed.gov for more info
- Pro: lower payments; could lock in fixed rate for loans taken out before July 2006
- Con: extended term means that you will pay more interest



Postponing Payments

Deferment

- Most common way to qualify is being unemployed (2 years max) or being enrolled in school half time or more (unlimited)
- Interest does NOT accumulate on subsidized Stafford loans.





Postponing Payments

Forbearance

- Interest accrues during a forbearance period: paying interest is optional during this time
- Could be a good short term strategy; can be dangerous long term strategy
- Can be done **retroactively!**

Income Based Repayment (IBR)

See www.ibrinfo.org for more info.





The screenshot shows the homepage of the **IBR info** website. The header features the logo and the tagline: "An independent, nonprofit source of information about new federal student loan payment and forgiveness programs." A navigation bar includes links for Home, About, What are these programs?, Can they help me?, How do I get them?, Updates, and FAQ.

The main content area is titled "Help is here!" and contains a paragraph explaining that **Income-Based Repayment (IBR)** is a new way to make federal student loan payments more manageable, particularly for those in government or nonprofit sectors who may qualify for **public service loan forgiveness (PSLF)** after 10 years.

Below the text is a video player titled "Ditch Your Debt Gremlin" showing a cartoon character and the IBR info logo. The video player controls show a duration of 0:00 / 2:29.

On the right side, there are three interactive elements: an "IBR calculator" (updated for July 1, 2010), a "register and stay informed" section with input fields for email and zip code, and a "get updates" button. At the bottom right is a "Google Custom Search" box with the text "Search this site".

The browser's taskbar at the bottom shows the Internet Explorer icon and a 100% zoom level.

Standard* 120 months 	\$360 /month \$43,231 total 
Graduated* 120 months 	\$205 - \$616 /month \$45,987 total 
Extended Fixed 300 months 	\$206 /month \$61,904 total 
Extended Graduated 300 months 	\$157 - \$317 /month \$67,431 total 
Pay As You Earn** 240 months 	\$97 - \$343 /month \$47,789 total 
Income-Based Repayment (IBR)** 218 months 	\$145 - \$360 /month \$57,737 total 
Income-Contingent Repayment (ICR)** 183 months 	\$234 - \$313 /month \$50,490 total 

* For Direct Consolidation Loans, the repayment period under this plan varies from 10 to 30 years based on your Direct Consolidation Loan amount and other



Income-based repayment guidelines

Annual income	Family size						
	1	2	3	4	5	6	7
\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$15,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$20,000	\$46	\$0	\$0	\$0	\$0	\$0	\$0
\$25,000	\$108	\$37	\$0	\$0	\$0	\$0	\$0
\$30,000	\$171	\$99	\$28	\$0	\$0	\$0	\$0
\$35,000	\$233	\$162	\$90	\$18	\$0	\$0	\$0
\$40,000	\$296	\$224	\$153	\$81	\$9	\$0	\$0
\$45,000	\$358	\$287	\$215	\$143	\$72	\$0	\$0
\$50,000	\$421	\$349	\$278	\$206	\$134	\$63	\$0
\$55,000	\$483	\$412	\$340	\$268	\$197	\$125	\$54
\$60,000	\$546	\$474	\$403	\$331	\$259	\$188	\$116
\$65,000	\$608	\$537	\$465	\$393	\$322	\$250	\$179
\$70,000	\$671	\$599	\$528	\$456	\$384	\$313	\$241

Source: www.consumerfinance.gov

Pay As You Earn (PAYE)



Program started December 21, 2012.

Borrower must have had no federal loans as of October 1, 2007 **AND** taken out a new federal loan after October 1, 2011.

If eligible, payments are less than IBR.

What about Public Service Loan Forgiveness?



Job = Non profit (501(c)3) or government
(including city, state & federal)



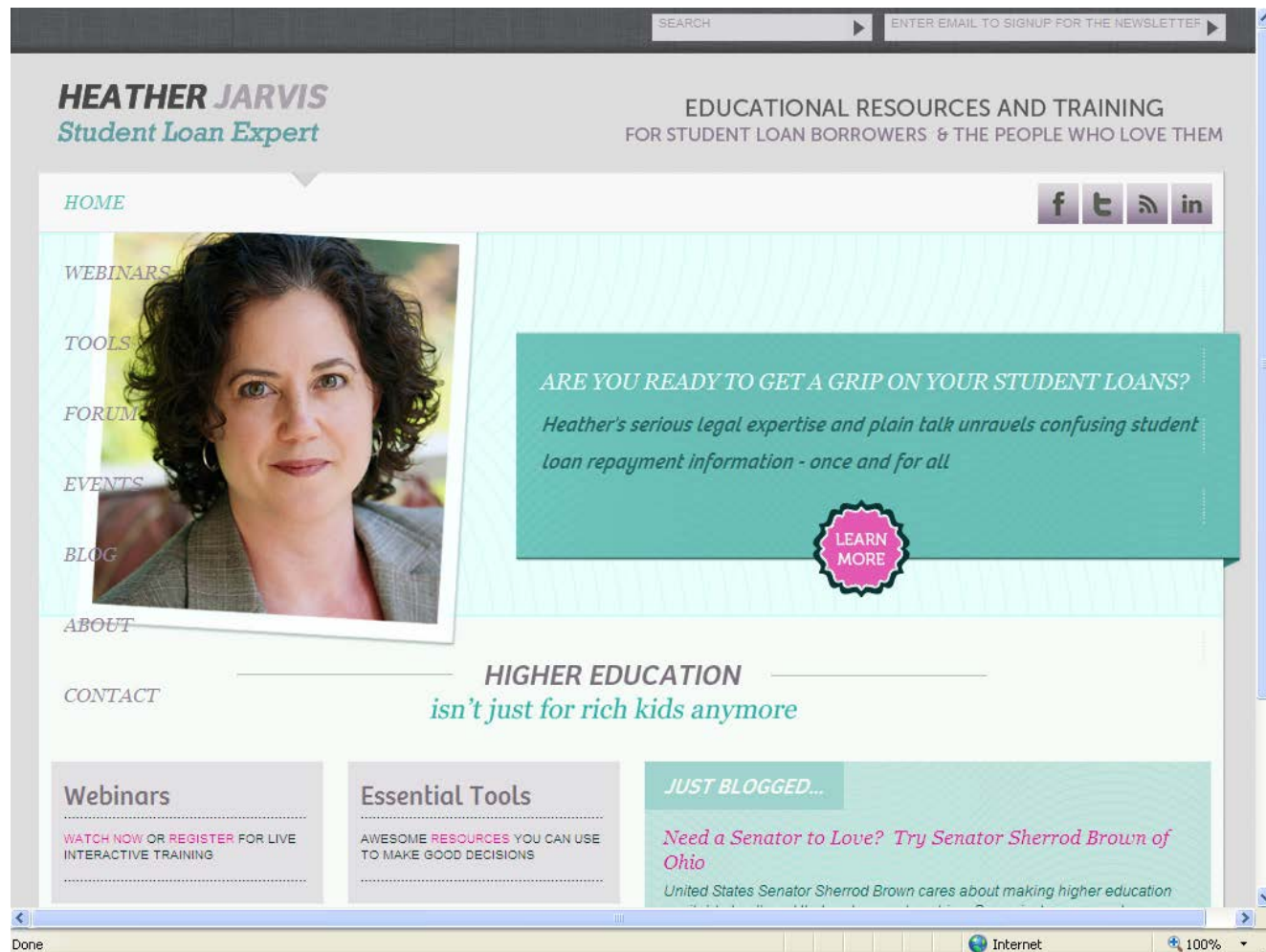
What about Public Service Loan Forgiveness?



Make a total of 120 on time payments. (10 years) Does not need to be consecutive.



For tools, webinars and legislative updates, check out www.askheatherjarvis.com



“I don’t work in a public service profession.
Do I have options?”

If you’re eligible for IBR, 25 years of IBR
payments can qualify you for debt
forgiveness.

If you’re eligible for PAYE, 20 years of PAYE
payments can qualify you for debt
forgiveness.



“What does it mean if my loan is in default? How does this happen?”





Getting out of default

Rehabilitation

- Option if student loan is in default
- Strict payment schedule for a certain period of time (usually 9 months)
- Upon completion, your loan will return to a normal lender and any notation of default on your credit report will be erased

Consolidation for defaulted loans

Federal Direct Consolidation Loan

- Gives fresh start and restarts the clock for forbearance and deferment time
- See loanconsolidation.ed.gov for more info
- Quicker than rehab, but credit report will look worse



“I always have bankruptcy as a last resort,
right?”



Additional Resources

www.studentloanborrowerassistance.org

www.studentaid.ed.gov

www.consumerfinance.gov

<http://greenpathstudentservices.org/>



Counseling Services



- Free **budget** counseling
- Free **credit report** reviews
- Free **debt issue** counseling: credit cards, medical, **student loans**, debt collectors, lawsuits
- Counseling for **bankruptcy** filers

Housing Counseling



Foreclosure Prevention



Home Buyer Assistance



Reverse Mortgage Counseling

Online Resources



The screenshot shows the GreenPath University website. At the top left is the GreenPath logo with the tagline "debt solutions". To its right are navigation links: "HOW WE CAN HELP", "ABOUT US", "RESOURCES & TOOLS", and "COMMUNITY". On the far right is an orange button that says "GET HELP NOW" with a play icon. A left-hand navigation menu lists various topics: CREDIT, LOANS, BUDGETING, HOUSING, BANKRUPTCY, SAVING, IDENTITY THEFT, COLLEGE, and SPANISH, with a "Calculators" link at the bottom. The main content area features a large image of a smiling couple looking at a laptop. Overlaid on this image is a white box titled "Webinar Wednesday" which states: "Our free financial education webinars feature a different topic each Wednesday at 12 noon Eastern." Below this text is an orange "LEARN MORE" button. At the bottom of the main content area, the text "GreenPath University" is displayed.

GreenPath[®]
debt solutions

HOW WE CAN HELP ABOUT US RESOURCES & TOOLS COMMUNITY

GET HELP NOW

GreenPath
UNIVERSITY

CREDIT
LOANS
BUDGETING
HOUSING
BANKRUPTCY
SAVING
IDENTITY THEFT
COLLEGE
SPANISH
Calculators

Webinar Wednesday

Our free financial education webinars feature a different topic each Wednesday at 12 noon Eastern.

LEARN MORE

GreenPath University

www.greenpath.org/university

Social Media



 facebook.com/greenpathdebt

 twitter.com/greenpathdebt



THANK YOU

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www.greenpath.org