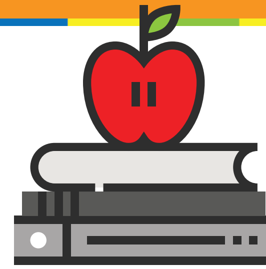
Money. Matters.

On-demand financial guidance by Dupaco



Your Credit History Lesson

When it comes to your credit history, it pays to know and understand your score. Knowing how to maintain your credit score helps you qualify for the lowest possible interest rate when you borrow money for a home, car or college. Learn what makes up a credit score and how you can improve yours so you can pay less and save more.

WHAT MAKES UP YOUR CREDIT SCORE?

A credit score is a number (ranging from the 300s to 800s) that represents your creditworthiness. It's a standardized measurement that financial institutions and credit card companies use to determine risk level when considering issuing you a loan or a credit card. Basically, it provides a snapshot of how likely you are to repay your debts on time.

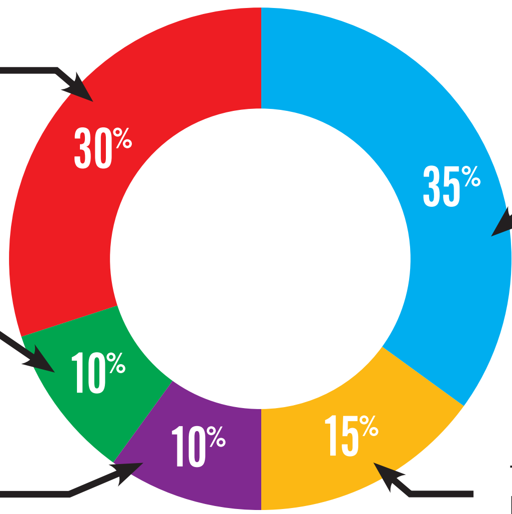
A credit score of 720 or more is considered prime—this means you're in good shape. Scores under 580 mean you could be turned down for a loan. Scores in the good-not-great range (580 to 720) might get you loan approval, but your interest rates will be higher than if you had a prime credit score. Nobody likes the idea of paying more money for no reason, so it makes sense to adopt credit habits that will boost your overall score.

Taking the time to familiarize yourself with how credit scores are calculated is the first step in getting a strong score. Each credit bureau uses a slightly different calculation, but the basic breakdown goes like this:

AMOUNT OWED
The percentage of credit limits available.

NEW CREDIT ACCUMULATION
Number of credit inquiries and new line opening dates in the last 12–18 months.

TYPE OF CREDIT
Responsibly handle a mix of credit. Installment loans raise scores while revolving loans tend to lower scores.



PAYMENT HISTORY
The most weight is given to how bills are paid: Are payments made on time or are they delinquent?

LENGTH OF CREDIT
The amount of time a line of credit has been established.

YOUR CREDIT REPORT CHECKLIST

Your credit report is a valuable tool when it comes to understanding your credit score. Stay on the right track with Dupaco's Bright Track.

Bright Track provides you access to your credit score, credit report and tools to help you improve your score—all at no cost and accessible within Shine Online and Mobile Banking.

BrightTrack

- ☑ **Review** your personal information and make sure it's up-to-date.
- ☑ **Read** your free credit report. Drill down into the data that impacts your credit score to know where you stand.
- ☑ **Report** any unauthorized activity to the issuing credit bureau.

CREDIT HISTORY MYTH

A poor credit score will haunt me forever.

False. A credit score is a snapshot of your potential risk at a particular point in time. Scores fluctuate with time and changes in your credit performance, with the heaviest weight given to your most recent credit activities. Past credit problems fade as time goes by and recent positive data accumulates.

FALSE

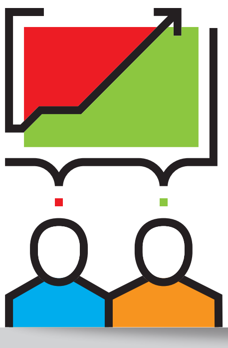
PRACTICE THESE CREDIT-BUILDING HABITS TO BUILD YOUR CREDIT SCORE

Keeping tabs on your credit score can help you better manage your credit so you can pay lower insurance and interest rates—and save more green. If you find your score isn't as high as you'd like it to be, ask yourself whether you're practicing these credit-building habits:

Are you maintaining low credit card balances?

Your credit card limits and balances play a huge role in determining your credit score. The capacity, or potential to borrow, is almost as important as your payment history. The higher your balance is, the lower your score will be.

The misconception is that you have to have a balance on your credit card to help you develop credit, and that's not the case. You don't have to make purchases on it. You just have to keep it open and active, and it will show good capacity and report as paid.



Are you making payments on time?

When it comes to building your credit, making on-time payments is critical. If you're more than 29 days late on credit card, auto, mortgage or other payments, the late payments will be reported to the credit reporting agencies and can negatively impact your score by 100 to 150 points.

Are you monitoring for errors on your report?

You can get a free copy of your credit report every 12 months from each of the three credit reporting companies at AnnualCreditReport.com. Dupaco members can also review their full credit reports and scores anytime using Dupaco's Bright Track within Shine Online and Mobile Banking.

Check that your report contains only items about you, and look for information that is inaccurate or incomplete, the Consumer Financial Protection Bureau advises. If you find errors, you should contact the credit reporting agency that provided the report and the creditor that supplied the information. The copy of your credit report will include information about how to dispute inaccurate or incomplete information.

Are you limiting the number of accounts you open?

If you're trying to establish or build your credit, resist the temptation to open multiple accounts all at once. Don't get crazy with building credit. Having your score pulled on a frequent basis can actually drop your score, because there's too much activity on it.

HOW TO HELP YOUR KIDS ESTABLISH THEIR CREDIT

How do you help children learn about—and establish—credit? Here are a few strategies to consider to start steering them on the right financial path.

Start credit conversations early.

Talk to your child about how credit works. When you use your credit card at a store, explain how you'll have to pay off the balance. Talk about how the "real world" uses your credit.

Consider bringing your teenager into a Dupaco branch for a free Credit History Lesson to learn what will help—and hurt—that credit score.

Have a budget talk.

Before your teenager establishes credit, he or she should create a budget. This will help your child have the money in place to pay off that auto loan or credit card down the road.

Consider co-signing an auto loan.

If you plan to take out an auto loan for your teenage driver, consider allowing your child to co-sign the loan.

When your child gets the benefit of your positive pay history on the loan, he or she also gets a positive credit history established, making it easier for lenders to approve a loan in the future.

Encourage them to open a credit card.

Once your teenager turns 18, encourage him or her to open a low-limit credit card.

Talk about the importance of paying off the balance in full, and on time, every single month.

If you're concerned about your teen overspending, you can store the credit card in a safe place. Remember: A credit card not in use is better than a credit card used improperly.

Help them monitor their credit.

Help your child understand the importance of regularly monitoring that credit report and score to make sure everything looks OK.

With Dupaco's free Bright Track credit monitoring service, your child can access his or her score, along with tools to improve it. Your child also can see the average credit score in your area.

It's a great confidence builder when you can watch that score steadily rise.

Learn more about your score at dupaco.com/CreditHistory