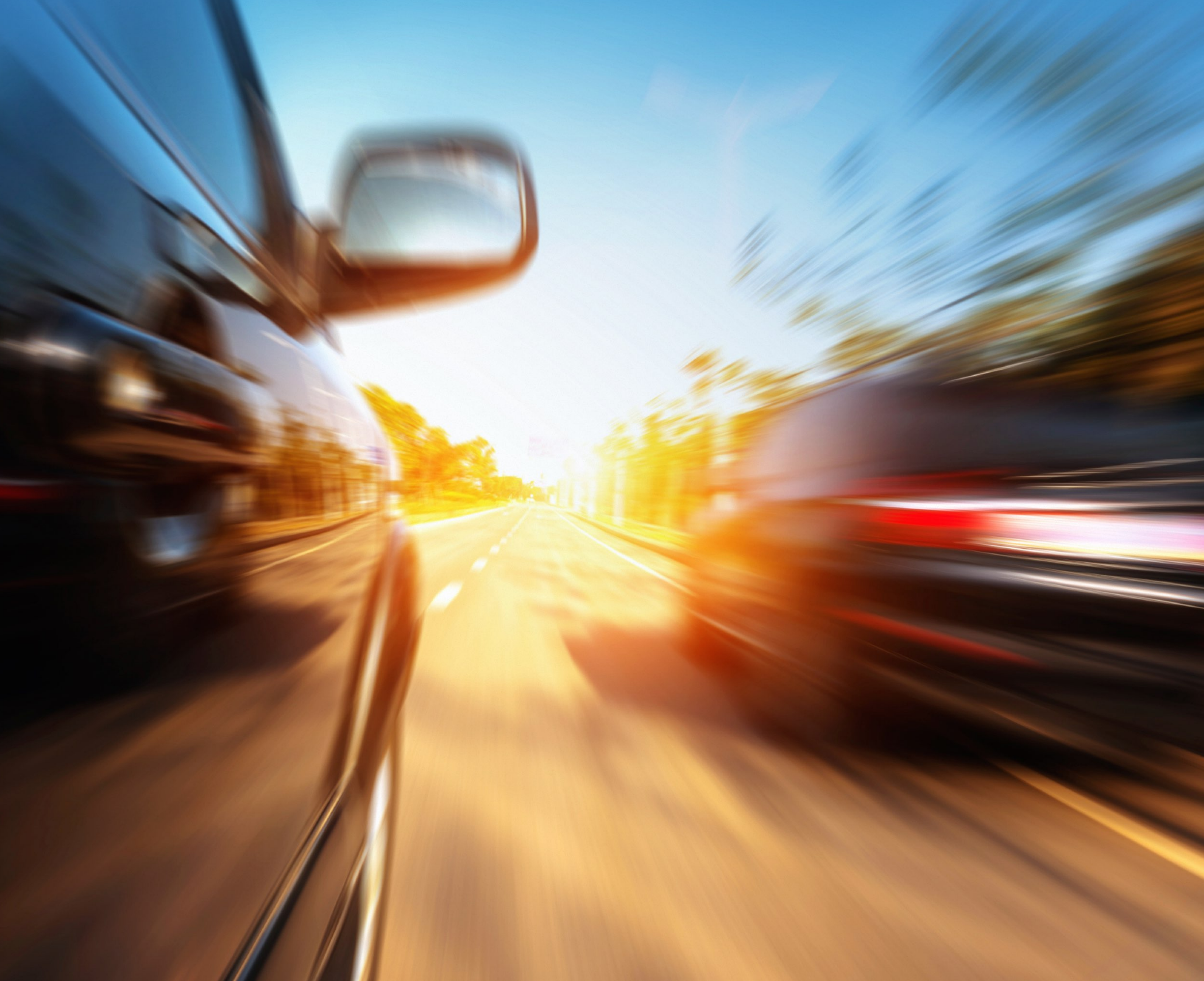
HORIZON
DIGITAL FINANCE

Your Guide To Better Credit



INTRODUCTION

Your go-to guide to better credit

It seems like every other commercial on television touts some sort of offer around credit. You hear things like, "Free credit report," "No credit needed," "Your job is your credit," and the list goes on and on. You know that "good" credit is better than "bad" credit, but would you call yourself a credit score pro?

Follow along as we take you through the ins and outs of credit. Then, follow our step-by-step guide to better credit. Knowing what your credit score is and how it is used by lenders will help you make the best decision about your next auto loan, even if you're refinancing.

DEFINING CREDIT

What is a credit score & report?

Your credit score is a number that is part of your credit report, or the bigger financial picture. A credit report generally includes information like:

- Where you live
- How you pay your bills
- If you've filed for bankruptcy
- If you've been sued

If you were to look at your own credit report, you'd see a couple of things: all of your identity details (like your date of birth, Social Security number, address, employment information), an outline of your existing lines of credit (like your credit card accounts, mortgages, car loans, or student loans), your public record (like court judgments, tax liens, bankruptcy), and finally a list of other companies who have requested a copy of your report.

From this report, lenders use a complex mathematical formula to calculate your credit score. Not all lenders use the same scoring system, so you may actually have multiple credit scores.

Why is my credit score & report important?

The number a lender calculates tells them how "risky" it could be to lend you money. Why do they do it? In sum, the lender wants to know that they're going to get their money back. They use your score and report to decide whether or not to give you credit or a loan, and then how much interest they're going to charge you for it.

The higher your credit score, the more likely it is you will be approved for the loan or credit you're applying for, and at a lower interest rate too. The lower your credit score, the less likely it is you will be approved. If you are, the lender will likely offer the loan to you at a steep interest rate.

Let's learn more about what it means to have a "good" or "bad" credit score.

UNDERSTANDING YOUR SCORE

What is a "good" or "bad" credit score?

It's difficult to put an exact number on what's "good" or "bad," since every lender has their own definition. Depending on the scoring model, your score could range anywhere from 100 to 990. Generally speaking though, aiming for a score above 700 is your best bet. A score less than 500 is one you'll want to take steps to improve.

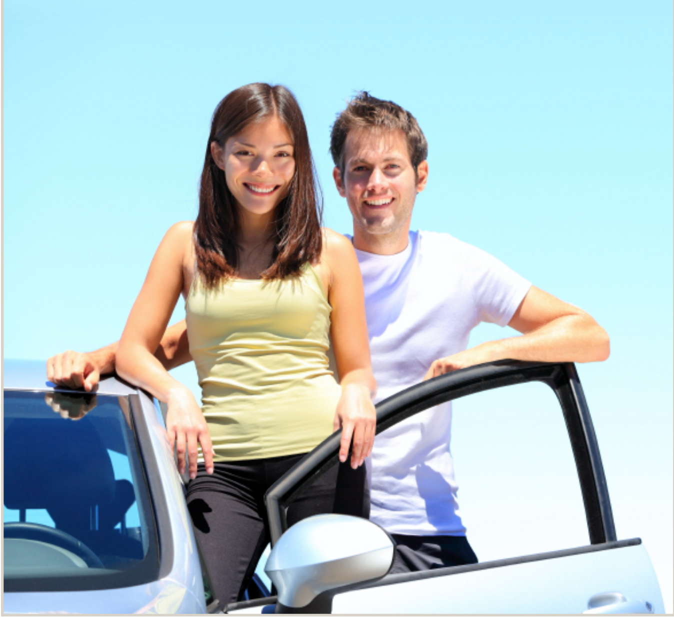
How can I improve my credit score?

A good credit score goes hand in hand with healthy financial habits. These practices will not only help you raise your score, but could also help you lessen some of your financial stress.

THINGS TO DO:

- ✓ Pay your bills on time. Your credit report may note whether you've paid bills late, had an account sent to a collection agency, or filed for bankruptcy.
- ✓ Have a low balance on your credit card. Lenders don't like to see that you've maxed out your credit card. Avoid having your balance reach the amount of your credit limit.
- ✓ Maintain a long credit history. This can be a tough one to do if you're young. An insufficient credit history could hurt your score, but making payments on time and keeping a low credit card balance can help make up for it.
- ✓ Apply for credit sparingly. Too many "inquiries" into your credit could lower your score, however in the long term, these inquiries won't have the biggest impact.

THIS IS GOOD TO KNOW:
When you're applying for financing, reporting agencies understand that you're going to compare multiple loans. With this in mind, the top three credit reporting agencies (Equifax, Experian, and TransUnion) will roll multiple auto inquiries into one inquiry on a continuous, 14-30 day cycle.



MANAGING YOUR CREDIT SCORE

Getting it, improving it, & maintaining it

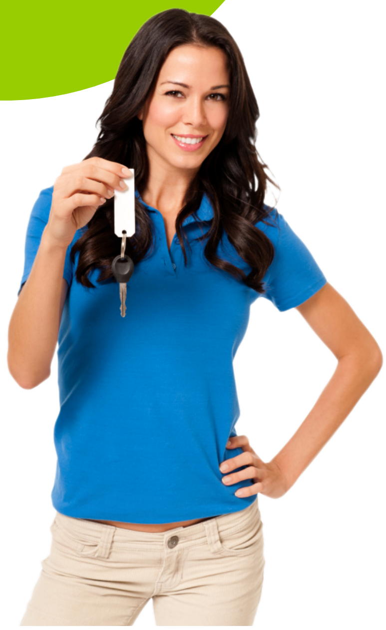
The Fair Credit Reporting Act (FCRA) means you can get a free credit report from each of the three national credit agencies every 12 months.

To order your credit report, visit annualcreditreport.com or call 1-877-322-8228. While you can request a report from all three at the same time, financial advisors suggest staggering your requests so that you can keep an eye on your score year-round.

What do I do if I see an error on my report?

Since your credit report contains information that impacts your ability to get credit, it's important to check your report for inaccurate information early and often (another reason why it's a good idea to stagger your requests year-round).

Don't worry. Fixing problems on your credit report takes a little time and patience, but it's not difficult.



Steps to Correcting Errors

1. First, you need to "make your case." Inform the credit reporting company in writing about the information you believe to be inaccurate. Include copies of documents that support your position. Check out the Federal Trade Commission's sample dispute letter to get you started.
2. Second, submit your letter. Submit your dispute letter to both the credit reporting agency and the information provider if there is one (e.g. the credit card company, utility company, or other such business that is providing the incorrect information to the credit agency).
3. Finally, understand the process. After you submit your letter, the credit reporting agency has 30-days to investigate your claim. They will reach out to the information provider, which in turn does their own investigation and reports back. When the investigation is complete, the agency will give you the results in writing along with a free copy of your report if the dispute leads to a change

Because a credit dispute can take a few months to resolve, it's best to check your report for inaccuracies before you're in a time-crunch for credit. More importantly, though, an error in your credit report could mean your identity has been stolen.

CONCLUSION

Stay informed!

When you know how to read your credit score, it doesn't seem like such a scary thing to maintain. By making smarter financial moves every day, you can work your way to a better credit score—and a better interest rate on your next loan!

CREDIT LINGO

Annual Percentage Rate (APR) – This is the amount of interest on your total loan amount that you'll pay annually (averaged over the full term of the loan). People with higher credit scores are generally offered a lower APR, which saves them money in the long-term.

Revolving Debt – This is typically the type of credit that credit cards offered. Each month your balance varies depending on your spending activity. Your unpaid balance rolls over, or "revolves" to the next month.

Credit History – A record of how you've used your money and credit in the past, like how many credits cards you have, how many loans, and if you pay your bills on time.

Credit Report – Your credit report summarizes your credit history. It includes how you've used your money in the past, in addition to personal information like your name, address, and Social Security number.

FICO – Stands for Fair Isaac Corporation. This is one of the top credit reporting agencies. Your FICO score will likely be one that a lender evaluates