

Building and maintaining your credit during the coronavirus pandemic

CFPB FinEx Program | April 2021

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The bottom of the slide features a decorative graphic consisting of several overlapping, semi-transparent green shapes. These shapes are primarily triangles and quadrilaterals, creating a layered, abstract landscape effect. The colors range from a light, pale green to a vibrant, medium green.

Disclaimer

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MISSION

The Consumer Financial Protection Bureau (CFPB) is a 21st century agency that helps consumer finance markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives.

Resources for financial educators

The screenshot shows the CFPB website's navigation bar with the logo and menu items: Consumer Tools, Practitioner Resources, Data & Research, Policy & Compliance, and About Us. A search bar and 'Submit a Complaint' button are also visible. The main content area is titled 'Financial education for adults' and includes a paragraph about helping financial educators. Below this are two webinar listings for 'Recent Trends in Credit Counseling and Debt Management - Part 1' and 'Part 2', each with a date and time. To the right of the listings is an illustration of a computer monitor displaying various icons. At the bottom of the main content area is the heading 'Tools and resources to use with the people you serve'. On the right side of the page, there is an 'About us' section with a paragraph and a link. Below that is a 'CONNECT WITH US' section with a paragraph and an email sign-up form. At the bottom right is a 'CONNECT WITH OTHERS' section with a paragraph and a link to a LinkedIn group.

cfpb Consumer Financial Protection Bureau

Search Submit a Complaint

Consumer Tools Practitioner Resources Data & Research Policy & Compliance About Us

Financial education for adults

We help you help the people you serve. For adult financial educators, the tools here show our latest thinking on consumer financial behavior and effective financial education practices.

Recent Trends in Credit Counseling and Debt Management - Part 1
Thursday, October 22, 2020, 2:00 p.m. - 3:30 p.m.

Recent Trends in Credit Counseling and Debt Management - Part 2
Thursday, October 29, 2020, 2:00 p.m. - 3:15 p.m.
[View details and access previous webinars](#)

Tools and resources to use with the people you serve

About us

We're the Consumer Financial Protection Bureau (CFPB), a U.S. government agency that makes sure banks, lenders, and other financial companies treat you fairly.

[Learn how the CFPB can help you](#)

CONNECT WITH US

Join the CFPB Financial Education Exchange (CFPB FinEx) to get the latest news, invitations to webinars, and to learn from your peers.

Email address

[Sign up](#) [See Privacy Act statement](#)

CONNECT WITH OTHERS

We also invite you to join our discussion group on LinkedIn, where we regularly post research, reports, and discussion topics.

[Join Financial Education Discussion Group](#)

Find it at
consumerfinance.gov/adult-financial-education/

Key links for you

- Protecting Your Finances During the Coronavirus Pandemic:
consumerfinance.gov/coronavirus
- To order free, bulk copies of CFPB publications:
<http://promotions.usa.gov/cfpbpubs.html>
- To sign up for the CFPB Financial Education Exchange:
CFPB_FinEx@cfpb.gov
- To sign up for the CFPB Financial Education Discussion Group:
linkedin.com/groups/5056623
- CFPB Resources for Financial Educators webpage:
consumerfinance.gov/adult-financial-education

Rapid response— Financial protection during the coronavirus pandemic

The screenshot shows the top portion of the CFPB website. At the top, there is a navigation bar with the text "An official website of the United States government" and language options: Español, 中文, Tiếng Việt, 한국어, Tagalog, Πρωτοβάθμια, العربية, Kreyòl Ayisyen, and (855) 411-2372. The CFPB logo and "Consumer Financial Protection Bureau" are on the left. A search bar and "Submit a Complaint" button are on the right. Below this is a horizontal menu with categories: Consumer Education, Rules & Policy, Enforcement, Compliance, Data & Research, and News. The main content area features a large green banner with the heading "Protecting your finances during the coronavirus pandemic" and a sub-heading: "The CFPB is committed to providing consumers with up-to-date information and resources to protect and manage their finances during this difficult time." To the right of the text are several icons representing different financial topics: a car, a document, a house, a graduation cap, and a dollar sign. Below the banner, there are language options: Español | 中文 | Tiếng Việt | 한국어 | Tagalog. The main heading is "Resources to help you make financial decisions". There are four columns of resources, each with an icon, a title, a brief description, and a link. The first column is "Mortgage and housing assistance" with a house icon. The second is "Managing your finances" with a wallet icon. The third is "Student loans" with a graduation cap icon. The fourth is "Avoiding scams" with a shield icon. On the right side, there is a section titled "FEDERAL CORONAVIRUS RESOURCES" with three sub-sections: "White House Coronavirus Task Force", "Centers for Disease Control and Prevention", and "USAGov". At the bottom right, there is a "FURTHER READING" section with a "Newsmom" icon.

Español | 中文 | Tiếng Việt | 한국어 | Tagalog

Resources to help you make financial decisions

- Mortgage and housing assistance**
If you're concerned about how to pay your mortgage or rent, we have information on what to do now, and what your options are for mortgage and rental relief.
[Learn about mortgage and housing assistance](#)
- Managing your finances**
We have resources to help you protect and manage your finances if you are facing financial difficulties as a result of the pandemic.
[See resources to help manage your finances](#)
- Student loans**
Student loan borrowers now have more benefits to consider when planning for the potential financial impact from coronavirus.
[Find resources for student loan borrowers](#)
- Avoiding scams**
Scammers are taking advantage of the coronavirus pandemic to con people into giving up their money.
[Learn how to protect yourself from scams](#)

FEDERAL CORONAVIRUS RESOURCES

- White House Coronavirus Task Force**
Information about COVID-19 from the White House Coronavirus Task Force in conjunction with CDC, HHS, and other agency stakeholders.
[Visit coronavirus.gov](#)
- Centers for Disease Control and Prevention**
The latest public health and safety information for United States consumers and the medical and health provider community on COVID-19.
[Visit the CDC COVID-19 page](#)
- USAGov**
Information on what the U.S. Government is doing in response to COVID-19.
[Visit usa.gov \(English\)](#)
[Visit usa.gov \(Spanish\)](#)

FURTHER READING

- Newsmom**

Your Money, Your Goals

Understanding Credit Reports and Scores (Module 7)

consumerfinance.gov/practitioner-resources/your-money-your-goals



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What is credit?

- Credit is the ability to borrow money and repay it later.
- Debt is the money that you have to repay when you've used credit.
- You can have credit available to use without having debt.

What is credit?



Why do credit reports and scores matter?

A poor credit history can make it difficult for you to:

- Get a job
- Get and keep a security clearance for a job, including a military position
- Get an apartment
- Get insurance coverage
- Pay lower deposits on utilities and get better terms on cell phone plans
- Get a credit card
- Improve your credit score

What's in a credit report?

- Header/identifying information
- Public record information
- Collection agency account information
- Account information
- Inquiries made to your account

Fact or fiction:

Everything falls off your credit
report in seven years.

Fact or fiction answer:

Everything falls off your credit report in seven years.

Answer: This is fiction, some bankruptcies take 10 years to be removed from your credit report.

Positive information can stay on indefinitely.



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Negative information

- Negative information can appear on your credit report for a specified period of time—seven years for most items.
- Bankruptcy can stay on your credit report for up to 10 years.
- Civil suits and judgments can be reported on your credit report for seven years or until the statute of limitations has expired, whichever is longer.
- There is no time limit to the length of time that positive information can stay on your credit report.

Fact or fiction:

I only need look at one credit report annually, because they **all have the same** information.

Fact or fiction answer:

I only need look at one credit report annually, because they **all have the same** information.

Answer: There are many different credit reporting agencies and each of them have multiple products and versions, so it is important to check a variety of credit reports.

Nationwide credit reporting companies

- Equifax
- Experian
- TransUnion

You can get a free credit report from each of the three nationwide credit reporting companies once every week during the pandemic at www.annualcreditreport.com

Credit reports for minors

If you're under 18, you won't have a credit report unless you:

- Are an authorized user or joint owner on an account
- Are an emancipated minor
- Live in a state that allows you to enter contracts below the age of 18 and you've done so
- Have student loans

Fact or fiction:

If I pull **my own credit report** it
will impact my score.



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Fact or fiction **answer:**

If I pull **my own credit report** it
will impact my score.

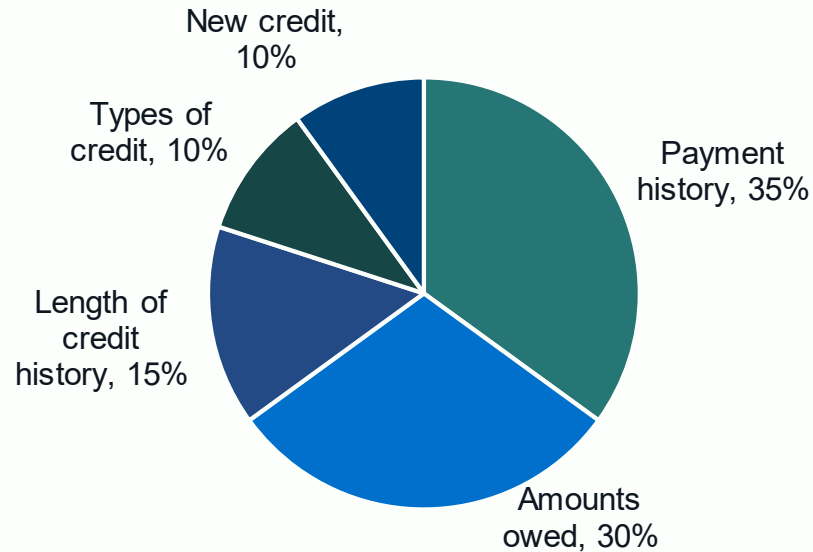
Answer: Pulling your own credit
report will not impact your credit
score.

What are credit scores?

- Credit scores are calculated using the information in credit reports.
- A higher score makes it easier to qualify for a loan or lower interest rates.
- You have many credit scores

Credit scores: Example based on FICO

These percentages reflect how much each category determines a typical FICO score.



Credit utilization

Calculating your credit utilization rate

- \$5,000 total available credit
- \$3,500 charged
- Utilization rate: $\$3,500$ (amount charged) \div $\$5,000$ (available credit) = 0.7 or 70%

Tool: Requesting your free credit reports

- Pick a method to order your credit reports
 - Online
 - Phone
 - Mail
- Decide when you'll order each report
- If you get a report from a different credit reporting company every four months, you can monitor your credit for free

Tool: Requesting your free credit reports, continued

- To order through the website, visit: www.annualcreditreport.com
 - Complete a form with basic information (name, Social Security number, address, etc.).
 - Select the report(s) you want—Equifax, Experian, and/or TransUnion.
 - Answer security questions: former addresses, amount of a loan you have, phone numbers that have belonged to you, counties you may have lived in, etc.
 - If you are unable to answer these questions, you will have to use another method.
- Save a PDF version of your report, print the report, or both.
- Be sure you do this in a safe and secure location. Avoid doing this on public computers (library).

Your Money, Your Goals

Dealing with Debt (Module 6)

Good debt, bad debt

- Loan from friend or family member
- Auto loan
- Student loan
- Payday loan
- Mortgage (loan for a home)
- Auto title loan
- Pawn shop loan

Tool: Debt log

- On the debt log, you will include:
 - The person, business, or organization you own money to;
 - The amount you owe them;
 - The amount of your monthly payment; and
 - The interest rate you are paying and other important terms.
- To complete this tool, you may need to get all of your bills, credit card statements, court orders, mortgage and loan agreements, together in one place and a copy of your credit report.

Tool: Debt action plan

- The two ways to reduce debt:
 - Pay smallest debt first
 - Pay highest interest rate first
- Consider the pros and cons of each.

PAY SMALLEST DEBT FIRST



PAY HIGHEST INTEREST RATE FIRST



Dealing with debt collectors

- Take action to verify whether the claim is valid
- Know how to dispute the claim if you do not owe the debt
- Know what to do next if you do owe the debt

How do I respond to a debt collector?



This tool will help you:

- **Take actions to verify** whether the debt is valid
- **Know how to dispute** the debt if you do not owe it
- **Know what to do next** if you do owe the debt

Start with one question:

Are debt collectors contacting you?

Know your rights:

A debt collector *cannot*:

- Call repeatedly to harass or abuse you
- Use obscene language
- Make a false or misleading statement about what you owe
- Publish your name for not paying a debt
- Lie to you

If debt collectors harass you, they may be violating the law.

Need to submit a complaint?

cfpb.gov/complaint

Know your rights

The Fair Debt Collection Practices Act protects consumers from harassment:

- Repeated phone calls intended to annoy, abuse, or harass
- Obscene or profane language
- Threats of violence or harm
- Publishing lists of people who refuse to pay their debts
- Calling you without telling you who they are
- Using false, deceptive, or misleading practices

Your Money, Your Goals

Protecting your Money

Identity theft

- What can you do to prevent your identity from being stolen?
- How can you tell if your identity has been stolen?
- What steps can you take if your identity has been stolen?
- What questions do you have about identity theft?

Handout: How to handle identity theft

CREDIT PROTECTION AND REQUIREMENTS	SECURITY FREEZE	INITIAL ALERT	EXTENDED ALERT
Lender is required to verify your identity before approving new credit		X	X
Completely prevents your report from being shared with most third parties unless lifted	X		
Triggers heightened verification procedures for the people who use your credit report		X	X
Request if you believe you're a victim of ID theft	X	X	
Requires an identity theft report			X
Extra free credit report		X	X
Exclusion from prescreening lists			X
Free in every state	X	X	X



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Handout: Submit a complaint



Online

consumerfinance.gov/complaint



By phone (180+ languages)

M-F, 8 a.m. - 8 p.m. ET

(855) 411-CFPB (2372)

(855) 729-CFPB (2372) TTY/TTD



By mail

Consumer Financial Protection Bureau

P.O. Box 2900

Clinton, IA 52733



By fax

(855) 237-2392



Consumer Financial
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Your Money, Your Goals

Closing