

Credit Reports and Credit Scores Outline

Always encourage your students to take notes. Also, remember to leave yourself 5 minutes before the end of class to go over the post-test and collect them!

➤ **Making a connection to students | 2 minutes**

1. Introduce yourself: Name, employment or volunteer work, and why this topic is important.

➤ **Begin class: | 3 minutes**

Before opening the book, ask students to define credit and then, ask students ways they can responsibly establish credit in America.

- **Instruct students to open their books on page #1**

I. WHAT IS CREDIT? | 15 minutes

1. The Basics -

1. Ask for volunteers to read out loud lines A, B, C, and E.
2. While they read line C, write on the board the words **Debit** and **Debt**. Have the students repeat each word after you. Briefly explain the difference between the two words.

2. Good vs. Bad Credit-

1. Ask for one student to read aloud bullet points for Good credit and Bad credit.
2. You read through the check points for good and bad credit signs.

3. The Benefits and Risks of Credit

1. Credit benefits
 - i. Have a volunteer read aloud lines 1-3 under this heading bottom of P1.
2. Credit Risks
 - ii. Turn to page #2 and you read this section aloud, emphasizing that too much debt is not good.
3. Exercise: Read aloud the below true or false examples and ask students for an answer.

This exercise is not in the book.

- i. Erica's Credit Card Bill is **due** on **September 28th**. Her **minimum payment is \$35.00**. Her **credit limit** on her card is **\$800** and her current **balance is \$150**. If she pays on time and at least the minimum then she is establishing good credit. **(TRUE)**
- ii. Felix's Best Buy Credit Card Bill is **past due**. He forgot to pay the bill. His **minimum payment was \$35** but all he could afford to **pay was \$10**. His **credit limit is \$1500** and his current **balance is \$1650** because of accrued interest and late payment fees. Felix is establishing bad credit. **(TRUE)**

4. Credit Purpose Activity

1. In this activity, ask the students which of these examples will their credit history effect.

The correct answers are 1, 2, 3, 4, 6, 7

- **Instruct students to turn to page #3**

Conversation Starter



Reading



Conversation Starter



Activity



II. The five C's of Credit | 20 Minutes

1. As you approach each "C", have students repeat each heading after you then have a student read one of the bullet points under each heading.
2. Each time there is a bold/underlined term write it on the board.
3. **Exercise:** Use the examples below and ask students to vote on which person they would lend money using the 5 C's. Allow time for discussion between examples. **(THIS IS NOT IN THE BOOK)**
 - i. **Example 1:** Susan is a single woman and needs to buy a new car. She has been working at a law office for 6 months and before that she has never kept a job for longer than one year. Her monthly income is **\$2000** and her monthly expenses are **\$1850** with a remainder **\$150**. She has debt on credit cards and pays the minimum amount each month. She has not saved any money for a down payment. She wants to borrow \$9,500 for a used car. Would you loan her the money? (Discuss)
 - ii. **Example 2:** Jacinda is single and has been working at the same company for 2 years. She has saved **\$1500** for a down payment. Her monthly income is **\$2000** and her expenses come to **\$1250** with a remainder of **\$750**. She has one credit card and she pays the full amount each month. She wants to borrow **\$10,000**. Would you loan her the money? (Discuss)

2. How to Establish a Good Credit History

1. Turn to bottom of page three and you read the box heading before this section.
2. Pick two students to read
 - i. one will read A-D and the other student will read E-G (P4.)

➤ **At this time, ask the student if there are any questions.**

III. Your Credit History and Credit Score | 20 Minutes

1. The Basics -

1. Have a students read aloud A-C
2. Ask the students to repeat the names of the three bureaus out loud and write them on the board. **Post course question!**

IV. How to Obtain Your Credit Report- Page #5

1. Write on the board **www.annualcreditreport.com** and explain this is the only free credit report with accurate information that is secure and will not sell your personal information. **Post course Question!**
2. For each question, B-D, summarize the answers.
3. When you arrive at line e, read through the list. Explain that it is safe to input their social security number on this website. Remind them that their Credit Report/Score is attached to their Social Security Numbers.

3. How to Read Your Credit Report

Before turning to page #6, ask if any student has ever viewed a credit report

1. Next, have them turn to page #6 and #7 and show them on the report the different information.
2. On page #8, complete the CREDIT REPORT ACTIVITY with the students.

ANS: 1. Mortgage 2. No 3. \$1250 4. No 5. File a Dispute

➤ **At this time, ask the student if there are any questions.**



Activity



Reading



Summarize

Activity



V. Credit Scores | 15 minutes

1. Before turning to page #9, ask students to give you the definition of a credit score. Then ask them what they consider to be a high credit score and a low score. Write their responses on the board.
2. Next, turn to page #9 for a fill in the blank exercise. You will need to read the sentences out loud and write the answers on the board so that they can copy the correct spelling.

Answers: A. Three B. 300-850 C. Higher, Lower, better D. 640

3. Have them pay attention to the image of good vs bad scores and see if their answers matched.

1. Credit Score Impact

1. Please ask for one volunteer to read aloud all points under this heading.
2. You read the "NOT IMPACT" 1-3

2. Ways to improve your Credit Score- Page #8

1. Ask students if any had to improve their score for a major purchase and what actions they took to improve it. After have students turn to page #10 and read through lines from section C and D.

i. Exercise: ask students if they will be able to do the following with the below scores. Write the scores on the board so all can see them.

Buy a house	Score of 700
Unsecured Credit Card	Score of 776
Buy a car with low interest rate	Score of 580

Activity



VI. What is Bankruptcy? | 5 minutes

1. At the bottom of the page #10 read letters A-C and F for the students. Inform them that if they have any further questions about bankruptcy that they should seek legal counsel.

VII. If you need Credit Repair | 5 minutes

1. Summarize this section for the students, drawing their attention to the local counseling services in the table.

Summarize

POST TEST



Now the class is almost finished. Have the students turn to the last page of the book and complete the Post Test Survey. Read the questions aloud and read through the answers. When the students are finished have them tear off the sheet and hand it in to you. Then place them and the sign in sheet into the class folder.