Credit Builders Alliance ("CBA"), a not-for-profit organization, makes this information available for informational purposes only. This information is not intended as legal, financial, or other advice, and you and your clients should consult qualified advisors before making any decisions. CBA does not represent that any of the information will produce results.
CBA Mission

Create innovative solutions for asset building organizations to help low and moderate income families build strong credit and financial access in order to grow their businesses and/or personal assets.
Be Part of CBA

CBA implements its mission in three ways:

**CBA Reporter.** Community lenders can provide borrower data through our unique partnerships with major credit bureaus.

**CBA Access.** Nonprofits organizations can pull credit reports for lending, credit education, and measuring outcome.

**CBA Knowledge Sharing.**

- **CBA Toolkit** is an online resource to collect and share tools and best practices for asset-based credit building strategies.
- **Webinars and Workshops** as webinars and on-site trainings.
- **Consulting** product development, outcome tracking
- **Credit Outcome Tracking** credit reports as *cost-effective, objective, longitudinal* measure of economic self-sufficiency.
“Enabling CBA’s clients to report data to us expands the credit system to many individuals who have not had the benefits of an established credit history in the past. We applaud CBA for their pioneering work, and we are looking forward to seeing the results of our joint efforts.”

Zaydoon H. Munir, Sr. Vice President, Experian
Credit Builder
5-Step®

**Step 1: Rethink: Credit = Asset**
- Impart importance of good credit

**Step 2: Know the Score**
- Pull a credit report – Financial Resume – at every client intake

**Step 3: Get Good Stuff Going**
- Build good credit first before dwelling on bad debt.

**Step 4: Create a Credit Action Plan**
- Integrate credit into income, saving, debt reduction, asset accumulation, budget, and cash flow goal planning.

**Step 5: Celebrate Success! Credit Outcomes**
- Credit report outcome tracking helps you and your client stay on track!
Credit is an Asset

Good credit rating will save approximately $250,000 in interest throughout our working lives

Yes! helps families build wealth – a home, a business, education.

Yes! offers access to safe, affordable financial services

Yes! impacts opportunities with growing number of businesses:
  • landlords/rental housing
  • insurers
  • auto lenders
  • employers
  • banks -- checking, savings, and investment accounts
  • utilities and phones
  • medical providers
Good credit leads to more SAVING

$Lower interest rates
$Fewer late fees
$Less use of predatory loans
$Increased Income
$Career Advancement/Promotion
$Reduced Expenses
$Eligible to buy a home
$Rental apartment in good school district
$More free time and self-confidence
### $10,000 auto loan, 5 year term

<table>
<thead>
<tr>
<th>Score</th>
<th>Interest Rate</th>
<th>Monthly Payment</th>
<th>Total Interest Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>25%</td>
<td>$294.00</td>
<td>$7,611.00</td>
</tr>
<tr>
<td>Okay</td>
<td>12%</td>
<td>$222.00</td>
<td>$3,347.00</td>
</tr>
<tr>
<td>Excellent</td>
<td>5%</td>
<td>$189.00</td>
<td>$1,323.00</td>
</tr>
</tbody>
</table>

**Potential Savings over 5 years = $6,288**

Source: www.bankrate.com
### 30 year fixed mortgage of $300,000

<table>
<thead>
<tr>
<th>FICO score</th>
<th>Monthly Payment</th>
<th>Total Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>620</td>
<td>$1,815.00</td>
<td>$353,400.00</td>
</tr>
<tr>
<td>650</td>
<td>$1,711.00</td>
<td>$315,960.00</td>
</tr>
<tr>
<td>700</td>
<td>$1,559.00</td>
<td>$261,240.00</td>
</tr>
</tbody>
</table>

**Potential Savings over 30 years = $92,160**

*Source: www.myfico.com*
What is Credit Building?

There are many ways to damage or repair credit and only ONE way to BUILD CREDIT!

ON-TIME payments REPORTED to a credit bureau EVERY month BUILD credit.
EACH MONTHLY PAYMENT IS A TEACHABLE MOMENT!

If you teach the importance of good credit ……

helping clients open a credit account that reports turns knowledge into action that builds credit.
Credit Builder Products

1) Appropriate, relevant starter product
2) New behavior of on-time reported payments
3) Develops meaningful credit history
4) Embeds practice to build credit not debt
5) Pathway to long-term relationship with FI
Credit Builder Products

Different credit builder products can also:

a) Build Savings
b) Support Cash Management/Budgeting
c) Offer Alternative to Predatory Products
d) Reduce Debt
e) Reduce Expenses
f) Build Assets
Impact – Jessica’s Story

Nov 08:
• No assets; No credit score; No checking account

Jan 09:
• Opens IDA; Enrolls in Financial Education

Mar 09:
• Joins 1st Cesta; $800

Jul 09:
• Applies for a secure credit card from MCU

Sept 09:
• 623 Credit Score

Oct 09:
• Joins 2nd Cesta; $2,000

Dec 09:
• $6,000 in IDA savings

Jan 10:
• Gets $2,500 loan from MCU to buy $8,500 car

Jul 10:
• Joins 3rd Cesta; $3,000

Nov 10:
• 703 Credit Score

© MAF 2011
- Zero default rate
- Increase of 49 points in credit scores
- Decrease debt by $1,209
- Increase of 4 trade lines
- $551,000 total loan volume
- 295 participants; 73% women
- 324 loans; $1,725 per loan
Presenters with Product!

- Sheri Flanigan-Vazquez, Justine PETERSEN, St. Louis  
  www.justinepetersen.org
- Paul Woodruff, St. Louis Community Credit Union  
  www.stlouiscommunity.com
- Laura Castro de Cortes, Centris Federal Credit Union, Omaha  
  www.centrisfcu.org
- Jonathan Harrison, Emerge Financial Solutions, Oakland, CA  
  emergefinancialwellness.com