



# First Arkansas Bank & Trust Member FDIC

## Your Financial Report Card - Credit

Credit is a privilege that comes with responsibility. Together with budgeting and saving, credit is a tool that can help you take control of your personal finances.

1. Borrow only what you need and what you can afford to repay.
  - ✓ Most lenders will suggest that your debt be limited to a certain percentage of your income.
  - ✓ A budget helps ensure you can pay your day to day living expenses and other obligations in addition to loan payment.
2. The next step is to start small and perform as promised.
  - ✓ Your local banker is a good place to start for a small loan .
  - ✓ You are responsible for your credit.
3. The final step is to repay loans on time and as quickly as possible.
  - ✓ Budget, plan and make payments on time
  - ✓ Good credit management means keeping your commitments.

When you use credit or borrow money, your payment information may be reported to one or more of three national credit bureaus.

Some Do's:

- **DO** know the power of credit. Banks look at your credit history as an indication of your future financial behavior. By using credit wisely, you can build a good credit history making it easier to get loans with low interest rates, rent an apartment, purchase a car or home, and may even help you get a job.

- **DO** read the fine print on the credit application. The application is a contract, so read it carefully before signing. Credit card companies are very competitive so interest rates, credit limits, grace periods, annual fees, terms and conditions may vary.
- **DO** contact your creditor if you have trouble making payments. This will help you to avoid late fees and a rising APR. To pay off your balance quicker, pay more than the minimum due. If you are unable to make the minimum monthly payments, let your creditor know so they can work with you to create a more manageable payment plan.
- **DO** be wary of anyone who claims they can "fix" your credit report. No one can legally remove negative accurate information from your credit history. The only thing that can fix a credit report is time and a positive payment history.
- **DO** order a copy of your credit report annually. You have the right to know what is in your credit report. The Fair Credit Reporting Act requires each of the three major credit bureaus to provide you with a free copy of your credit report at your request each year. Your credit evaluates you as a borrower and needs to be accurate. To get a free copy of your credit report, visit [www.annualcreditreport.com](http://www.annualcreditreport.com).

#### ... **And Don'ts:**

- **DON'T** feel pressure to get a credit card. If you don't want one, you have the right to say "no." Under the new CARD Act 2009 consumers aged 18-21 cannot be solicited for credit. If you no longer wish to receive prescreened offers, opt out by calling 1-888-5-OPTOUT (1-888-567-8688) or visit [www.optoutprescreen.com](http://www.optoutprescreen.com).
- **DON'T** pay your bills late. Late payments can affect your credit rating and increase your balance. If you are unable to pay the minimum monthly payment, let your creditor know and they may be able to lower your payments.
- **DON'T** spend more than you can afford. Credit is a loan and has to be repaid. It is your responsibility to manage your debts and to keep your commitment with lenders. Avoid reaching your credit limit or "maxing out" your cards.
- **DON'T** ignore the warning signs of credit trouble. If you pay only the minimum balance, pay late, use cash-advances to fund daily living expenses or transfer a lot of balances you might be in the "credit" danger zone. Talk to a financial counseling organization to regain control of your finances.
- **DON'T** share your credit card number. Never give out credit card or personal information if you have not initiated the transaction. Be aware of identity theft and phishing scams that ask for credit card numbers. If you suspect that your identity has been compromised, file a complaint with the Federal Trade Commission by calling 1-877-ID-THEFT (1-877-438-4338); TDD: 202-326-2502, or visit [www.ftc.gov/idtheft](http://www.ftc.gov/idtheft).

