

Credit Reports and Scores

Credit Exercise

ANALYZE: Credit Scores and Impact on Payments

Credit Scores

You've been assigned to be the credit counselor for Sam, Jessica, and Danielle, whose profiles follow. Each have recently graduated from college and have jobs making \$55,000 a year. For each person, review their profile and use your judgement to give them a CREDIT score. Remember, your payment history (35%) and how much you owe (30%) really have an impact on your final score. Assume "other debt outstanding" for each relate to mortgage (home loan) and/or car loans

Sam

1. What do you think Sam's credit score is (from a range of 300-850)?

Sam has 5 credit cards, and all of them have a balance (3 have high balances – nearly maxed out)

- Total credit card balances: \$17,589

He recently applied for a couple of new STORE credit cards

Sam missed two payments in the past 60 days – and one card remains delinquent even today (60 days late)

He also has student loans that total \$39,000 (*Other credit/debt outstanding equals \$175,900*)

Jessica

2. What do you think Jessica's credit score is (from a range of 300-850)?

Jessica has 2 credit cards, one has a balance of \$89 from a recent dinner out with friends

- Total credit card balances: \$89.00

She recently applied for a home renovation loan last week at her bank

Jessica has never missed any payments in the past year – but has missed a payment a year ago (30 days late)

She also has student loans that total \$32,000 (*Other credit/debt outstanding equals \$145,600*)

Danielle

3. What do you think Danielle's credit score is (from a range of 300-850)?

Danielle has 1 credit card, which has a balance of \$320 from a couple of recent airfare purchase

- Total credit card balances: \$320.00

She recently applied for a loan for new furniture to update her house

Danielle has never missed any payments on any of her loans or credit cards

She also has student loans that total \$41,000 (*Other credit/debt outstanding equals \$180,300*)

You can use this link to estimate a credit score later: [Free FICO Score Estimator | myFICO](https://www.myfico.com/fico-credit-score-estimator/estimator)

<https://www.myfico.com/fico-credit-score-estimator/estimator>

Estimate Your Credit Payments

[Estimate Your Loan Savings Using Credit Score Calculator \(myfico.com\)](#)

Now, assume that each of them wants to go car shopping. Use the [FICO Loan Savings Calculator](#) to determine how much the loan is going to cost Sam, Jessica, and Danielle.

FICO loan saving calculator

www.myfico.com/credit-education/calculators/loan-savings-calculator/

Go to the Loan Savings Calculator - Use the **credit score** you developed in the first exercise for each person - Sam, Jessica and Danielle – to figure out the payment for the new car based on the information below.

Complete the TABLE below.

Enter the following information into the calculator:

- A. Type of Loan: **60-month new auto**
- B. State: **National**
- C. Loan Principal Amount: **\$21,000**
- D. Current FICO Score Range: **Varies by person**
- E. Push Calculate

Enter the credit score you estimated for each in the table below.

Enter the APR based on the Credit Score for each

NAME	SAM	JESSICA	DANIELLE
Estimated Score			
APR (~interest rate)			
Monthly Payment			
Total Interest Paid			