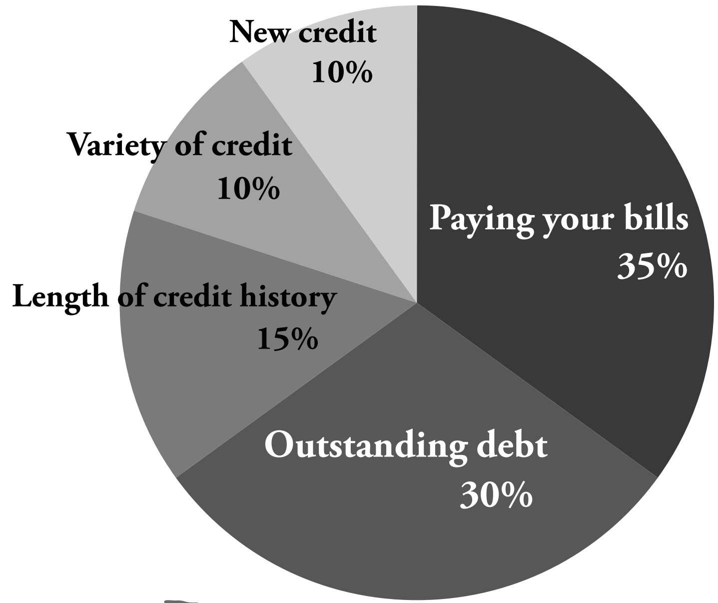
Understanding Credit

Responsible use of credit is essential for financial wellbeing. Your credit history can play a big role in your life as you enter into every day living agreements such as renting an apartment, starting up utilities, choosing an internet provider, applying for a home or auto loan, and even applying for a job. In many real life situations your credit history shows how you handle debt and pay your bills, and is often used as a judge of character. At Oregon Pacific Bank, we are more than happy to help you get a better grasp on understanding your credit history. Call us anytime at 541-997-7121 and ask to speak to Lori Gates or Kim Erickson.

How is my credit score calculated?

Your credit score is made up of 5 different factors:



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Is there any way to improve my credit score?

1. Paying your bills:

· Pay your bills on time or before they are due (including medical bills, utilities, and parking tickets).

· Catch up on missed/late payments (this will help in the long run, but understand that it will not improve your score immediately).

· Don't pay for things with your credit card unless you're certain you can easily pay it back.

· Speak to your creditors in person about delinquencies or if you know you'll be late on a payment.

2. Current debt:

· Try to keep your balances low.

· Set goals to pay off your debt before borrowing any more.

· Don't open more cards than you need.

· Closing an account doesn't make it go away. Reducing your credit card balance to 40% or less is more effective than canceling the card.

3. Your credit history:

· Longer credit histories score higher, so using one old credit card responsibly is much better than frequently opening up new cards.

4. Variety of credit:

· A higher score usually comes from a mix of credit (ie. credit cards and installment loans such as car or student loans), but only apply for and open what you need.

5. Applications for new credit:

· Apply for new credit sparingly.

· Avoid opening up new cards just to get initial store discounts. You may be considered a higher credit risk if you have too much available credit.

· Avoid numerous applications/inquiries for credit, especially if you plan to apply for a loan in the near future.

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