

A Debt Management Plan (DMP) and Your Credit Report

Does credit counseling and the DMP affect my credit score?

Fair Isaac Company is a leading provider of credit risk scoring services that specifically generates FICO scores. Fair Isaac Company indicates that points are not deducted from your score because you participate in a credit counseling program.

Will my credit score improve on a DMP?

Credit scores are based on several factors:

1. (35%) Payment History: whether or not you make payments on time and in the correct amount.
2. (30%) Debt Balances: combined total debt owed, outstanding balance compared to credit limit.
3. (15%) Length of Time: when an account was opened and when it was last used.
4. (10%) New Credit: number of inquiries, time since credit inquiry, new credit opened.
5. (10%) Credit Type: mix of credit used, such as installment debt, revolving debt, consumer finance accounts.

Therefore, participants that consistently make their DMP payments on time and do not incur new debt while on the DMP are likely to have a higher score over time compared to when they began the DMP.

Will my past credit history be changed since I'm participating in a DMP?

Any previous action or payment history reported before you begin a DMP will not be erased or changed. Creditor policies may vary, but generally once the DMP is approved by a creditor and payments are received, the account status changes to "current" on your credit report and billing statements. If you continue to make timely DMP payments, the credit report will show "paid as agreed" going forward.

Will creditors report DMP participation on my credit reports?

Creditors may enter a notation on your credit report regarding enrollment with a credit counseling service and the DMP. Future credit-based decisions may be impacted (only while you're on the DMP) because DMP participation may be viewed as an indicator of financial difficulties. Just remember — with a DMP you are improving your financial future by ultimately eliminating debt and credit issues.

Review your credit report annually for free.

Know what is on your credit reports by obtaining one free per year from each credit reporting agency (Equifax, Transunion, and Experian) at annualcreditreport.com or call 877.322.8228. Credit scores are generally not free and a fee may be requested, but you can avoid fees and simply obtain your free credit report.

BECOME DEBT FREE AND CREATE A BETTER FINANCIAL FUTURE!

*Creditors' DMP participation, adjustments made to accounts, and credit reporting practices may vary.