



United Way for Greater Austin

Financial  
Stability

MAKES  
AUSTIN  
GREATER

**FINANCIAL STABILITY**

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**CREDIT TOOLKIT**



# INTRODUCTION

United Way for Greater Austin is a local nonprofit providing resources to low-income individuals and families since 1924. At United Way, we give everyone in Austin the chance to be a philanthropist through volunteer opportunities with local charities.

We inspire, lead and unite an eclectic community of philanthropists, including individuals, nonprofits, businesses and government to overcome barriers to economic opportunities and ensure Greater Austin continues to thrive.

This toolkit provides simple, useful information to empower individuals to improve their financial well-being.

This publication was made possible by a grant from the FINRA Investor Education Foundation through a partnership with United Way Worldwide.

The intent of the guide is to assist individuals in making positive choices about their financial well-being. This guide does not purport to be exhaustive, but rather aims to provide basic guidelines. Individuals should consult with a professional for specific advice.

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# BUILDING GOOD CREDIT

## BUILD A BRIGHTER FUTURE!

Credit is related to achieving your financial goals – it can drastically help or hamper your ability to achieve them. Want to buy a home or a car? You'll save a lot in the long run by having good or great credit. Don't worry if your credit is not outstanding right now; a lot can change within the timeframe of a year or two!

Both your credit score and credit report matter when lenders make their decisions about your eligibility, but each one takes other factors in other criteria as well, and probably with their own special formula. Other factors that matter: the kind of credit you're requesting, how long you've worked at your current job and your income. Your debt to income ratio will matter too (See UWATX Debt packet). (Source: credit.com)

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**Debt is different from credit.**  
**Credit is the ability to borrow money.**  
**Debt results from using credit.**  
**You can have credit without having debt.**  
*For example, you may have a credit card but no outstanding balance on it.*

*[Source: Center for Economic Integrity]*

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### The more you know... Federal law allows you:

One free copy of your credit report (not including your score) from each credit reporting agency every 12 months (Experian, Transunion and Equifax). Get them from the government authorized website [www.annualcreditreport.com](http://www.annualcreditreport.com) or by calling (877) 322-8228.

Make sure all information is accurate and up to date; report any inaccuracies at [ConsumerFinance.gov](http://ConsumerFinance.gov).

Your **credit SCORE** is a number based on information available in your credit report, and the most common one is FICO. However, there are other credit score models, like Vanguard, and the ranges differ slightly. What matters more than your score are the factors that make you a risk to lenders, discussed below. [See [Credit Scores](#)]

Your **credit REPORT** is the information detailing how often you've made payments on time, how much credit you have, and how much of that credit you're using. It shows if any accounts are in collections, any public records, and some identifying information. [Consumerfinance.gov]

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<sup>1</sup> <http://www.bankrate.com/finance/debt/good-debt-vs-bad-debt-1.aspx>

**WHAT IS GOOD CREDIT?**

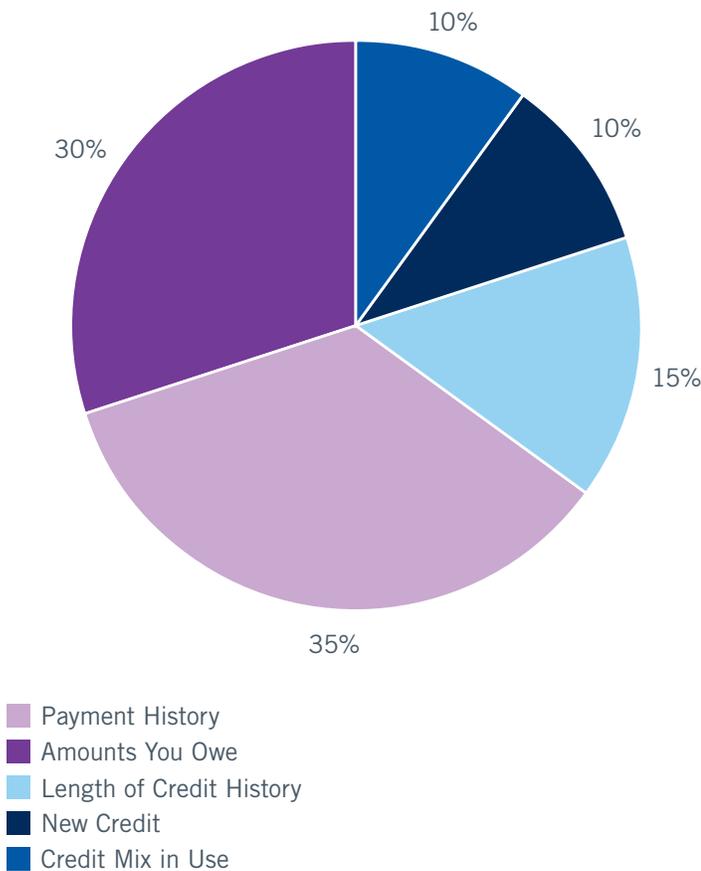
U.S. average credit score is 678. (Range (FICO) is 300-850)

- Excellent Credit: 750+
- Good Credit: 700-749
- Fair Credit: 650-699
- Poor Credit: 600-649
- Bad Credit: below 600

Source: credit.com

**HOW TO MAKE IT BETTER**

Here is what factors into your credit score:



**Payment history** – The first thing a lender wants to know is if you’ve paid past credit accounts on time. Late payments will lower your FICO Scores, but establishing or re-establishing a good track record of making payments on time will raise your score, according to MyFICO.

**Amounts owed** – This is determined by how much you owe on each account and how much of your credit limit you’ve used.

NOTE: Closing an account won’t make it go away. In fact, it might lower your overall credit availability and increase the percentage of your total credit that you’re using.

**Credit history** – In general, a longer credit history will increase your credit score (FICO); however, depending how the rest of your report looks you still might have a good score.

**New credit** – Research shows that opening several credit accounts in a short period of time represents a greater risk - especially for people who don’t have a long credit history.

**Types of credit** – FICO Scores will consider the mixture of credit cards, retail accounts, installment loans, finance company accounts and mortgage loans a consumer has, says MyFICO.

NOTE: The types of accounts that are listed have an effect on your score. For example, just going to a “finance company” (pay day or auto title lender, for example) compared to other types of loans may appear riskier to a lender. Source: MyFico.com, <http://www.myfico.com/crediteducation/whatsinyourscore.aspx>

**On your own** – Check your credit online for free and learn about your score. If you need a recommendation of a good website, ask a financial coach.

**With a trained financial coach** – If you’re overwhelmed by the idea of interpreting this for yourself, you can make an appointment with a financial coach through a variety of organizations, such as Goodwill Industries of Central Texas & Foundation Communities, who can go over your financial picture and your credit or debt questions. They can help you read your credit report and address any inaccuracies, too.

## Nonprofits

### United Way for Greater Austin

We inspire, lead and unite an eclectic community of philanthropists including individuals, nonprofits, business and government to overcome barriers to economic opportunities and ensure Greater Austin continues to thrive. We apply in-depth research and strategic thinking to social issues, creating improvements in three main areas: early childhood education, dropout prevention and financial stability. UWATX connects the community with local resources through the 2-1-1 hotline. Call for assistance locating financial empowerment, like financial coaching, credit counseling, free tax preparation services, benefits assistance, financial assistance and more. Use our bank locator tool to find a convenient bank near you: [uwatx.org/banking](http://uwatx.org/banking)

### Foundation Communities

Community Financial Center - South  
2600 W. Stassney Lane  
Austin, TX 78745  
512-610-4026  
[www.foundcom.org](http://www.foundcom.org)

Community Financial Center - North  
5900 Airport Blvd

Works with individuals and families, empowering them to achieve financial stability and long-term success through one-on-one financial coaching and classes offered in both English and Spanish. Coaches provide clients with the tools to create household budgets, save money over time, reduce debt and improve credit scores. Classes cover credit, debt reduction and savings. Also offers free tax and FAFSA preparation. Eligibility criteria: Households earning less than \$50,000/year.

### Cornerstone Financial Education

2806 Flintrock Trace, Ste 101  
Austin, TX 78738  
1-800-336-1245  
[www.csfedu.org](http://www.csfedu.org)

Meets with individuals one-on-one to provide financial counseling and education specializing in debt management.

### Goodwill Industries of Central Texas

Locations throughout Greater Austin  
512-637-7580  
[www.goodwillcentraltexas.org](http://www.goodwillcentraltexas.org)

Specializes in workforce assistance, job training, and career navigation. Financial empowerment services also available including financial coaching. Complete a screening to enroll - call 512-637-7580, email [intake@goodwillcentraltexas.org](mailto:intake@goodwillcentraltexas.org) or visit one of their locations during walk-in hours.

### Austin Habitat for Humanity

500 Ben White Blvd  
Austin, TX 78704  
512-472-8788  
[www.austinhabitat.org](http://www.austinhabitat.org)

Offers classes and one-on-one counseling on money and credit management, home care and safety, purchasing a home, post-purchasing and foreclosure. HUD-approved. Call extension 100 for class registration and ex. 122 to set up an appointment for one-on-one housing counseling.

### Texas State Affordable Housing Corporation (TSAHC)

2200 E Martin Luther King Jr Blvd  
Austin, TX 78702  
Toll free: 877-508-4611  
[www.tsahc.org](http://www.tsahc.org)

Provides access to fixed-rate mortgage financing, down payment assistance grants and mortgage credit certificates to qualifying first-time home buyers, as well as repeat home buyers and existing homeowners. Offers home buyer education to program participants. Check out their Texas mortgage calculator.

### Central Texas Food Bank

6500 Metropolis Dr.  
Austin, TX 78744  
512-684-2550 or toll-free 855-684-2550  
[www.austinfoodbank.org](http://www.austinfoodbank.org)

Offers assistance with food stamps and other benefits enrollment. Schedule an appointment online: [www.austinfoodbank.org](http://www.austinfoodbank.org)

### PeopleFund

2921 E. 17th Street Building D Suite 1  
Austin, TX 78702  
[www.peoplefund.org](http://www.peoplefund.org)

Provides small business loans for new businesses, established businesses and start-ups in addition to business assistance and education.

### Texas Legal Services Center

815 Brazos St., Suite 100  
Austin, TX 78701  
512-477-6000 ext. 114  
[www.tlsc.org](http://www.tlsc.org)

Offers free legal information to low-income Texans on a wide range of legal issues— including consumer matters – in both Spanish and English languages. Also operates the free legal website [TexasLawHelp.com](http://TexasLawHelp.com), which provides a wide range of legal information on consumer, family and other civil legal issues.

### Texas Rio Grande Legal Aid, Inc.

4920 North IH 35  
Austin, TX 78751  
512-374-2747  
[www.trla.org](http://www.trla.org)

Provides free training to low-income persons on their rights and responsibilities, with respect to federal income taxes. Topics include: the basics of the U.S. tax system, reasons to file a tax return, how to file a tax return if you do not have a valid SSN, how to select a tax preparer, dangers of refund anticipation loans, filing status, dependent exemptions, Earned Income Tax Credit, Child Tax Credit, claims for innocent and injured spouse, taxpayers' rights regarding the IRS and how to appeal an IRS decision.

### City of Austin

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#### Neighborhood Centers

Various Locations: <https://www.austintexas.gov/department/health/locations> or call 2-1-1 to find the Neighborhood Center nearest you. Provides a variety of social services to low- and moderate-income families in need in east, central and south Austin. Services include food pantry, clothes closet and employment assistance, notary, seasonal and other case management and counseling services also available. Free tax preparation and health services available at some centers. If you are interested in receiving assistance please bring your proof of address, proof of income and a photo ID.

#### Neighborhood Housing & Community Development

1009 East 11th St., Suite 103  
Austin, TX 78702  
512-974-3100  
[www.austintexas.gov/housing](http://www.austintexas.gov/housing)

Provides homebuyer counseling for home improvement, and pre- and post-purchase. Also provides mortgage delinquency and default resolution counseling. HUD-approved.

### State

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#### Texas Office of Attorney General (OAG)

[www.texasattorneygeneral.gov](http://www.texasattorneygeneral.gov)

The OAG provides guidance with disputes and legal issues for Texans. The agency protects consumer rights and helps consumers with crime victims' compensation, child support, abuse in nursing homes, possible consumer fraud and other topics.

#### Texas Office of Consumer Credit Commissioner (OCCC)

1-800-538-1579 (Consumer Hotline)  
[www.occ.ccc.texas.gov](http://www.occ.ccc.texas.gov)

Helps Texans understand their rights and responsibilities as consumers; "assists consumers who have experienced misrepresentation, fraud, and deceptive practices on the part of OCCC-regulated businesses including finance companies, pawnshops, home equity lenders, retailers providing financing for their goods and more."

### Federal

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#### Consumer Financial Protection Bureau (CFPB)

[www.cfpb.gov](http://www.cfpb.gov)

The CFPB's role is to educate consumers and enforce federal consumer financial laws. Through the website submit a consumer complaint about a financial product or service, get answers to your financial questions, and explore additional resources including information on paying for college and planning for retirement.

# NEED HELP?

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Call 2-1-1 now, or search the 2-1-1 online database: [www.211texas.org](http://www.211texas.org)

Did you know... 2-1-1 can help you enroll for healthcare today! Call to find out more details.

## **2-1-1 is...**

- Free and confidential
- Available 24/7
- Multilingual; 230 languages available
- Accessible from cell phones

## **2-1-1 call specialists are...**

- Skilled, certified professionals
- Culturally sensitive advocates
- Compassionate problem solvers

## **2-1-1 provides information about...**

- Housing
- Clothing
- Health Care
- Child Care
- Education
- Employment
- Counseling
- Government Resources
- Volunteer Opportunities
- Disaster Information

Empowered  
Families

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