The Good Credit Game

The fun, easy, interactive curriculum about credit reports, credit scores and credit cards

INSTRUCTOR'S GUIDE

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LIFEWISE STRATEGIES, LLC • WILMINGTON, NC

What's Included in *The Good Credit Game*

Items that are used by individuals will have enough for 10, 20 or 30 participants depending on the size of the game purchased. It is recommended that one game board be used with 2-5 people so everyone can be actively engaged.

Item	Small Set for 10	Medium Set for 20	Large Set for 30
Good Credit Game Tote Bag	1 Bag: zipper closing, long straps, front pocket and zippered inside pocket		
Instructor's Guide* Printed 3-ring vinyl binder 150 pages Front & back vinyl pocket	1 Guide: includes a Simplified Credit Report and a Calculator		
Game Boards—doubled sided, quad fold, wrapped edges, matte finish, laminated on both sides	2	4	6
Build-a-Person Set	1 Set of 150 (2"x2") printed plastic cards to build 10 people (15 cards each) 5 adults and 5 young adults (18-22)		
Simplified Credit Report 8.5 x 11 color laminated copies	10	20	30
Credit Calculators 4 x 9 cardboard slides	10	20	30
Question cards (blue) 3.5 x 2.5 glossy finished	1 Set of 200 cards (80 basic cards and 120 additional cards)		
Red Star Stickers	1 Sheet of stickers		
Discussion cards (yellow) 3.5 x 2.5 glossy finished	1 Set of 20 cards		
Game Pieces (cars)	10	20	30
Dice	2	4	6
Noisemakers (bells)	2	4	6

THE GOOD CREDIT GAME™

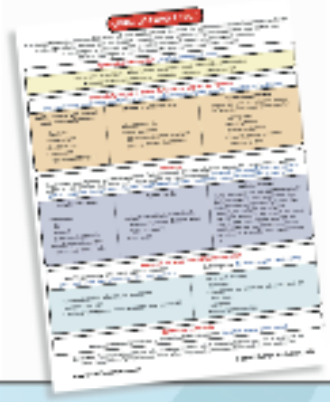
Everything you need for all six activities is included!

ACTIVITY 1 • 2 • 3

Build-a-Person Card Set

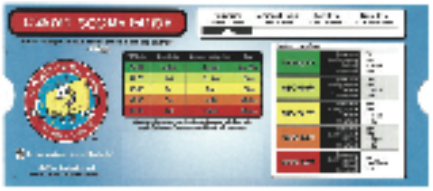
- 150 cards
- Builds 10 people
- 5 young adult + 5 adult

ACTIVITY 4



Simplified Credit Reports

ACTIVITY 5



Credit Calculators

ACTIVITY 6

Set of 200 Question Cards

Set of 20 Discussion Cards

Noisemakers

Red Star Stickers

Game Pieces and Dice

◀ Instructor's Guide

Game Bag ▶

Introduction

Our work with *Money Habitudes®* cards led us to undertake this challenging project to simplify different aspects of credit and develop engaging tools to teach it. Over the years, financial educators, counselors and volunteers teaching money management have consistently told us that using the *Money Habitudes®* cards made their programs more fun and more effective. It didn't matter whether they were teaching basic budgeting, bankruptcy recovery or investing. It didn't matter if people came willingly because they wanted to learn or if they were resistant because they were required to attend. The non-judgmental, game-like format of the cards quickly engaged them. It made it easy to talk about money, a highly charged, difficult topic. The outcomes were important insights, more commitment to learning and better follow-through.

In our discussions, credit came up over and over again as a topic that is also emotionally charged and associated with myths, misinformation and a lack of education. Although credit has become an integral part of our society, most of us don't realize how credit reports and credit scores can affect our day-to-day lives. In fact, what goes into a credit report, how that report becomes a credit score and what behaviors can improve or lower that score remain a mystery to most of us.

Consequently, many people have devastating stories related to credit cards and credit scores. They tell frustrating stories of obstacles faced because of no credit or bad credit. They tell emotional stories of feeling stupid or ignorant when they realized the mistakes they made because they simply didn't know better. Regardless of age, education or financial means, people tell shocking stories of how quickly their debt grew and kept growing when they only paid the minimum monthly payment on credit card bills. Beyond debt and financial consequences, there are many stories of unexpected consequences related to credit reports and scores, such as higher insurance rates or not being able to rent an apartment.

Since our game-like activity, *Money Habitudes®*, worked so well for talking about money, we decided to apply our expertise and experience to create a tool that would make credit classes more engaging and effective. The more research we did, the more we realized just how complex this topic of credit really is and how significantly challenging it would be to teach it in an engaging way. So, we took on that challenge and *The Good Credit Game* is the result.

During the development of this project, we were both surprised and gratified by the feedback from participants in our many focus groups. They found it interesting and wanted to keep playing and talking—even when the time was up! Many people assume that a financial class will be dry and uncomfortable, but our participants found it exciting and entertaining—while still being educational. Across the board, people reported that the new things they had learned would make a difference in the way they used credit, and they said they would check their credit reports! Follow-up contact has shown significant follow-through! We hope these activities will make your credit programs more enjoyable, engaging and effective for both you and your participants. We look forward to hearing your feedback and comments.

—Syble and Lee

Our Philosophy About Credit

There are many different philosophies about credit and learning. This is an overview of our beliefs that formed the foundation of this program and ultimately shaped it.

1. **Credit is an asset** and some debt can be good, healthy and functional.
2. **Having good credit can be an important part of building wealth and ensuring a healthy financial future for oneself.**
3. **Credit (and loans) should be used responsibly.** Always consider wants versus needs.
4. **Going to the extreme of cutting up all credit cards, only paying cash and never taking out a loan is not realistic or in the long-term best interest of most people.**
5. **You cannot really opt out of the credit system.** Even if you pay cash for everything, credit reports are still used as a measure of character and trustworthiness. There may be a credit check before getting a job, obtaining a security clearance or being accepted as a renter. Credit reports also determine interest rates on loans and credit cards, whether you pay a deposit or can even get service when it comes to utilities, cell phones, etc. And if you ever truly face an emergency and need money, it is far better to have good credit than no credit.
6. **Sometimes doing what makes the best financial sense can lower your credit score, but it is the right choice.** For example, paying for everything in cash, declaring bankruptcy, foreclosing on a house or canceling credit cards may not be good for your credit score but may be the right option for you.
7. **Striving to get a perfect 850 credit score is not the goal.** The goal is to be aware of the consequences of your choices and how they affect your credit score.
8. **Even small changes can have a dramatic effect on your credit score and the amount of money you pay** for loans and other services.
9. **Not everyone should use credit.** This would include people with impaired judgment due to addictions, medications and medical or behavioral challenges.
10. **Choose credit cards and lenders based on hard facts, not on whether the person you talk to is nice.** Remember, this is a business deal. You're getting a loan, not a friend. Even small differences in rates and fees can mean paying hundreds or thousands more dollars over the course of a loan or paying off a credit card. If two lenders offer the same deal, choose the nice person—otherwise stick with the facts and get the lowest rates and fees.
11. **Smiling and laughter are good things.** Research shows that learning, retention of information and follow-through at all ages are increased when people are actively engaged, enjoying themselves and can relate to the information as being personally relevant. Consequently, we made this program interactive, fun and non-judgmental.

Quick FAQs—Read First

These activities aim to de-mystify credit reports and credit scores. They build awareness of how to use credit cards responsibly and help people learn to avoid many pitfalls inherent in using credit. The activities aim to do this so that people are engaged and enjoying themselves for more effective learning and greater retention. Although the individual activities can stand alone, they will have the most impact if used together.

CONTENT:
Part I has five activities that build upon each other. They provide a clear understanding of the basics of credit reports and credit scores. These activities can be used independently, but they will have the most impact when used as a complete curriculum. Generally, themes are:

(1) What is important when making a loan as a private person versus being a lender from a financial institution.
(2) Where lenders get their information.
(3) What is in a credit report. Why accuracy is important.
(4) How that report becomes a credit score.
(5) Why credit scores are important.

Part II is a board game that can also stand alone, although it reinforces previously learned information. The question cards also supplement and reinforce previously learned information and positive behaviors. The game board provides consequences for behaviors that lower credit scores or increase debt and rewards positive behaviors that improve credit scores and lower debt.

SET-UP: All activities are interactive and require a room where people are seated at tables in groups of 2-5. Each small group uses one game board. The number of small groups is limited only by the number of board games and the comfort level of the instructor. Typical groups range from 10-30 participants which would mean using 2-6 game boards. All necessary materials are included for the activities. The number of items is adjusted by the size of the Good Credit Game purchased. A flip chart or whiteboard is recommended for some of the mini-lessons in Part II which are optional.

READING LEVEL: The participants' materials are written at a 5th-grade reading level or below. However, because we want participants to become familiar with the language related to credit, there are words that require a higher reading level. You may want to familiarize yourself with these words and introduce them before doing the credit report activity and playing Part II. A list of these words is included in the resource section at the end of the guide.

MATH: Numbers, percentages and interest rates are used, but no math calculations are required to do any part of this program.

TIME: The length of each activity is largely dependent on how much discussion you want to allow when people are working in groups and in the debrief for each activity. Part I includes five short activities than should take 10-20 minutes each. It is suggested you allow a minimum of 45 minutes, although an hour would be preferable for all of Part I. Part II is a board game. It is suggested that you allow an hour for the game, However, our experience is that allowing two hours is ideal. This gives the facilitator the option of including more mini-lessons while allowing enough time for people to get through more question cards. People have lots of questions, misunderstandings and surprises, so the game will generate a lot of conversation.

Program Goals and Objectives

This total program seeks to actively engage participants in a fun, non-judgmental, non-threatening environment that will help them learn how to build, rebuild or maintain their credit. This includes understanding credit reports and credit scores as well as the do's and don'ts of applying for and using credit cards.

By the end of the training with *The Good Credit Game*, the goals for participants are to:

1. Gain an overview of how credit (a) works, (b) affects their daily lives and (c) determines how much money they will pay for loans and other services.
2. Understand how their actions and decisions can hurt or help their credit.
3. Be prepared to request their own credit reports and correct them if necessary.
4. Dispel myths about credit, credit reports, credit scores and credit cards.
5. Differentiate between the criteria used by individuals and financial lenders when making loans.
6. Identify what is—and is not—included in a credit report and why credit reports from different credit bureaus may differ from one another.
7. Describe the weighted components of a credit score.
8. Differentiate between installment and revolving loans and between credit and debit cards.
9. Gain a basic understanding of how information in credit reports is translated into a FICO credit score.
10. Understand how different credit scores (and, thus, different interest rates) affect what one can buy and how much one will pay for it (e.g., house, car, etc.).
11. Explain how credit reports and credit scores are used in non-credit/loan situations.
12. Gain facts and strategies to improve credit scores and avoid losing points.

The Good Credit Game and National Standards

There are a number of national standards for teaching personal finance and financial literacy. Many of the learning objectives in these standards are similar (if not exactly the same). However, there is a lack of standardization across these guidelines. In some standards and curricula, credit reports are a separate section; in some, credit is its own section; in some, credit and credit reports are covered as part of other topics like buying a house or car.

In the resource section at the end of the guide, there is a detailed breakdown of how *The Good Credit Game* addresses standards set by the National Content Standards for Entrepreneurship Education, Council for Economic Education–National Standards for Financial Literacy, FDIC (Money Smart), Institute for Financial Literacy–National Standards for Adult Financial Literacy Education and more.

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Resources

Overall Activity Flow

The following provides a snapshot of all the activities contained in *The Good Credit Game*. Instructors may choose to use either Part I, Part II, or the individual activities in Part I based on the needs of the people they are serving. However, *The Good Credit Game* was designed to be used in its entirety because the activities build upon each other. Participants will attain all of the objectives only by completing the entire program.

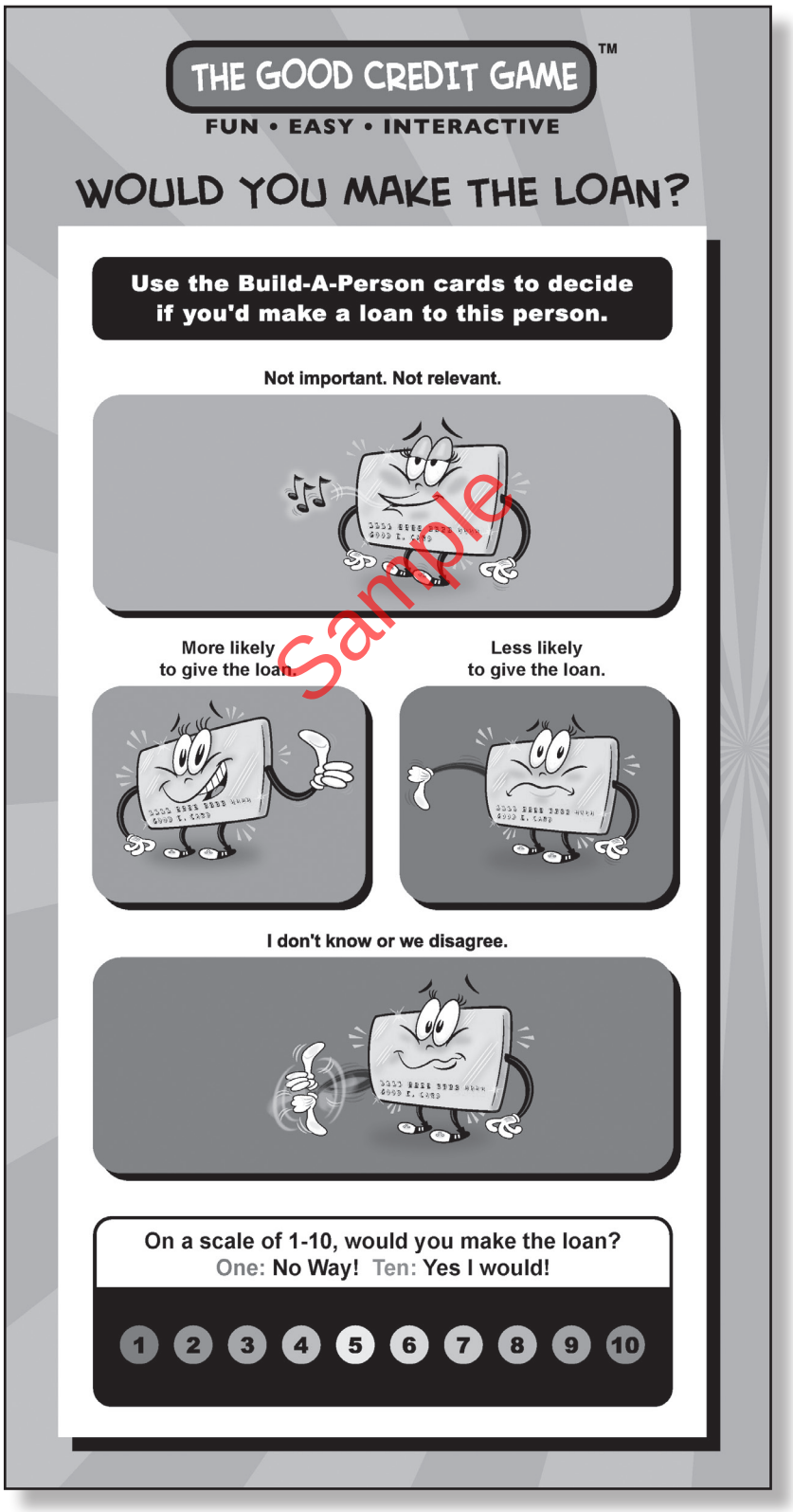
Besides being used as a stand-alone program, such as a one-night credit-building class, the program can be used to complement other financial programs, such as budgeting, or can be substituted for the credit module in other financial curricula.

Instructors can be trainers, educators, counselors or volunteers. Everyone is encouraged to read through the instructor's guide before using the program.

Activity Number and Title	**Time Needed Including Set-Up**
A range of time is given for each activity. The amount of time groups take to complete each activity depends on how much discussion you want to have both when the groups are doing the activity and during the debrief time. Groups of 2-3 will require less time than groups of 4-5.	
Part I: 50-90 minutes	
Activity 1: Would you make the loan? Round 1: Making a personal loan Round 2: Making a loan as a lender from a bank	15-20 minutes
Activity 2: What's important to a lender? Where does that information come from?	10-15 minutes
Activity 3: What's in a credit score?	10-15 minutes
Activity 4: A closer look at credit reports	10-15 minutes
Activity 5: What does my credit score mean?	5-10 minutes
Part II: 45-120 minutes	
Activity 6: *The Road to Good Credit* board game	45-120 minutes

PART I
Credit Reports and Scores

Activity 1
Would you make the loan?
Game Board 1



ACTIVITY 1

Would you make the loan?

Format	Small group discussions using a game board for a sorting activity. Large group debrief.
Materials	• Game boards (one for each group of 2-5 people) • *Build-a-Person* card set. (Note: There are enough cards to build 10 people. Five young adult sets have white numbers; five adult sets have black numbers. The instructor can choose to use the cards that are most relevant to the participants. At the end of Activity 2 is a table with all the information on the cards.
Set-up seated	• Divide the large group into smaller groups of 2-5 people. Groups will be at tables. • Place a game board at each table or have them ready to be picked up. Have it open to the game board side: *Would you make the loan?* • *Build-a-Person* cards sorted by their numbers (1-15) so each group can easily collect one from each pile, or have cards already in stacks of 15 cards to make up one person for each group. (If you are working with only one group, have another stack to use for the next activity. When there are two or more groups cards will be rotated to provide a new "person."
Time	15-20 minutes

GOALS

1. Introduce identifying criteria for making a loan using a fun, non-judgmental participatory activity that gets everyone engaged and interacting with one another.
2. Differentiate between the criteria used by an individual and a lender from a financial institution when considering making a loan or giving credit to someone.
3. Identify what is and is not important to a lender from a financial institution and why.

WHY DO THIS ACTIVITY?

This great icebreaker engages people in a non-threatening, fun way. It sets the stage for further learning by providing a non-judgmental setting where there are no right or wrong answers. Everyone can participate. Everyone's opinion of why they would lend money to a friend or relative is valid. It introduces the topic of creditworthiness and loans in a way everyone can relate to their own experiences even if they have not worked with banks and credit card companies. It helps people think about how they make choices and listening to others exposes them to new perspectives.

Then it gets them thinking like lenders from financial institutions. Their primary interest is if they *can objectively predict if the borrower is likely to pay money back as agreed*. Typically, personal stories don't count and there are legal restrictions on what information they can collect and consider.

FACILITATOR PREP

1. Divide your group as evenly as possible into groups of 2-5 and seat them at tables. The number of groups will be determined by the number of game boards you have. Each game board can accommodate 2-5 people. (Although larger groups are possible, we recommend five or fewer so everyone has more opportunity to play and the game will go faster.) Determine if you will let the participants choose their own groups, let groups form randomly or predetermine how you want to assign them by any criteria that you choose.

2. Each group will need a set of *Build-a-Person* cards. You can sort them into piles by the numbers on the back and have one person from each group come up and take one card from each of the 15 piles to build their person. You can also choose to randomly put together sets of cards (1-15) for each group and place them on the tables in advance. Note: the cards with black numbers are for adults. The cards with white numbers are for 18-22-year-olds. You can chose the age and information cards most relevant for your class.

3. You will do this activity twice.
   - Round one: You will ask the groups to determine if they would personally make a loan to a friend who is the composite person they have.
   - Round two: You will ask the groups to determine if they would make the loan if they were a lender from a bank.

4. Think about what type of loan and situation that would be most relevant to your participants. Would the loan be for a friend, relative, student, child, parent or work acquaintance? Determine the loan amount and situation for your participants. Examples may be:
   - $2,500 to your friend for a car to get to work
   - $500 to your relative to pay a utility bill so the electricity won't be turned off
   - $10,000 to your child for the down payment on a house
   - $1,000 to your niece to help with tuition and books
   - $1,000 to your brother to attend a family member's funeral in another state

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DIRECTIONS TO READ
Round one—Would you make a personal loan?

Each group needs a game board and a *Build-a-Person* set. Have one person from each group get one game board and a *Build-a-Person* set for their group by collecting one card from each pile on the table. (Option: Already have the *Build-a-Person* cards in sets for each group and place them on the tables.) Make sure each group has a game board opened to "Would you make the loan?"

1. *Imagine that you have enough money to loan some to (a friend). You have 15* Build-a-Person *cards that describe one person and that person wants a loan from you.*

2. *This friend is asking to borrow $___ (Insert the amount of money of the loan and how it will be used based on what is relevant for your participants.) It is your job to look at all the information on the cards and determine if you will make the loan.*

3. *Who is this person? Lay out the cards on the table and read the information on each card to get a quick image of your person. You may give your person a name. For example, you may have a 30-year-old divorced mail carrier named Rosie with four children. Some of the information may seem silly or may not seem to fit together. Lots of time people's situations are strange or complex. Do the best you can with the information and have fun with it.*

4. *Take turns and read each card. Talk about your reactions. Do you think the information on each card will make you more or less likely to give the loan? You may also have different opinions, which is fine. We all make decisions for different reasons. There are no right or wrong answers. Place the* Build-a-Person *cards in the section on the game board that best describes your reaction: if you agree the information is irrelevant (blue), if it is more likely to give the loan (green) or less likely to give the loan (red). If you don't know or as a group you disagree, place it in the purple section.*

5. *You will have about five minutes to do this activity and determine how likely you are to make the loan based on the information you have on your cards. Remember, there are no right or wrong answers. It's all about your own personal preferences and beliefs.*

6. (After five minutes, or sooner if they are finished, ask them to consider if individually they would give a loan to their person.) *How likely are you to give a loan to this person on a scale of 1–10? One means you definitely would not give a loan to this friend and 10 means you would absolutely make the loan. You don't have to agree with each other.*

DEBRIEF DIRECTIONS: Discuss the experience as a large group

Depending on your time, you can keep this debrief short or allow more discussion. This debrief is important because it helps people begin to identify how their own thinking about giving a loan (extending credit) may be very different from the thinking of other participants in the session. There are *no* wrong answers, so it is important not to react positively or negatively either verbally (e.g., "Really—you didn't care that he was unemployed?" or "Exactly—that is so important!") or non-verbally (frowning or agreeing with facial and body language).

1. Ask one person from each group to share a two-sentence overview of the person and share the group's decision about whether they would make the loan to the friend. (For example: *Our person was Anna, a 25-year-old teacher and single mother with two children. She owes $10,000 in credit card debt for helping out her mother during a crisis. Three of us said we would make the loan and gave her a 9 because we wanted to help her. She's really trying and it was important to move her mother to live near her after her father died. One person gave her a 3 and wouldn't give the loan because he thought she earned enough and should be managing her money better.)*

2. With more time, you may wish to have in-depth discussions about which items influenced positive or negative responses for making a loan. Find out which items they considered irrelevant and where they disagreed.

3. Wrap up by reminding them that it was their own money so they could make whatever choice they wanted based on whatever was important to them.

4. You will now change into a lender from a bank or credit union and again think about whether or not you will make the same loan.

DIRECTIONS TO READ:
Round two—Would you make the loan if you were a lender from a bank?

Have each group collect their *Build-a-Person* cards and pass them to the next table. Now each group has a new "person." (Option: Keep the same cards. It is faster but less interesting. If you have only one

Activity 5
What does my credit score mean?

CREDIT SCORE GUIDE

Small changes in your credit score mean big savings.

LOANS

Furniture	Personal Loan	Used Car	New Car
$1,000 – 12 months	$2,000 – 36 months	$8,000 – 48 months	$20,000 – 48 months

FICO Rating	Credit Rating	Chance of getting a loan	Rates
760-850	Excellent	Excellent	Super Prime
680-759	Good	Very Good	Prime
620-679	Fair	Good	Prime
580-619	Poor	Possible	Subprime
300-579	Bad	Unlikely	Subprime

Disclaimer: These numbers are for educational purposes only. Check with a lender for the rates. Lenders may use different credit score ranges.

CREDIT SCORE		
760–850	Interest rate	7%
	Monthly payment	$87
	Total paid	$1,038
	Interest paid	$38
680–759	Interest rate	15%
	Monthly payment	$90
	Total paid	$1,083
	Interest paid	$83
620–679	Interest rate	20%
	Monthly payment	$93
	Total paid	$1,112
	Interest paid	$112
580–619	Interest rate	22%
	Monthly payment	$94
	Total paid	$1,123
	Interest paid	$123
300–579	Interest rate Monthly payment Total paid Interest paid	*No traditional loan*

THE GOOD CREDIT GAME™ FUN • EASY • INTERACTIVE

By the creator of Money Habitudes®

LifeWise Strategies, LLC
www.GoodCreditGame.com

CREDIT SCORE GUIDE

Small changes in your credit score mean big savings.

MORTGAGES

Sample

MORTGAGE: 30-YEAR, FIXED-RATE LOAN

$100,000	$200,000	$300,000

CREDIT SCORE		
760–850	Interest rate	3.9%
	Monthly payment	$472
	Total paid	$169,819
	Interest paid	$69,819
680–759	Interest rate	4.2%
	Monthly payment	$489
	Total paid	$176,065
	Interest paid	$76,065
620–679	Interest rate	5.5%
	Monthly payment	$568
	Total paid	$204,426
	Interest paid	$104,426

CREDIT SCORE		
580–619	Interest rate Monthly payment Total paid Interest paid	*No Conventional loans, only FHA government loan; Special conditions & fees may apply.*
300–579	Interest rate Monthly payment Total paid Interest paid	Limited or no loans

Disclaimer: These numbers are for educational purposes only. Check with a lender for the rates. Lenders may use different credit score ranges.

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The rates on this calculator are representative of the different charges at different credit scores. However, they are meant to be educational and are only used to illustrate the differences. These rates will change over time, and even on the same day there are different rates in the marketplace, including for a standard mortgage. Rates are even more variable when it comes to loans for people with "subprime" or low credit scores, below 620. Also note that many loans will add a wide variety of fees on top of the interest rate. Typically, the lower the credit score, the more charges will apply. Individuals need to check with their lender for actual rates before applying for a loan, line of credit or credit card.

ACTIVITY 5

What does my score mean?

Format	Whole group or small group discussion.
Materials	Calculators (*The Credit Score Guides*). One for every two people (Additional calculators can be purchased.)
Set-up	Pass out calculators
Time	5-10 minutes

GOALS

1. Understand why credit scores are used.
2. Identify the ranges of credit scores generally considered good, bad and just okay.
3. Be aware of the potential financial consequences of different scores.

WHY DO THIS ACTIVITY?

Once you know what goes into a credit report and how it becomes a credit score, it is important to understand what that score means and the consequences associated with it. For example, is a score of 670 good or not so good? What will a lender think? This is especially important for anyone who plans to make a large purchase in the future (like buy a car or a home) or apply for insurance. Using the calculators will help make the cost of poor credit very concrete as participants see the difference in the monthly payments and the total interest paid on purchases and loans.

READ OR EXPLAIN USING THE FOLLOWING INFORMATION

Remember the first activity: *Would you make the loan?* You chose a number from 1-10 representing how likely you were to make the loan. One represented that you definitely wouldn't consider the loan and ten meant you absolutely would give the loan.

Banks, credit unions and other businesses also use rating scales. The most common one is the FICO credit score, which goes from 300-850. (VantageScore is another well-known credit scoring system, but we will only be talking about the FICO score.) Based on research of millions of people's accounts, lenders and businesses use those scores as a shortcut to predict how likely someone is to pay off a loan as agreed. That is how they determine if they will make a loan or extend credit and what they will charge for it. It is very difficult to get statistics for default rates and credit scores. There are different results depending on if it is referring to mortgages, car loans, credit card payments or other loans. Lenders get specific data for different scores. The information available to the public is limited and can vary tremendously. These are some general default rates:

- People who have a credit score of 800-850 are rarely delinquent on their loans or payments. Statistically, there is agreement that less than 1%, or one person in 100, defaults or won't pay as agreed.

- On a 2009 MyFico report, people who scored 600-649 had a 31% delinquency rate. That means 31 out of every 100 customers did not pay back as agreed.
- On a 2009 MyFico report, people who score less than 500 have an 87% delinquency rate—statistically 87 of 100 people did not make their payments as agreed.

Look at the calculator on the "loans" side. You will see the common credit score ranges and how they are generally interpreted and used for predicting behaviors. These numbers are only for educational purposes to illustrate how credit scores can be used. Lenders may use different ranges. For example, at one bank their best rates will start at 720, but another bank may give their best rates only to people who have a credit score of 760 or higher. Let's look at the numbers for a minute and not think about making a loan, but what it might mean in other situations.

Using the credit ranges on the calculator, consider if you would do business with a person just based on his or her credit score. Raise your hand if you would do business with the person in these scenarios. (Follow this with a discussion of what assumptions they were making based on the credit score.)

- You own a small hardware store. A handyman applies for a $1,000 line of credit to purchase items for his jobs. His credit score is 805.
- You have an apartment for rent. A woman applies to rent it who has a steady job as a clerk in a county office. Her credit score is 580.
- You are selling your old car for $8,000 and a student wants to buy it. He can give you $5,000 but asks if he can give you monthly payments for the next six months to pay it off. His credit score is 680.
- You are hiring a few people for a big fundraiser. Most of them will be serving food and cleaning up. One person will collect money and take credit cards for donations to help a family who lost everything in a fire. If you knew that the person who has asked to do that job has a credit score of 785, would you give her the job? What if her credit score was 480?

Choose a few of the following questions for more in-depth discussion.

- Why would a bank or credit card company want to use a credit score to qualify you or pre-qualify you for a loan or a card? What advantage does it have over examining all the information of a multi-page credit report? (It saves time and work.)
- You have two apartments to rent and two people are interested in renting one of them. One has a credit score of 800 and the other has a credit score of 600. You will rent to both people but want to minimize your risk. What can you do differently to protect yourself? (Require the person with the 600 score to put down a larger security deposit and pay the last month's rent in advance.)
- If you were a bank, which customers would you want to attract based on their credit scores? What could you do to get customers with higher credit scores? (Offer incentives like lower interest rates, no fees or lower fees, waive penalties, offer rewards like gifts, points to be redeemed for miles or gifts, cash back, etc.)
- Are credit scores a fair way to judge people? Why do you think some people have low credit scores even if they are responsible? (Low scores could be the result of missed payments or maxing out their credit cards due to health issues, job loss, natural disasters, a divorce or death.)
- When you apply for insurance and the company checks your credit score, what are they looking for? (Research shows that lower scores are associated with more claims.)

Using the Calculators: Determine how credit scores affect how much you have to pay.

Give the participants a few minutes to play with the calculators. To make sure everyone understands how to use the calculator, ask everyone to look up the following:

- What are the monthly payments for the used car if your score is 625, 725 and 825?
- How much would you pay on the $2,000 loan with a credit score of 740? 760?

DEBRIEF DISCUSSION:

1. What did you notice about how credit scores affect the cost of things you buy?
2. How much would you pay each month for the used car if your credit score was 780? How much would you pay over the course of a loan with a 780 score? What would be the cost if your score was 620? How much do you save by having a better credit score?

   (As the facilitator, help people understand how much more or less they'd each be paying per month with different credit scores. It might be helpful for you to do the math on a white board or flip chart.)
3. Walk the group through an example where 10 points makes a big difference with a monthly payment. (The biggest differences will come when looking at mortgages on the back of the calculator.) What if you miss two credit card payments and get knocked down from the "good" rate to the "average" rate—how much more would it cost you each month for a $200,000 house? How much more would it cost over the life of the loan?
4. Do you think all banks or credit unions will give you the same rate on a car loan if you have a 700 score? [No, some use different ranges of credit scores. Others will weigh the importance of the credit score and other data differently. Sometimes one is targeting a specific population to increase customers or promoting a specific type of loan and will make it less difficult to get that loan. This is why you should always shop around when looking for a loan.]
5. Note that all lenders and financial institutions will *not* use the same score ranges. For example, some will only give the best rates starting at 760 and others will start at 720 and above. Some lenders will make loans below 620 and others will not, etc. Remember, it is not just the interest rate to consider; people with lower scores will often pay more fees. For credit cards, they will pay higher interest rates on their balance and cash advances. In addition, they will not get the same level of rewards.

Facilitator: Unless you are giving calculators to the participants to keep, collect the calculators. (Additional calculators can be ordered.) If you haven't already collected all the *Build-a-Person* pieces and the *Simplified Credit Reports*, collect them now. Unless you are going to do Part II immediately, collect the game boards.

PART II
The Road to Good Credit

Activity 6
The Road to Good Credit
Game Board 3

ACTIVITY 6

The Road to Good Credit

Format	Groups of 2-5 play a board game followed by large group discussion.
Materials	• Game board #3. Each board accommodates 2-5 players. • 200 blue question cards (can be divided up and rotated through groups) This includes 80 **basic cards** and 120 additional information cards. • Optional: 20 yellow discussion cards (divided up among the groups) • One die for each group • One game piece per player • Instructor's guide with answers to all the questions and mini-lessons for more in-depth information and teaching tips for each topic. • Star stickers to add to selected cards to signal a mini-lesson. • Noisemakers (bells included) • Optional: a flip chart or white board is suggested for use in some of the mini-lessons.
Set-up	• Optional: select cards to adapt the questions to your group: (1) Basic cards only, (2) add or remove specific topics, (3) mark 2-4 cards with a star to indicate a mini-lesson and (4) select which yellow discussion cards to use. • Divide the participants into fairly even groups of 2-5 so they are seated at tables and each group has a game board, cards, game pieces and dice. • Participants place their game pieces on the start space. • Instructor's guide is handy as a reference.
Time	45 minutes works, but an hour is suggested and two hours allows for more discussion, mini-lessons and exposure to more topics related to credit. For faster game play: • Put people in smaller groups. Three players will be faster than five. • Do not require people to roll the exact number to get to the last space on the game; rolling over is okay. • Don't use the discussion cards and use fewer Star cards so there is less explanation by the instructor. • When a group finishes early, they can start a new game, just go through more question cards or go through the yellow discussion cards.

GOALS

- Learn common financial terms.
- Gain general knowledge about credit reports, scores and cards to become a more informed consumer.
- Reinforce information from the previous activities.
- Dispel common myths and get accurate information.

WHY DO THIS ACTIVITY?

Credit is a complex topic that can be intimidating and overwhelming. The game format makes the information more user-friendly and engaging. People become involved and retain more. Because it is very adaptable, the facilitator can choose to focus only on basic information or customize the topics that are most relevant to the group. The game format also encourages discussion in a non-threatening setting so participants learn from each other and realize that other people experience the same challenges and misinformation. This format also allows the instructor to easily customize the game to different audiences by choosing the information and discussion cards and the mini-lessons.

FACILITATOR PREPARATION

- Place the game boards, game pieces and dice for each group on their tables or lay them out on a table and have someone from each group come up for them. They will use one game board, one die and one noisemaker per group of 2-5 people. Each player needs a different color car game piece. (Extra game pieces are included.)
- The set of 200 cards covers 39 topics. (The topics are organized alphabetically following these directions. See options to customize the cards below.) Shuffle the cards well and divide them up somewhat evenly between the table groups. Rotate the cards to the next table group when one group runs out of cards.
- There are 20 yellow discussion cards. Read through them. You can chose whether or not to use them or pick which ones would be the most relevant to your participants. Divide them up between the groups. (The group will discuss the topic when someone lands on a yellow space. You want to include only two per group for an hour's game.)

OPTIONS TO CUSTOMIZE THE GAME FOR YOUR GROUP BY INCLUDING, REMOVING OR STARRING CARDS.

- **Basic cards**

  Use only the 80 Basic cards if you want to focus on the most important information for building credit. Every question card has two cars on the back. The Basic cards have GREEN cars for easy sorting. (Other cards have RED cars.)

9. Corrections to Credit Reports

9-1 Basic	One credit bureau takes off things that are wrong or out of date on your credit report. The other two will always fix it at the same time. True / **False**
9-2	You can add your own note to your credit report. You could say, for example, you were late paying because you were ill. Will this note change your credit score? a. Yes **b. No**
9-3 Basic	To fix things that are wrong on your credit report: **a. There is no cost. Fill out the credit bureau's form.** b. It costs a lot. It's not worth it.
9-4	You get your credit report. Your middle initial is wrong and it still has your old address on it. Relax. Those little mistakes aren't important. They can't hurt your credit score. True /**False**
9-5	You call the credit bureau to fix a mistake. Have a pen and paper ready. Write down: **a. The date, time, person, problem and promises of what will be done.** b. The person's birthday so you can send a card.
9-6	You call a store to fix a mistake on your credit report. They agree to change it. **a. Ask them to send it to you in writing.** b. Write the person a thank you note.
9-7	To dispute an item on your credit report, write to the credit bureaus. Send copies of receipts and things that support your claim. And it's good to send: a. A $25 gift card **b. A copy of your report. Circle the item you say is not right.**
9-8	To change an item on your credit report, send a letter to the credit bureau. They will check back with the place that made the mistake. If it is wrong, they need to fix it. How long do they have to check it out? a. As long as they want. **b. 30 days**
9-9	You can prove you paid your loan on time. On your credit report the bank said it was late two times. You call the bank to fix it. **a. Ask them to tell the credit bureaus. They should send you a letter to prove they did it.** b. Ask them to say they are sorry.
9-10	You see an error on your credit report. **a. You can call the place that got it wrong on your own. Ask them to fix it.** b. You must pay money to fix it.

Credit reports include a great deal of information from many sources and it is not unusual for mistakes to occur. In fact, some research reports conclude that as many as 80% -90% of all credit reports contain some inaccurate information. Not all of it will affect your credit scores, but some may. The first step in correcting errors is getting and reviewing your credit reports from all three credit reporting agencies—TransUnion, Experian, and Equifax—and reviewing them for accuracy. If you note any mistakes, contact the credit bureau or the company that reported the inaccurate information.

Why do mistakes happen so often? First, there is an enormous amount of information, so the sheer volume alone increases the odds of mistakes. Common reasons for inaccuracies include:

- Someone has the same or a similar name.
- An incorrect Social Security Number. (Someone may have just made a mistake recording it.).
- An incorrect credit card number. (Again, it could be simple entry mistake.)
- A form was not submitted to the IRS to have a paid tax lien removed.
- Information that was sent to one credit bureau was not sent to the other bureaus.

If you do find a mistake, you can file a dispute using the dispute resolution process detailed on the website of each credit reporting agency. There is an online option and a mail-in option. Many financial professionals recommend the mail-in option so you have a record of the actions you have taken to fix errors on your credit report. Send a copy of your report with the disputed items highlighted, copies (be sure they are copies and not original documents) of any proof or supporting documentation (receipts, scanned images of canceled checks, paid in full statements, etc.), and a letter explaining the error. Make a copy of this packet for your own files, and send the packet to the credit-reporting agency that has made the error. Send your dispute resolution packet via certified mail with return receipt requested. Then you will know when the credit reporting agency has received the information. They have 30 days to complete their investigation from the time they receive it.

You can also go directly to the business that is the source of the information to correct a mistake. For example, if your automobile lender reports that you have missed a payment and you have proof that you paid it on time, you can contact the lender with the proof (in writing using the same process described above). They are then required to fix their error with the credit reporting agency.

Be sure to order your credit report within 60 days of the error being corrected to ensure it has been corrected on your credit report. This report is free. You can also ask that the report be sent to anyone who got your report in the last six months, requested your report in the past two years for employment or who denied you credit, a loan or insurance.

You can take care of mistakes on your credit report yourself by going online or calling the credit bureaus or the company that reported something incorrectly. You do not need to hire a lawyer or go to a specialist to have it done.

Be very careful about contacting someone to fix your credit report. Unfortunately, the industry is not well regulated and there are many scams. Although some simple mistakes can be fixed rather easily, they also may take your money and promise to remove a bankruptcy, foreclosure or other public records that are required to stay on your credit record for 7-10 years. Only time will remove those items if they are accurate. As the customer, you must be extra careful.

Engaging the Participants—Role Playing

There are many mistakes on credit reports. In fact, some research shows that as many as 80% of all credit reports have inaccurate information. Mistakes often happen when people have common or similar names. Someone named John James III may get information meant for John James Jr. or Mary M. Smith may get Mary N. Smith's information. When Social Security Numbers or credit card numbers are entered, mistakes cause purchases or payments to be reported incorrectly. Work in pairs doing a three-minute role-play. One person is the customer calling to report a mistake. The other is a helpful credit bureau customer service representative. As the customer, report that you have paid a bill that is reported as a missed payment. What information do you need to ask?

ASK: As the customer representative, what made you want to help or not help the customer? (Tone of voice, attitude, too much information, not prepared to give information.)

ASK: As the customer, what did you find helpful or frustrating about the customer representative? (Not listening, not clear about what to do, not helpful, attitude.)

ASK: What did you do (or can you do) to make sure there is follow-up? (Be prepared to write down the name of the person, the date and time of the call, what was promised and ask that the information be emailed or mailed to you in writing.)

Note: If you have not already reviewed the simplified credit report in Part I, Activity 4, you may want to do that now. It includes the simplified credit report handout.

10. Co-sign

10-1	I co-sign on my aunt's loan. She didn't make a payment for 60 days. The bank will: a. Let me know right away. **b. May not tell me. When they say it is a bad loan, it will go on my credit report too.**
10-2 Basic	By law you must be 18 to have a credit card in your name. At 18 an adult can co-sign so you can get a credit card. **a. If the adult has good credit, it helps you build good credit.** b. If the adult has bad credit, it still helps you build good credit.
10-3	You co-sign on a loan and it is not paid. **a. You, the co-signer may have to pay the bill.** b. Don't worry about it. You are just the co-signer.

When you co-sign for a loan, you are contractually and legally liable for the loan. This means that any activity associated with the loan will be reported on your credit reports and affect your credit scores. If someone is asking you to co-sign on a credit card or loan, be very careful:

- As a co-signer you are legally responsible to pay the debt if the other person doesn't.
- The bills go to the other person and, unless you have online access to the account, you won't know if the bills are paid on time or how much credit is being used.
- Late payments or missed payments will be reported to the credit bureaus in both your name and the other person's name, so it will show up on your credit reports and can affect your credit scores.
- If there is unpaid debt, the lender will seek payment from you.
- If you need a loan yourself, a lender may be less interested in approving your loan if you are a co-signer on another loan. You are on the hook for the other person's loan. So, a lender will count co-signed credit as owed debt for you. It will increase your debt-to-income ratio and thus impact how much additional credit you can qualify for.

Engaging the Participants—True/Not True

What is true and not true about co-signing a loan.

INSTRUCTIONS: Ask participants to stand up or shout out "true" and sit down or shout out "not true" after each statement. Be sure to share additional information if there is disagreement about one of the statements. (All of these statements are true.)

- As a co-signer, you are legally responsible to pay the debt if the other person doesn't.
- The bills only go to the other person who took out the loan, not to you, the co-signer.
- You may not know how much the other person is charging on the credit card.
- You may not know if payments weren't made on the loan until a month or more.
- Late payments or missed payments will be reported to the credit bureaus in your name too.
- If you co-sign, late or missed payments by the other person will make your credit score drop.
- If there is unpaid debt, the lender may seek payment from you.
- If you need a loan, a lender may not approve your loan if you co-signed on another loan.