Career Day

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Responsibilities of my Career

1. I need to make sure that I have the families best interest in mind at all times.
2. Complete understanding of the families money situation and life situation.

Required Schooling

1. Licensed through the State of Ohio and the United States.
2. A good understanding of formulas and math.

Number of Hours Worked per Week

1. My hours will vary…some weeks I will work 25-30 hours and some I will work 50-60 hours.

What is a Mortgage?

The definition through Wikipedia is:

"A conveyance of an interest in property as security for the repayment of money borrowed."

People will use a mortgage to purchase a home if they do not have enough cash to be able to pay for it. People will also refinance the mortgage they currently have to make the payments lower.

What is Credit?

According to Wikipedia:

"Confidence in a purchaser's ability and intention to pay, displayed by entrusting the buyer with goods or services without immediate payment."

The Three C's of Credit

Your credit score is a measure of factors that may affect your ability to repay credit. It's a complex formula that takes into account how you've repaid the previous loans, any outstanding debt, and your current salary.

A credit score is dynamic and can change positively or negatively depending upon how much debt you accrue and how you manage your bills. The factors that determine your credit score are called The Three C's of Credit – Character, Capital & Capacity.

Character

From your credit history, a lender may decide whether you possess the honesty and reliability to repay a debt.
Considerations may include:

Have you used credit before?
Do you pay your bills on time?
How long have you lived at your present address?
How long have you been at your present job?

Capital

A lender will want to know if you have valuable assets such as real estate, personal property, investments, or savings with which to repay debt if income is unavailable.

What is Collateral (or Capital)?

In lending agreements, collateral is a borrower's pledge of specific property to a lender, to secure repayment of a loan. The collateral serves as protection for a lender against a borrower's default – that is, any borrower failing to pay the principal and interest under the terms of a loan obligation. If a borrower does default on a loan (due to insolvency or other event), that borrower forfeits (gives up) the property pledged as collateral – and the lender then becomes the owner of the collateral. In a typical mortgage loan transaction, for instance, the real estate being acquired with the help of the loan serves as collateral. Should the buyer fail to pay the loan under the mortgage loan agreement, the ownership of the real estate is transferred to the bank. The bank uses a legal process called foreclosure to obtain real estate from a borrower who defaults on a mortgage loan obligation. A pawnbroker is an easy and common example of a business that may accept a wide range of items rather than just dealing with cash.

Capacity

What is Capacity?

This refers to your ability to repay the debt. The lender will look to see if you have been working regularly in an occupation that is likely to provide enough income to support your credit use.

The following questions may help the lender determine this:

What is your current annual income?

Do you make enough money to support your current and future liabilities (the 28/36 rule)

Is the job you have stable?

Do you have a history in that line of work?

How many other loan payments do you have? (the 28/36 rule)

What are your current living expenses? (rent? Living with family?)

What are your current debts? (cars, credit cards, student loans?)

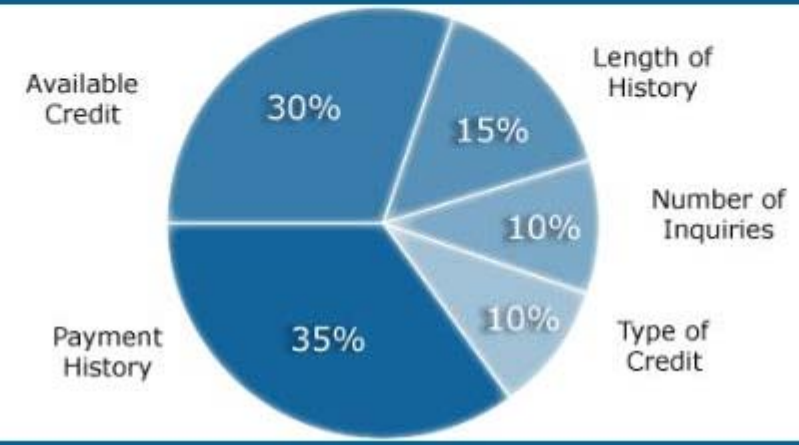
How many dependents do you have? (Why?)

FICO Weights

The FICO score is based on five different weighted factors:

* Payment history: the record of your on-time and late payments
* Available credit: your credit limit minus the amount you owe for each account
* Length of history: the time elapsed since each account was opened
* Number of inquiries: records of inquiries logged when you apply for credit
* Type of credit: mortgages, installment loans, revolving accounts, etc.

Each of these factors has a different weight, summarized in the following chart:
FICO score factor weights.

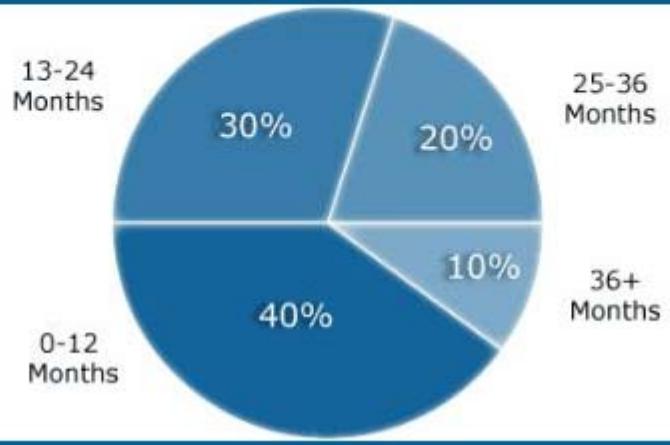


Age of Information

In addition to factor weights, the FICO model applies different weights to information based on how old it is. The newer the information is, the more it affects the score.

The following chart summarizes the weights the FICO models applies to information based on its age:

Age-Based FICO Weights



Credit Myths

Credit is a complex subject, and like most complex subjects it's often misunderstood. As a result, many people learn information about credit that simply isn't true. Our credit specialists are trained to help you navigate the myths and understand the truth about your credit. Give us a call, and we will explain the truth!

The following list is a sample of the popular credit myths we can help you understand.

* Paying off your collections will help your credit score.
* Once you pay a collection, charge-off, judgment, or tax lien it no longer impacts your credit score.
* Using your credit cards a lot will increase your payment history and raise your score.
* Multiple credit inquiries pulled at one time in the same industry will not negatively impact your credit score.
* Consumers have just three credit scores.
* It is better if an account goes late occasionally than if it goes bad altogether.
* Paying off your auto loan, student loan, or mortgage loan will help improve your situation.
* Paying off your major credit cards and leaving the small store cards maxed is the better choice.
* You should pay off one revolving account at a time.
* Paying a large up-front credit repair fee will get you better service.
* After 7 years, a negative item on your report will disappear and will no longer lower your score.
* Having a third party, such as a consumer credit counseling firm, manage your finances will help improve your credit score more quickly.
* For corrections, the burden of proof lies with the consumer.
* My divorce decree states that my spouse is responsible for that debt, so any future negative items will not impact my credit score.
* Your collection was sold, so the original one will be erased.
* You need to contact your creditors rather than the bureaus every time you think there is a mistake on your credit report.
* The credit bureaus, creditors and lenders are your friends!
* You have only one credit score.
* A higher salary will improve your credit score.

Challenges in my Career

What I Like About My Career Choice

A Typical Day In My Career

Building Financial Responsibility

Age 14: Establish a savings account. For every dollar the child deposits, the parent matches. Funds cannot be withdrawn. This account is designed to save for the down payment on a car.

Trust me - the vehicle will mean more when they have a vested interest.

Building Financial Responsibility

Age 16: Car shop. The savings may not be enough. See if a community bank or credit union will allow the child to be on the loan to begin establishing credit history. Parent will need to be primary Borrower, but do NOT make the payments. Child will learn nothing unless they are responsible. If needed, pay them a weekly allowance that will cover the expense - but do not take care of it for them.

Building Financial Responsibility

Age 18: Now a responsible adult. First, check credit history with free annual credit report to make sure no one has misused your information. You are not legally responsible if someone has used your information fraudulently before age 18 - just contact credit reporting agencies (you may have to provide proof of age). Start with a store credit card (Sears) or ask a parent to cosign a secured Visa. Charge $20 to $40 a month. Pay in full the minute the bill arrives. In approximately 6 months, open another account (gas, store or maybe by this point a Visa or Master Card). Charge $20 to $40 a month. Pay in full the minute the bill arrives.

Building Financial Responsibility

Age 19: Open a small secured loan (car, if possible). Set up auto-pay so that it is always paid on time. If a car loan is not possible, apply for another unsecured account. Open one more credit line (Visa, MC, store, gas). Charge $20 to $40 a month. Pay in full the minute the bill arrives.

With these 4 accounts - paid on time every month, a person can reach a great score (720ish) in no more than 2 years. Don't let the accounts go dormant. They have to be used - just don't ever max them out (that will lower your score). Use them for daily incidentals (food, gas, clothing) - as long as you pay them in full each month. Do not buy things you can't afford.

Motivations Of My Career