

YOUR CREDIT RATING

Whenever you apply for a loan from a financial institution your loan history is an important measurement to determine your eligibility. Your loan history determines your **Credit Rating**.

Your credit score is very important. You should try to maintain a healthy credit score.

You are now invited to check your credit rating:

Payment History - 35% of score

1. When did you get your first mortgage loan?
 0 - 5 years ago 5 - 10 years ago Over 10 years
2. Have you ever been delinquent in your mortgage payments?
 Yes No
3. Are you at present renting?
 Yes No
4. How long have you been renting?
 1 - 2 years 2 - 5 years Over 5 years
5. Have you ever been delinquent in your rent payments?
 Yes No
6. When was your first credit card issued?
 I do not have a credit card
 Less than 1 year ago
 2 years ago
 Over 2 years ago

7. When did you get your first motor vehicle loan?

- I do not have a motor vehicle loan
- 1 - 2 years ago
- 3 - 5 years ago

8. When was your last loan received?

- Less than six months ago
- One year ago
- Over 1 year ago

9. Have you ever been declared bankrupt?

- Yes
- No

10. Are you currently in bankruptcy or foreclosure?

- Yes
- No

11. Are all your loan accounts currently up-to-date?

- Yes
- No

12. How many loan accounts do you have?

- 0 - 1
- 2 - 3
- 3 - 5

Outstanding loans- 30% of score

1. Do you have a mortgage loan?

- Yes
- No

2. Do you have a motor-vehicle loan?

- Yes
- No

3. How many credit cards do you have?

- 0 - 1
- 2 - 3

4. How many overdraft accounts do you have?

- 0
- 1
- 2

5. How many outstanding loans do you have?
 0 - 1 2 - 3 4 - 5
6. What is the balance on your credit card(s)?
 Less than \$500.00 \$500 - \$1,000
 \$1,000 - \$2,500 Over \$3,000
7. Do you have hire purchase accounts?
 Yes No
8. How many loans have you applied for in the last year?
 I have not applied for any loans in the last year
 One loan
 Two loans
 More than 2 loans
9. Were any of your accounts ever:
 o 30 days late - Yes No
 o 2 days late or greater - Yes No
10. Are all your loan accounts currently up-to-date?
 Yes No

Length of your Credit History - 15% of score

1. When did you get your first mortgage loan?
 0 - 1 year ago 1 - 2 years ago
 2 - 4 years ago Over 5 years ago
2. When was your first credit card issued?
 0 - 1 year ago 1 - 2 years ago
 2 - 4 years ago Over 5 years ago
3. When did you get your first motor vehicle loan?
 0 - 1 year ago 1 - 2 years ago
 2 - 4 years ago Over 5 years ago
4. When was your last loan received?
 0 - 1 year ago 1 - 2 years ago
 2 - 4 years ago Over 5 years ago

5. Are all your loan accounts currently up-to-date?

- Yes No

New Credit - 10% of score

1. How many credit cards have you applied for in the last year?

- 0 - 1 2 - 3

2. Have you applied for a mortgage loan in the last two years?

- Yes No

3. Have you applied for a motor-vehicle loan in the last year?

- Yes No

4. Have you applied for and overdraft within the last six months?

- Yes No

Type of Credit Used - 10% of score

1. Do you have a mortgage loan?

- Yes No

2. Do you have a motor vehicle loan?

- Yes No

3. Do you have a hire purchase account?

- Yes No

4. Do you have a credit card?

- Yes No

What is Credit Rating?

This is a tool used to assess whether you qualify for the loan and it is based on your past borrowings and repayment records. Your assets (how much you own) and your liabilities (how much you owe) are taken into account.

When you borrow from a lending institution you are obligated to repay that sum with interest, within a specified period of time.

Whenever a loan is granted there is always the risk that persons can default on the loan. Lending institutions are therefore required to protect themselves. They do this by inviting the person(s) seeking the loan to fill out a series of forms to assess their credit worthiness. The information provided will assist in determining whether you have the ability to repay the loan. If your history reveals that you usually repay your loan on time, then this will provide a favourable score. However, if your credit history produces data which shows irregular payments or defaults you will be deemed a risk to the lender and a decision will have to be made whether you should be granted a loan. If it is determined that the loan should still be granted then you are likely to be charged a higher rate of interest.

A number of factors have to be taken into consideration before a loan is granted. The forms that you complete are divided into sections. Each section is taken into consideration when computing your overall score. These scores are then tallied and a composite score is generated. The results will reveal your ability to pay your bills. The higher this score the more likely you are to be granted the loan. It is important that you answer the questions truthfully because background checks are also carried out on the individual.

The scores are computed by taking the following into consideration:

1. Payment History – 35% of score

This will give an indication of your past loans and whether you were consistent with your payments, whether payments were made on time and whether you defaulted on any of your loans. The more up-to-date your loan account, the higher this score will be.

2. Outstanding loans- 30% of score

This looks at your current financial position. It will take into account the amount of money you owe on your various loan accounts and compare it with your credit limit. In essence the outstanding balance on loans will indicate how much of your available credit you are using. The lower your total debt, the higher your score in this area.

3. Length of your Credit History – 15% of score

The longer your credit history, the better you will score because your history can be examined to reveal pertinent information to decipher whether you have been consistent in the repayment of your loans. You can score reasonably well with a short credit history only if the rest of your credit report shows responsible credit management.

4. New Credit – 10% of score

If you have opened new loan accounts, your credit score will weigh this fact against the rest of your credit history. Opening several loan accounts over a short period of time represents greater risk. Therefore the more new loan accounts you have, the lower your score in this area.

5. Type of Credit Used – 10% of score

This will take into account the various loan accounts that you have, for instance, mortgage loan, motor vehicle loan, hire purchase, credit card(s) and look at the profile of these accounts. If these loan accounts are within your credit limit and they are managed effectively, then you will score high in this area.

Conclusion

It is important that your loan accounts do not exceed 35 per cent of your net pay. You should ensure that the following tips are followed if you want to maintain a high credit rating:

- Pay your loan instalments on time;
- Don't borrow more than you can afford to pay on time;

- If for some reason you are unable to pay your instalment(s) on time you should contact your branch manager to make appropriate repayment arrangements.

RATING

720 & up

Persons with these scores will have a good chance of obtaining loans. These loans will require less documentation and paperwork. These persons are likely to receive loans at lower interest rates.

680 - 720

The average person has credit scores in this range and will usually not be able to negotiate the best terms.

620 - 680

Persons in this category will have less flexibility in choosing the low interest loans. They will have to accept what is offered if any offer is made.

580 - 620

These persons will be reviewed by financial institutions with a critical eye. They may need to get a co-signer or guarantor.

Under 580

A person in this range will be required to provide a substantial down payment, produce collateral and pay a higher rate of interest.

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Payment History - 35% of score

POINTS AWARDED

- | | | |
|----|---|----|
| 1. | When did you get your first mortgage loan? | |
| | <input type="checkbox"/> Over 10 years | 25 |
| | <input type="checkbox"/> 5 - 10 years ago | 15 |
| | <input type="checkbox"/> 0 - 5 years ago | 5 |
| 2. | Have you ever been delinquent in your mortgage payments? | |
| | <input type="checkbox"/> No | 25 |
| | <input type="checkbox"/> Yes | 5 |
| 3. | Are you at present renting? | |
| | <input type="checkbox"/> Yes | 25 |
| | <input type="checkbox"/> No | 5 |
| 4. | How long have you been renting? | |
| | <input type="checkbox"/> Over 5 years | 25 |
| | <input type="checkbox"/> 1 - 2 years | 5 |
| 5. | Have you ever been delinquent in your rent payments? | |
| | <input type="checkbox"/> No | 25 |
| | <input type="checkbox"/> Yes | 10 |
| 6. | When was your first credit card issued? | |
| | <input type="checkbox"/> Over 2 years ago | 25 |
| | <input type="checkbox"/> Less than 2 year ago | 20 |
| | <input type="checkbox"/> Less than 1 years ago | 10 |
| | <input type="checkbox"/> I do not have a credit card | 0 |
| 7. | When did you get your first motor vehicle loan? | |
| | <input type="checkbox"/> 3 - 5 years ago | 25 |
| | <input type="checkbox"/> 1 - 2 years ago | 20 |
| | <input type="checkbox"/> 1 year ago | 10 |
| | <input type="checkbox"/> I do not have a motor vehicle loan | 0 |

- | | | |
|-----|---|----|
| 8. | When was your last loan received? | |
| | <input type="checkbox"/> Over 1 year ago | 25 |
| | <input type="checkbox"/> One year ago | 20 |
| | <input type="checkbox"/> I do not at present have any loans | 0 |
| 9. | Have you ever been declared bankrupt? | |
| | <input type="checkbox"/> No | 25 |
| | <input type="checkbox"/> Yes | 0 |
| 10. | Are you currently in bankruptcy or foreclosure? | |
| | <input type="checkbox"/> No | 25 |
| | <input type="checkbox"/> Yes | 0 |
| 11. | Are all your loan accounts currently up-to-date? | |
| | <input type="checkbox"/> Yes | 25 |
| | <input type="checkbox"/> No | 0 |
| 12. | How many loan accounts do you have? | |
| | <input type="checkbox"/> 0 - 1 | 25 |
| | <input type="checkbox"/> 2 - 3 | 15 |
| | <input type="checkbox"/> 3 - 5 | 5 |

Outstanding loans- 30% of score

- | | | |
|----|------------------------------------|----|
| 1. | Do you have a mortgage loan? | |
| | <input type="checkbox"/> No | 25 |
| | <input type="checkbox"/> Yes | 10 |
| 2. | Do you have a motor-vehicle loan? | |
| | <input type="checkbox"/> No | 25 |
| | <input type="checkbox"/> Yes | 10 |
| 3. | How many credit cards do you have? | |
| | <input type="checkbox"/> 0 - 1 | 25 |
| | <input type="checkbox"/> 2 - 3 | 5 |

- | | | |
|-----|--|----|
| 4. | How many overdraft accounts do you have? | |
| | <input type="checkbox"/> 0 | 25 |
| | <input type="checkbox"/> 1 | 15 |
| | <input type="checkbox"/> 2 | 5 |
| 5. | How many outstanding loans do you have? | |
| | <input type="checkbox"/> 0 - 1 | 25 |
| | <input type="checkbox"/> 2 - 3 | 10 |
| | <input type="checkbox"/> 4 - 5 | 0 |
| 6. | What is the balance on your credit card(s)? | |
| | <input type="checkbox"/> Less than \$500.00 | 25 |
| | <input type="checkbox"/> \$500 - \$1,000 | 20 |
| | <input type="checkbox"/> \$1,000 - \$2,500 | 10 |
| | <input type="checkbox"/> Over \$3,000 | 5 |
| 7. | Do you have hire purchase accounts? | |
| | <input type="checkbox"/> No | 25 |
| | <input type="checkbox"/> Yes | 10 |
| 8. | How many loans have you applied for in the last year? | |
| | <input type="checkbox"/> I have not applied for any loans in the last year | 25 |
| | <input type="checkbox"/> One loan | 20 |
| | <input type="checkbox"/> Two loans | 10 |
| | <input type="checkbox"/> More than 2 loans | 5 |
| 9. | Were any of your accounts ever been habitually late? | |
| | <input type="checkbox"/> No | 25 |
| | <input type="checkbox"/> Yes | 5 |
| 10. | Are all your loan accounts currently up-to-date? | |
| | <input type="checkbox"/> Yes | 25 |
| | <input type="checkbox"/> No | 5 |

Length of your Credit History - 15% of score

1. When did you get your first mortgage loan?

<input type="checkbox"/> Over 5 years ago	25
<input type="checkbox"/> 2 - 4 years ago	20
<input type="checkbox"/> 1 - 2 years ago	15
<input type="checkbox"/> 0 - 1 year ago	10

2. When was your first credit card issued?

<input type="checkbox"/> Over 5 years ago	25
<input type="checkbox"/> 2 - 4 years ago	20
<input type="checkbox"/> 1 - 2 years ago	15
<input type="checkbox"/> 0 - 1 year ago	10

3. When did you receive your first motor vehicle loan?

<input type="checkbox"/> Over 5 years ago	25
<input type="checkbox"/> 2 - 4 years ago	20
<input type="checkbox"/> 1 - 2 years ago	15
<input type="checkbox"/> 0 - 1 year ago	10

4. When was your last loan received?

<input type="checkbox"/> 0 - 1 year ago	25
<input type="checkbox"/> 1 - 2 years ago	20
<input type="checkbox"/> 2 - 4 years ago	15
<input type="checkbox"/> Over 5 years ago	10

5. Are all your loan accounts currently up-to-date?

<input type="checkbox"/> Yes	25
<input type="checkbox"/> No	5

New Credit - 10% of score

- | | | |
|----|---|----|
| 1. | How many credit cards have you applied for in the last year? | |
| | <input type="checkbox"/> 0 - 1 | 25 |
| | <input type="checkbox"/> 2 - 3 | 10 |
| 2. | Have you applied for a mortgage loan in the last two years? | |
| | <input type="checkbox"/> No | 25 |
| | <input type="checkbox"/> Yes | 10 |
| 3. | Have you applied for a motor-vehicle loan in the last year? | |
| | <input type="checkbox"/> No | 25 |
| | <input type="checkbox"/> Yes | 10 |
| 4. | Have you applied for an overdraft within the last six months? | |
| | <input type="checkbox"/> No | 10 |
| | <input type="checkbox"/> Yes | 0 |

Type of Credit Used - 10% of score

- | | | |
|----|--------------------------------------|----|
| 1. | Do you have a mortgage loan? | |
| | <input type="checkbox"/> Yes | 25 |
| | <input type="checkbox"/> No | 5 |
| 2. | Do you have a motor vehicle loan? | |
| | <input type="checkbox"/> Yes | 25 |
| | <input type="checkbox"/> No | 5 |
| 3. | Do you have a credit card? | |
| | <input type="checkbox"/> Yes | 25 |
| | <input type="checkbox"/> No | 0 |
| 4. | Do you have a hire purchase account? | |
| | <input type="checkbox"/> Yes | 10 |
| | <input type="checkbox"/> No | 0 |