

WEBINAR 55



LENDINGSOLUTIONS
CONSULTING

MAXIMIZING THE VALUE OF NEW MEMBERSHIP

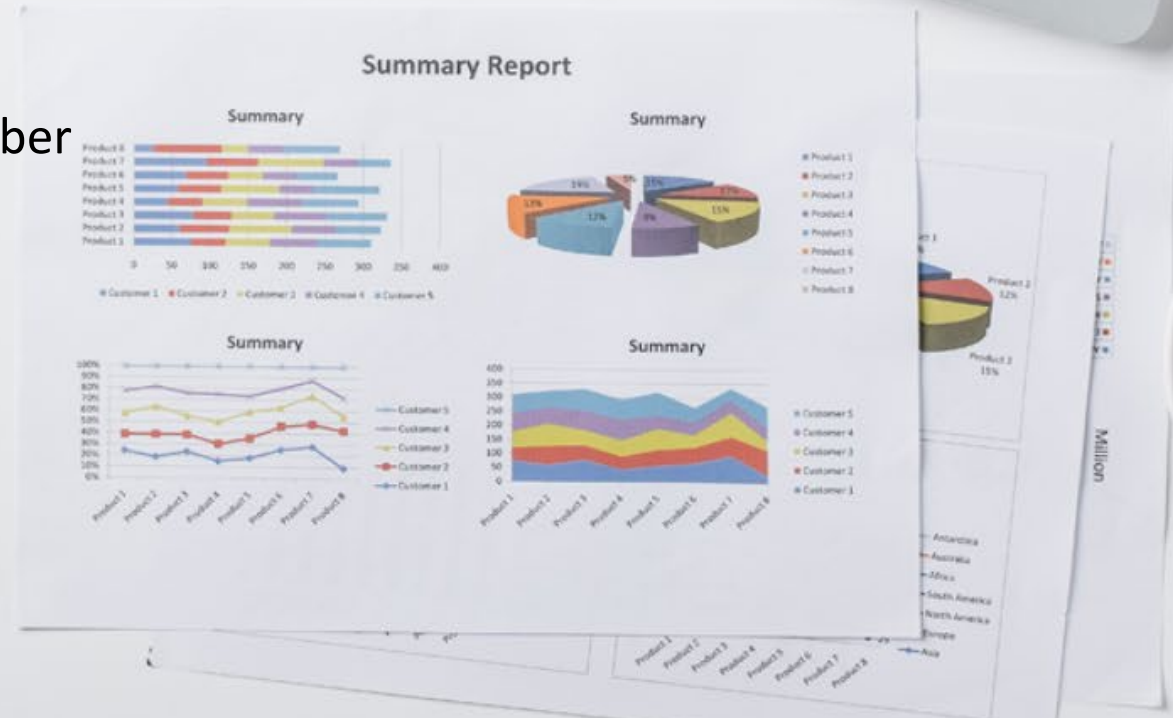
WITH LORRIE WOHLFEIL

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WHAT WE WILL COVER

- Differentiating your credit union from others
- Making meaningful financial decisions
- Teaching new members how to boost their credit score
- Deepening member relationships
- Asking the critical questions to your new member



POLL







90 SECOND RULE

ENGAGING YOUR MEMBERS





NEW MEMBER PROCESS : CRITICAL QUESTIONS TO ASK

When Opening New Accounts, Remember To:

- Take good notes!
- Uncover the motivation – Why us? Why Now?
- How did they hear about the credit union?
- Why did they decide to see us today?
- How did they get to the credit union today?
- What are their financial goals?
- Activate your listening skills to find solutions
- Invite the new member to a free credit report analysis

3 FOR 1 CONCEPT



Prepare the member for the future

Every new member receives three loan products/services or a game plan to get them qualified for a loan in the next 6 months.



SHOW MEMBERS HOW TO PAY LESS

**Teach members how
to boost their score
50+ points**

- Increasing available revolving capacity boosts your score
- Mix of credit



An illustration of a dark blue mountain with white snow-capped peaks. At the base of the mountain is a row of green evergreen trees. A green diagonal line representing a mountain slope rises from the bottom left towards the top right. Five black silhouettes of hikers with backpacks and trekking poles are shown ascending this slope. The background is white.

CLIMBING *the* CREDIT MOUNTAIN

549 & Below=E

550-599=D

600-639=C

640-679=B

680-729=A

730-830=A+

MY PLAN TO RAISE
MY SCORE

What Makes Up Your Credit Score?

- 35% = Payment History (i.e. on-time pays or delinquencies)
 - More weight on current pay history
- 30% = Amount Owed (a.k.a. Capacity)
- 15% = Length of Credit
- 10% = New Credit (accumulation of debt in the last 12-18 months)
 - # of inquiries
 - Opening dates
- 10% = Type of Credit
 - Installment (can raise) vs. revolving (can lower)
 - Finance company loans can lower your score

What Actions Hurt Your Score?

- Missing payments · *Affects my score 60-100 points.*
- Credit cards at capacity · *Approximately 1 point for every % used.*
- Shopping for credit excessively · *Plan for no more than 2-4 inquiries per year.*
- Opening up numerous trades in a short time frame
 - *Recommend no more than 2-3 accounts per year.*
- Having more revolving debts in relation to installment debts
- Closing credit cards out (this could lower available capacity)
- Borrowing from finance companies
 - *See your credit union first. We are here to help.*

How Can You Improve Your Score?

- Pay off or pay down on your credit cards
- We recommend not closing credit cards as it may decrease capacity
 - Exception: When you have had a bad experience with credit cards and don't want to go down that road again or paying an annual fee.*
- Move your revolving debt into installment debt
- Continue to make payments on time (*Older late pays will become less significant with time.*)
- Slow down on opening new accounts
- Acquire a solid credit history with years of experience
- Last 12 = 40%
 - 24 = 70%
 - 36 = 90%

Date: _____

My Credit Score is: _____

Action Steps:

1.

2.

3.

FICO Score Goal: _____

Savings: _____

Follow-up Date: _____



TIPS FOR REPAIR FINANCIAL HEALTH

PROFILE:

- Set up direct deposit with the credit union
- Use “overdraft” products sparingly
- Maintain a positive deposit account balance
- Maintain gainful employment without interruptions in direct deposit
- Maintain a stable housing environment

SCORE ENHANCEMENT:

- No new credit inquiries
- Pay down debt as much as possible (Make more than just the minimum payments)
- Maintain a consistently positive payment history with all creditors
- Do not borrow from any of the sub-prime lenders or finance companies

THE PLAN

IMPROVING THE CREDIT SCORE



January 2019

- The function of the card is to only increase the score at this point
- Use card for a small monthly bill that is paid by the end of 3rd week

3-6 Months

- Score should trend up with available capacity and on time payments
- Move to an unsecured credit card - increase limit with on time payments
- Can provide a personal loan to provide a score boost (mix of credit)

6-9 Months

- Score continues to improve if member stays on track
- New Auto Loan - 50% of income

9-12 Months

Eligible for a mortgage



BENEFITS OF AN IMPROVED SCORE



Understanding the components of your credit score will save you thousands of dollars over a lifetime. It's never too late to improve your credit score. See one of our credit report experts to help get started.

More Buying Power

Member	Current Score	Loan Amount	Rate	Term	Payment	Loan Interest
Member A	580	\$25,500.00	18.00%	60	\$647.53	\$13,351.94
Member B	730	\$36,500.00	2.50%	60	\$647.78	\$2,366.72

Members are making almost the same car payment however member B can afford a higher loan amount because of his credit score. Member A is paying \$10,985 more in interest.

Lower Loan Payments

Member	Current Score	Loan Amount	Rate	Term	Payment	Loan Interest
Member A	580	\$35,000.00	18.00%	60	\$888.77	\$18,326.20
Member B	730	\$35,000.00	2.50%	60	\$621.16	\$2,269.46

Members have the same loan amount, because of Member A's credit score he is paying more interest.



DEVELOPING A REFERRAL CULTURE



Train on the Following:

- What type of car they driving?
- How did they get to the credit union?
- Time on a credit card
- Credit balance in relation to limit
- Calculate the interest rate on other loans

Keep It Simple:

- Teach they gain or lose points when it comes to credit cards
- Look out for cars that almost paid

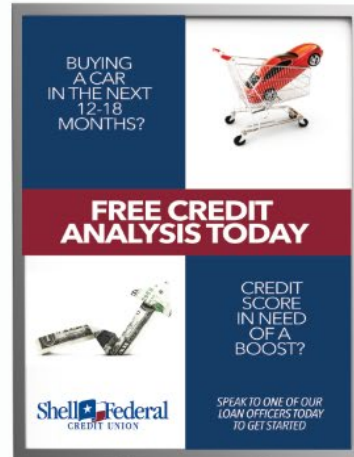
Seasonal Selling:

- Debt Consolidation in January
- Boats and Cars in Summer
- Back to School in August
- Holiday Loans in November



DIFFERENTIATE YOURSELF FROM THE REST

Provide members with a **FREE** credit analysis.





UNCOVERING OPPORTUNITIES

- Use their Credit Bureau as an **opportunity sheet**
- **Listen** to the member's needs
- Vehicle pre-approval if current automobile is older
- Refinance if we can beat their current rate
- Look into mortgage refinancing
- Possible equity approval for debt consolidation or home improvements
- Credit card with potential balance transfers





NEW MEMBER OPPORTUNITY - MIKE

- Mike came to the credit union to open a checking and savings account
 - He has been using Wal-Mart to cash checks and pays in cash
- Opened account with \$4,600 cash he's saved
- We provided a free credit analysis
- He's been on his job with the county as a sanitation employee for 5 years
- Earns \$42,000 annually
- Has 2015 Ford F150 financed at a "Buy Here-Pay Here" dealer and not on the credit report

Can you guess what we did?



NEW MEMBER OPPORTUNITIES

Take the time to get to know your members and review credit with them.

A 595-score trending up has a lot of opportunity.

The key is being able to identify why the codes hit and how to fix them.

EQUIFAX/FICO CLASSIC V5 - New Member Mike 25 years old

SCORE: **595**

00038 - SERIOUS DELINQUENCY, AND DEROGATORY PUBLIC RECORD OR COLLECTION FILED

00018 - NUMBER OF ACCOUNTS WITH DELINQUENCY

00034 - AMOUNT OWED ON DELINQUENT ACCOUNTS

00013 - TIME SINCE DELINQUENCY IS TOO RECENT OR UNKNOWN

All codes are related to delinquency – let's see why...

TRADE SUMMARY					
	#	BALANCE	HIGH CREDIT	PAYMENTS	PAST DUE
MORTGAGE	0	0	0	0	0
AUTO	2	3868	3868	0	3868
EDUCATION	6	49	5250	0	49
OTHER INSTALLMENT	0	0	0	0	0
OPEN	1	660	660	20	660
REVOLVING	1	0	0	0	0
OTHER	1	40	40	0	40
TOTAL	11	4617	9818	20	4617

Code 34 –
Amount
owed on
delinquencies

SECURED DEBT 3868 OLDEST TRADELINE 05/08

UNSECURED DEBT 749 REVOLVING CREDIT UTILIZATION

TOTAL DEBT/HIGH CREDIT

DEROGATORY SUMMARY

CHARGE OFFS:	1	30 DAYS:	1	INQUIRIES:	1
COLLECTIONS:	8	60 DAYS:	1	MOST RECENT LATE:	06/18
BANKRUPTCY:	0	90 DAYS:	4	DISPUTES:	0
PUBLIC RECORDS:		OTHER:			

Code 13 - Recent
delinquencies

Code 38 – Charge off and Collections
Code 18 – Multiple accounts with delinquency

OPEN ACCOUNTS

NO OPEN ACCOUNTS

*** NONE ***

CLOSED ACCOUNTS

E C O A	W H O S E	CREDITOR	DATE REPORTED	DATE OPENED	HIGH CREDIT OR LIMIT	BALANCE	PAST DUE	MO REV	30	60	90+	STATUS
				DLA	ACCT TYPE	TERMS						
B	B	1FBUSA	10/09	07/08 03/09	\$150 REV	\$0 \$0	\$0	14	0	0	0	PAID EF

ACCOUNT CLOSED BY CREDIT GRANTOR

B	B		08/14	06/14 07/14	\$6635 AUTO	\$0 \$0	\$0	01	0	0	0	PAID EF
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NEVER MISSED A PAYMENT ON THE AUTO LOAN

DEROGATORY ACCOUNTS

E C O A	W H O S E	CREDITOR	DATE REPORTED	DATE OPENED	HIGH CREDIT OR LIMIT	BALANCE	PAST DUE	MO REV	30	60	90+	STATUS
				DLA	ACCT TYPE	TERMS						
B	B		07/19	07/14 03/17	\$3868 AUTO	\$3868 60 -	\$3868	59	0	0	0	CHARGE OFF EF

History: 07/19; -----444432232222

Late Dates: 6/18-120, 5/18-120, 4/18-120, 3/18-120, 2/18-90, 1/18-60, 12/17-60, 11/17-90, 10/17-60, 9/17-60, 8/17-60, 7/17-60

CHARGED OFF ACCOUNT

B	B	VERIZON	07/19	05/08 03/19	\$660 OPEN	\$660 \$20*	\$660	-	-	-	-	COLLECTION EF
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COLLECTION ACCOUNT; TELECOMMUNICATIONS/CELLULAR

B	B	N/A	08/19	-- 10/16	\$40 COLL	\$40 -	\$40	-	-	-	-	COLLECTION EF
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MEDICAL; ORIGINAL CREDITOR: MEDICAL PAYMENT DATA, ASSIGNED ON 10/17

DEROGATORY ACCOUNTS

E C O A	W H O S E	CREDITOR	DATE REPORTED	DATE OPENED	HIGH CREDIT OR LIMIT	BALANCE	PAST DUE	MO REV	30	60	90+	STATUS
				DLA	ACCT TYPE	TERMS						SOURCE
		DP OF EDUC		03/10 09/14	\$1750 EDU	\$23 36 -						COLLECTION EF

STUDENT LOAN ASSIGNED TO GOVERNMENT; COLLECTION ACCOUNT

B B DP OF EDUC	07/19	03/10 09/14	\$1750 EDU	\$15 36 -	\$15	43	0	0	0	0	COLLECTION EF
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STUDENT LOAN ASSIGNED TO GOVERNMENT; COLLECTION ACCOUNT

B B DP OF EDUC	07/19	03/10 09/14	\$1750 EDU	\$11 36 -	\$11	43	0	0	0	0	COLLECTION EF
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STUDENT LOAN ASSIGNED TO GOVERNMENT; COLLECTION ACCOUNT

B B FEDLOAN	09/15	03/10 09/14	\$1000 EDU	\$0 120 \$0	\$0	57	0	0	0	9	COLLECTION EF
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History: 09/15; -444444443-----

Late Dates: 8/15-120, 7/15-120, 6/15-120, 5/15-120, 4/15-120, 3/15-120, 2/15-120, 1/15-120, 12/14-90

ACCOUNT TRANSFERRED OR SOLD

B B FEDLOAN	09/15	03/10 09/14	\$2000 EDU	\$0 120 \$0	\$0	57	0	0	0	9	COLLECTION EF
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History: 09/15; -444444443-----

Late Dates: 8/15-120, 7/15-120, 6/15-120, 5/15-120, 4/15-120, 3/15-120, 2/15-120, 1/15-120, 12/14-90

ACCOUNT TRANSFERRED OR SOLD

B B FEDLOAN	09/15	03/10 09/14	\$1750 EDU	\$0 120 \$0	\$0	57	0	0	0	9	COLLECTION EF
-------------	-------	----------------	---------------	----------------	-----	----	---	---	---	---	------------------

History: 09/15; -444444443-----

Late Dates: 8/15-120, 7/15-120, 6/15-120, 5/15-120, 4/15-120, 3/15-120, 2/15-120, 1/15-120, 12/14-90

ACCOUNT TRANSFERRED OR SOLD

OTHER CREDIT HISTORY

*** NONE ***



REAL RESULTS

Loan Amount	Rate	Term	Interest on Current Loan	New Rate	Interest on New Loan
\$14,370.00	30.00%	48	\$10,465.49	14.25%	\$4,565.33

Member Savings
\$5,900.17

He also received a \$2000 credit card and how to boost his score to come back in 60 days and refinance for a lower rate!



NEW MEMBER OPPORTUNITY - SUE

- Sue came to the credit union to open a checking and savings account
 - She moved back home after graduating college
 - Saving to move out next year after she pays off her student loans
- Opened account with \$450 cash
- We provided a free credit analysis
- She's been on her new job for 6 months as a Teacher's Aide
- Earns \$28,000 annually
- Drives a 2017 Nissan Rogue

Can you guess what we did?



NEW MEMBER OPPORTUNITY - SUE

SCORE MODELS

TRANSUNION/FICO CLASSIC (09) - New Member Sue 24 years old

SCORE: **546**

038 - SERIOUS DELINQUENCY, AND PUBLIC RECORD OR COLLECTION FILED

014 - LENGTH OF TIME ACCOUNTS HAVE BEEN ESTABLISHED

016 - LACK OF RECENT REVOLVING ACCOUNT INFORMATION

003 - PROPORTION OF LOAN BALANCES TO LOAN AMOUNTS IS TOO HIGH FA

- INQUIRIES IMPACTED THE CREDIT SCORE

Why did the codes hit?

TRADE SUMMARY						
	#	BALANCE	HIGH CREDIT	PAYMENTS	PAST DUE	
MORTGAGE	0	0	0	0	0	Code 03 Proportion of loan balances to loan amounts is too high
AUTO	1	6739	8944	280	0	
EDUCATION	3	10099	9750	0	0	
OTHER INSTALLMENT	0	0	0	0	0	
OPEN	0	0	0	0	0	
REVOLVING	1	0	0	0	0	Code 16 – Lack of recent revolving info
OTHER	7	1675	1675	0	1675	
TOTAL	12	18513	20369	280	1675	
SECURED DEBT		6739	OLDEST TRADELINE		08/15	Code 14 Length of time accounts have been established
UNSECURED DEBT		11774	REVOLVING CREDIT UTILIZATION			
DEROGATORY SUMMARY						
CHARGE OFFS:	0	30 DAYS:	1	INQUIRIES:	10	Code 38 Collections
COLLECTIONS:	7	60 DAYS:	1	MOST RECENT LATE:	undetermined	
BANKRUPTCY:	0	90 DAYS:	4	DISPUTES:	0	
PUBLIC RECORDS:	0	OTHER:	0			

E	C	CREDITOR	DATE REPORTED	DATE OPENED	HIGH CREDIT OR LIMIT	BALANCE	PAST DUE	MO REV	30	60	90+	STATUS
				DLA	ACCT TYPE	TERMS						SOURCE
B	B	TWN & CNTRY	09/19	10/18 08/19	\$8944 AUTO	\$6739 41 \$280	\$0	11	0	0	0	AS AGREED TU

Paying 14.97% - Made 11 on time payments

THE NONE THE

E C C O N O M I C C O D E	W H O S E	CREDITOR	DATE REPORTED	DATE OPENED	HIGH CREDIT OR LIMIT	BALANCE	PAST DUE	MO REV	30	60	90+	STATUS
				DLA	ACCT TYPE	TERMS						SOURCE
B B	DPT ED/NAVI		08/19	09/17 --/--	\$4500 EDU	\$4648 132 -	\$0	23	0	0	3	CUR WAS 120+ TU

Late Dates: 5/19-120, 4/19-120, 3/19-90

Late Dates: 5/19-120, 4/19-120, 3/19-120, 2/19-120, 1/19-120, 12/18-120, 11/18-120, 10/18-90

Late Dates: 5/19-120, 4/19-120, 3/19-120, 2/19-120, 1/19-120, 12/18-120, 11/18-120, 10/18-90

Loan Amount	\$8,944.00
Monthly Payment	\$280.00
Term in months	41

Interest Rate	14.97%
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DEROGATORY ACCOUNTS												
E C O A	W H O S E	CREDITOR	DATE REPORTED	DATE OPENED	HIGH CREDIT OR LIMIT	BALANCE	PAST DUE	MO REV	30	60	90+	STATUS
				DLA	ACCT TYPE	TERMS						SOURCE
B	B	THOMAS AGENCY	08/19	12/18 --/--	\$916 COLL	\$916 -	\$916	-	-	-	-	COLLECTION TU
PLACED FOR COLLECTION; ORIGINAL CREDITOR: MEDICAL												
B	B	THOMAS AGENCY	08/19	04/17 --/--	\$199 COLL	\$199 -	\$199	-	-	-	-	COLLECTION TU
PLACED FOR COLLECTION; ORIGINAL CREDITOR: MEDICAL												
B	B	THOMAS AGENCY	08/19	08/15 --/--	\$150 COLL	\$150 -	\$150	-	-	-	-	COLLECTION TU
PLACED FOR COLLECTION; ORIGINAL CREDITOR: MEDICAL												
B	B	THOMAS AGENCY	08/19	05/17 --/--	\$123 COLL	\$123 -	\$123	-	-	-	-	COLLECTION TU
PLACED FOR COLLECTION; ORIGINAL CREDITOR: MEDICAL												
B	B	THOMAS AGENCY	08/19	12/18 --/--	\$108 COLL	\$108 -	\$108	-	-	-	-	COLLECTION TU
PLACED FOR COLLECTION; ORIGINAL CREDITOR: MEDICAL												
B	B	THOMAS AGENCY	08/19	10/15 --/--	\$100 COLL	\$100 -	\$100	-	-	-	-	COLLECTION TU
PLACED FOR COLLECTION; ORIGINAL CREDITOR: MEDICAL												
B	B	THOMAS AGENCY	08/19	10/16 --/--	\$79 COLL	\$79 -	\$79	-	-	-	-	COLLECTION TU
PLACED FOR COLLECTION; ORIGINAL CREDITOR: MEDICAL												

Medical Collections:
Sue shared her mom is helping her straighten the collections out because she is still on her parent's insurance.

DEROGATORY ACCOUNTS

E C O A	W H O S E	CREDITOR	DATE REPORTED	DATE OPENED	HIGH CREDIT OR LIMIT	BALANCE	PAST DUE	MO REV	30	60	90+	STATUS
				DLA	ACCT TYPE	TERMS						SOURCE
B	B	CAP1/CABEL	01/19	05/18 11/18	\$800 REV	\$0 \$0	\$0	32	4	3	2	PD WAS 90 TU

History: 01/19; -01000000000321000210003210000000

Late Dates: 11/18-30, 1/18-90, 12/17-60, 11/17-30, 7/17-60, 6/17-30, 2/17-90, 1/17-60, 12/16-30

ACCOUNT CLOSED BY CREDIT GRANTOR

OTHER CREDIT HISTORY

*** NONE ***

PUBLIC RECORDS

*** NONE ***

TU IDVISION ALERT

INQUIRIES

TU	B	06/20/19	ICU	FINANCE/NONPERSONAL
TU	B	09/24/18	TWN & CNTRY	FINANCE/NONPERSONAL
TU	B	08/02/18	CAP ONE	BANKING
TU	B	08/01/18	TWN & CNTRY	FINANCE/NONPERSONAL
TU	B	07/31/18	ALLY FINAN I	CREDIT CARD/TRAVEL
TU	B	07/31/18	WFDS	FINANCE
TU	B	07/31/18	EXETER FIN	FINANCE
TU	B	07/31/18	COAF	FINANCE
TU	B	10/03/17	CAP ONE	BANKING
TU	B	09/25/17	FACTUAL DATA	MISC

CREDITORS

*** NONE ***

DISCLAIMER



RESULTS

- We provided Sue with a plan to boost her credit score
 - Educated her on her credit report
 - Approved her for a \$2,000 Credit Card (Helps with Code 16)
 - How to use of her new credit card to maximize points
- She was receiving a great rate on her auto loan already, but we can beat it when her score goes up in 30 – 60 days
- Set up direct deposit - making it easy with a letter to provide her employer
- Set an appointment to follow up with Sue to review her credit again and refinance her auto loan



CHALLENGE

REVIEW YOUR LAST 10 NEW MEMBER ACCOUNTS

Look for opportunities to save your new member money

- Refinance auto loan
- Offer vehicle pre-approval
- Refinance home equity loan
- Offer a credit card

How many did you find?



REAL RESULTS

	Credit Score	Valid Score	Score Codes	Direction of Score	Reviewed Credit with New Member	New Account	Signed for Direct Deposit	Cross Sell #1	Cross Sell #2
New Member #1	577	Y	38,18,10,13	UP	Y	Savings	Y	\$12,458 Auto Refinance	\$1500 Credit Card
New Member #2	595	Y	38,8,10,5	Down	Y	Checking and Savings	N	\$9,786 Auto Refinance	\$2500 Credit Card
New Member #3	584	Y	38,10,8,5	Down	Y	Checking and Savings	Y	\$15,000 Auto Pre-Approval	
New Member #4	680	Y	10,14,30,5	Down	Y	Checking and Savings	Y	\$12,000 Debt Consolidation Loan	\$24,690 Auto Refinance
New Member #5	715	Y	10,30,8,3	Down	Y	Checking and Savings	N	\$15,000 Debt Consolidation Loan	
New Member #6	670	Y	10,18,12,3	Down	Y	Checking and Savings	N	\$5,000 Credit Card	
New Member #7	620	Y	N/A	Flat	Y	Savings	Y	\$1500 Personal Loan	
New Member #8	558	Y	38,14,16,3	Flat	Y	Savings	Y	\$2500 Credit Card	
New Member #9	627	Y	38,12,5,3	Down	Y	Checking and Savings	Y	\$18,765 Auto Refinance	
New Member #10	412	Y	39,13,18,10	Up	Y	Checking and Savings	N	Set up a plan	

\$120,699 New loans and Credit Cards!

Q&A



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THANK YOU.

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