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## HOW TO BECOME CREDIT CONFIDENT:

### Guidewell Financial Advocates Share Advice and Services

(BALTIMORE) Counseling Manager Ericka Blagmond believes that good credit plays an essential role in every consumer's life. Blagmond, who works at nonprofit [Guidewell Financial Solutions](#) (also known as Consumer Credit Counseling Service of Maryland and Delaware, Inc.), says, "Used effectively, credit empowers us, because it helps us reach our personal finance goals and dreams. However, many of us don't understand how it works or realize when we've taken on too much. Guidewell Financial wants to change that dynamic. Our advice, products, and services help consumers become credit confident."

The agency offers these insights on how consumers can make credit work for them:

- ***Credit Basics***

Blagmond says, "Landlords and lenders generally want to see your credit history before they say 'yes,' so it pays to establish and maintain positive credit before you need it. Consumers who qualify for the best loan products and interest rates usually have two things in common: They regularly pay their credit card bills on time and they keep their credit card balances low, preferably under 30% of their available credit limits. These two strategies can save you thousands of dollars over time."

The agency's free, confidential [credit counseling](#) services help clients get a handle on their overall financial picture, including their credit situation. Its [debt management program](#) (DMP) provides them with a structured, affordable method for repaying what they owe. Clients who participated in an [independent survey](#) reported that these programs helped them gain money management skills and improve their credit scores by an average of 50 points.

Blagmond recommends that those who need help establishing or rebuilding their credit consider Guidewell Financial's [Save2Build](#) product. This program is offered through a nonprofit partnership with credit-building pioneer Justine PETERSEN, a national community development financial institution (CDFI) dedicated to helping low and middle income rebuild their financial lives.

- ***How Credit Affects Homeownership***

Certified housing counselor Denitra Braham says, "If you're in the market for a home, positive credit is crucial, because most lenders follow strict credit-scoring guidelines when qualifying borrowers for home loans. A high credit score can also help guarantee you receive a lower

interest rate than borrowers who have less perfect credit. If you're a first-time homebuyer, you'll need a good credit rating to qualify for down payment assistance."

How can homebuyers increase their credit scores? Braham says, "First, make sure you're living within your budget. This will help you avoid using credit excessively or unnecessarily. Next, pay down as much debt as possible. Finally, avoid creating new debt or opening additional lines of credit."

Guidewell Financial's HUD-approved [homeownership counseling](#), coupled with online and in-person workshops help homebuyers prepare for ownership. Clients who attend these sessions gain a better understanding of how credit will affect their ability to purchase a home.

- ***How Credit Affects Student Loans***

Certified student loan counselor Natia Hill says, "Your credit history and score aren't taken into account if you apply for federal loans; however, if you need additional financing from private lenders, they definitely play a role. Students and parents who have good credit are more likely to receive the best private loan products and financing terms."

Hill warns that student loan repayment also affects borrowers' credit. "Your student loan payments are reported to the credit reporting agencies, so if you make them on time and in full, it has a positive effect on your credit rating. If you fall behind, it can cause your credit score to drop. If your loans are in forbearance or deferred, they don't affect your credit rating. If you default and your loan is placed into collections, you'll need to go through the rehabilitation process to get back on track. We can help you do that via [student loan debt counseling](#). We work with clients and their loan providers or collections representative to come up with a realistic payment plan."

- ***How Credit Affects Bankruptcy***

Certified bankruptcy counselor Armand Goytia says that consumers who make credit charges immediately before filing for bankruptcy may live to regret it. "As of April, 2016, if you charge more than \$675 on a single credit card for luxury goods or services within the 90-day period prior to filing bankruptcy, these charges may be deemed nondischargeable by the Courts. Rules also apply concerning cash advances."

Guidewell Financial provides [pre-file bankruptcy counseling and pre-discharge bankruptcy education](#) to help consumers meet bankruptcy requirements and gain the financial skills they will need to make a fresh start. Goytia says, "Consumers can begin rebuilding their credit after bankruptcy by applying for a secured credit card. They also should consider the Justine PETERSEN Save2Build program -- which is essentially a secured loan, and most importantly establish good financial habits. That way, when they apply for unsecured credit, they'll be better prepared and have less potential to default."

Blagmond concludes, "No matter where you are in life, it pays to build good credit. If you need help assessing your situation or developing an action plan, we are here for you!" To learn more about Guidewell Financial's services and programs, please visit the agency's [website](#) or call **1-800-642-2227** to set up an appointment for financial or housing counseling or education.

*Guidewell Financial Solutions (also known as Consumer Credit Counseling Service of Maryland and Delaware) is an accredited 501(c)(3) nonprofit agency that helps stabilize communities by creating hope and promoting economic self-sufficiency to individuals and families through financial education and counseling. Maryland License #14-01 / Delaware License #07-01*