



Current credit card holder having tough time landing an auto loan

Jane McNamara, GreenPath/Accel president and CEO, discusses auto loans in her latest "Let's Talk Credit" column on CreditCards.com.

Dear Let's Talk Credit,

I'm having a really hard time with an auto loan and I'm not sure why. I am young, 22 years old and have had a credit card since I was 18 years old. Always paid on time, never missed a payment and 12 months ago I opened a department store credit card, which I also take great care of. Then I opened another retailer card about four months ago, and again I am in great standing.

My credit score is 670 and I am fully employed making about \$50,000 a year with less than \$300 in debt and can't get an auto loan. I don't know what to do. My rent is virtually nothing, \$215 a month, and I own a 2011 car and my tuition is all paid. Please help me find out what to do!

— Kelly

Dear Kelly, A FICO credit score of 670 puts you in the mid-range for what you could expect to pay in interest for a car loan. MyFico.com says the national average auto loan rate for someone with a FICO score in the 660-689 range is 6.8 percent. That's based on a 36-month car loan of \$10,000.

Lenders may be hesitant to offer you a car loan because you haven't shown a previous history of paying an installment loan on time and as agreed. Credit cards have more payment flexibility than an installment loan. You have the option to pay off all the charges each month or let them revolve to the next month, only paying the minimum amount due. However, with a car loan, you must pay the same amount each month for 36 to 60 months.

Don't give up, though. A lender may be more willing to take a chance on you if you provide a down payment of 20 to 25 percent of the purchase price of the vehicle. You will also be in better financial shape with a substantial down payment on a car loan. Because cars tend to depreciate quickly, the less money you borrow for a car, the less likely it is that you will be upside down in the loan.

Shop around for the best interest rates. Don't rely on dealer financing. Be sure to check local credit unions and community banks to find the lowest rate.

Lastly, you might consider purchasing a smaller item that you need, such as furniture or an appliance, and financing it through a short-term installment loan. This could be viewed favorably on your credit history, thereby increasing your chances to qualify for your auto loan. You'll create a better credit mix by showing you can handle installment loans, and credit mix makes up 10 percent of your FICO score.

Let's keep talking!

— Jane McNamara, GreenPath/Accel president and CEO



HAMP adjusted mortgage rates set to expire: Earliest enrollees will see mortgage payments rise

By Nick DeMeester, GreenPath/Accel housing manager

CNN recently reported that the earliest enrollees in the government's Home Affordable Modification Program (HAMP) will be seeing their mortgage rates increase shortly. Some experts are concerned that the increase could result in more re-defaults in the next few years.

The HAMP program was launched in 2009. It was intended to help troubled borrowers by reducing the principal balance they owed or the monthly interest they paid. Some borrowers received interest rates as low as two percent.

The earliest borrowers in the program, where the modifications remained fixed for five years, will begin seeing their rates climb.

The CNN story quoted Treasury Department special inspector general Christy Romero. She said, "We're already seeing alarming re-default rates and are really worried that this could lead to more. It will be a real challenge for people to pay the higher amounts."

If you enrolled in the HAMP program and have questions, feel free to reach out to us at (877) 332-2235.



Accel's housing advisors are experts at assisting people with their housing needs. Back in the 1960's, we were one of the first organizations approved by the U.S. Department of Housing and Urban Development to conduct housing counseling.

Today, we offer the following housing counseling services:

- **Foreclosure prevention** for homeowners who are struggling with their mortgage payment
- **Home buyer preparation** assistance for people who are planning to buy a house
- **Reverse mortgage counseling** for seniors, at least 62 years old, who are considering a reverse mortgage

If you have a housing concern, let us help you understand your options and make an informed decision on how to achieve your financial goals.

Accel offers free housing counseling, with no obligation or sales pitch.

Remain alert after the Target data breach

While the Target security data breach story continues to grow, Accel reminds consumers that they need to continue to monitor their credit cards and statements to look for any suspicious activity. If you determine that you are a victim of identity theft, there are four steps you should immediately take.

1. **Place a 'fraud alert'** on your credit reports, and **check your credit reports** regularly. (You only need to contact one of the three companies to place an alert on all three.)

TransUnion: 1-800-680-7289; www.transunion.com
Equifax: 1-800-525-6285; www.equifax.com
Experian: 1-888-EXPERIAN (397-3742); www.experian.com

2. **Close any accounts that you believe have been tampered with or opened fraudulently.** Call and speak

with someone in the security or fraud department of each company. Keep a file of everything you send and a record of every conversation.

3. **File a complaint with the Federal Trade Commission.** You can do this on their website www.ftccomplaintassistant.gov or by calling the FTC's Identity Theft Hotline at 1-877-ID-THEFT (438-4338); TTY: 1-866-653-4261.
4. **File a report with your local police** or the police in the community where the identity theft took place. Ask the officer to attach or incorporate the ID Theft Complaint into their police report.

The FTC ID Theft Complaint, along with the police report, can constitute what is known as an 'Identity Theft Report.'

As a member of SECU, you can take advantage of the **Accel**, a program of GreenPath, Inc. Accel is a **free** financial education and counseling service. For more information, call 1-877-33ACCEL (332-2235) or visit us on the web at www.accelservices.org.

