



**RAISE TEXAS**

## Practicing Financial Wellness through a Cultural Lens

### Cultural Humility & Credit

Generously Sponsored by

## What are common myths about credit you hear from clients?

**RAISE TEXAS**

## Common Myths about Credit

Myth: Checking your credit score will lower it.

Myth: You need to carry a credit card balance to build credit.

Myth: Closing old credit cards helps your credit score.

Myth: Only people with a lot of debt have low credit scores.

**RAISE TEXAS**

## Agenda

- Welcome & Introductions
- The Truth About Credit Scores
- Tools to Build Credit the Right Way  
Featuring: Self Financial & Capital Good Fund
- Repairing & Rebuilding Credit
- Q&A and Resources

**Don't forget: Please complete our survey that pops up at the end of the webinar. We want your feedback!**

**RAISE TEXAS**

## Speakers

**Dr. Melinda Perez, AFC**  
CNM Certified Financial Coach

**Dr. Richard Simonds**  
Assistant Professor, Social Work  
Director, Financial Coaching and  
Economics Stability Lab  
University of Houston Downtown

**Lauren Bringle, AFC®**  
Manager, Operational Content  
and Customer Experience  
Self Financial


**Deveandre Johnson**  
Financial Coach and  
Community Engagement Specialist  
Capital Good Fund

**Veralisa Hunter**  
Resident Services Manager  
Magnificat House

*The views expressed by today's speakers are their own and do not necessarily reflect those of RAISE Texas or our sponsors.*

**RAISE TEXAS**

## Credit Score

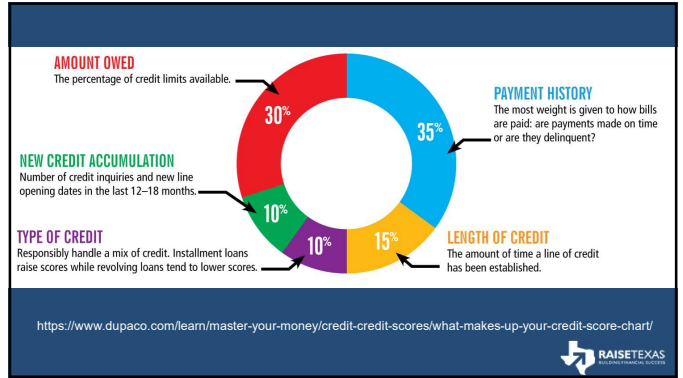
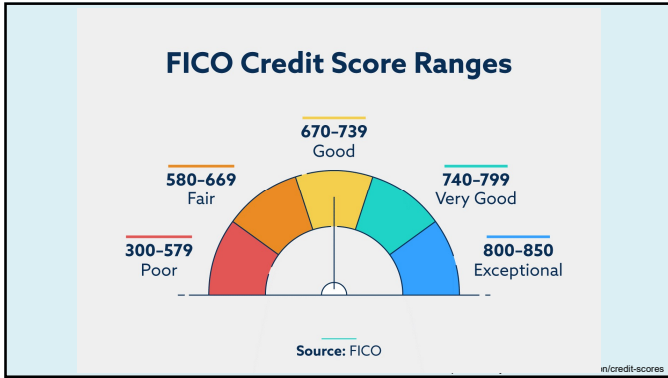


**FICO Credit Score Ranges**

- 300-579: Poor
- 580-659: Fair
- 670-739: Good
- 740-799: Very Good
- 800-850: Exceptional

Source: FICO

**RAISE TEXAS**



### Factors that impact your Credit Score

FICO	VantageScore 3.0
• Payment History (35%)	• Payment History (40%)
• Card Utilization (30%)	• Depth of credit (21%)
• Credit History (15%)	• Credit Utilization (20%)
• Open Credit Card Mix (10%)	• Balances (11%)
• Credit Inquiries (10%)	• Recent Credit (5%)
	• Available credit (3%)

<https://www.equifax.com/personal/education/credit/score/articles/-/learn/vantagescore-ranges/>

### Who benefits from the way credit scores are calculated—and who doesn't?

**RAISE TEXAS**  
ADVANCED FINANCIAL EDUCATION

### What does someone's credit score really measure?

Maria – Lower Credit Score	Emily – Higher Credit Score
<ul style="list-style-type: none"> <li>• Latina woman in historically redlined neighborhood</li> <li>• Pays bills on time</li> <li>• No mortgage (limited access to home loans)</li> <li>• Uses cash/debit, not credit</li> <li>• Limited generational access to financial institutions</li> </ul>	<ul style="list-style-type: none"> <li>• White woman in suburban neighborhood</li> <li>• Pays bills on time</li> <li>• Has mortgage and credit cards from early adulthood</li> <li>• Benefits from generational wealth and early financial education</li> <li>• Long credit history</li> </ul>

**Credit scores reward access—not just financial responsibility.**

### Median Credit Scores by Race/Ethnicity

RACE	AVERAGE SCORE	VANTAGESCORE RANGE	FICO SCORE RANGE
All Communities	709	Prime	Good
Native American	612	Near prime	Fair
Black	627	Near prime	Fair
Hispanic	667	Prime	Fair
White	727	Prime	Good

Urban Institute, March 2022

## Discrimination and Credit Scoring



SCORE

Presenter: Veralisa Hunter

## Discrimination in Credit Scoring

- **History of credit scoring**
- **Disparate impact:** disadvantaged groups have less access to credit, less favorable terms and lower scores
- **Opacity:** credit scoring technology and algorithms lack transparency
- **Arbitrary scoring:** substantial variation where responsible financial behavior can be penalized

## Indirect Impact & Disparate Impact

- credit invisibles/thin files limit documentation of credit worthiness
- lower consumer income impacts maximum credit limits and DTI
- unequal access to mortgage loans that can increase credit score
- presence of subprime lenders can drag credit scores
- subprime and predatory loans lower financial capacity and ability to repay, the self-fulfilling prophecy

## Beyond Borrowing

*In Data Mining, a \$200 billion industry,  
credit-scored consumers are the product, not the client.*

- car and home insurance premiums
- employment opportunities in 39 states
- residential lease agreements
- utility deposits
- health insurance

## Practical Strategies for Coaching with Cultural Humility

- identifying our individual values and biases
- helping clients identify & honor their personal values and "the rules of credit"
- knowing the pros and cons of alternative credit
- calculating the cost of low/lower credit scores
- building credit without getting into debt
- paying off installment loans and possible drop in credit score
- monitoring collective and individual credit card utilization rates
- managing inquiries while shopping for financial products
- using higher quality lenders whenever possible
- understanding that different algorithms yield different scoring

## Collective Advocacy

- identifying our personal values we bring to promoting credit
- staying updated on changes in regulation and practices in credit
- reporting abuse to the Consumer Financial Protection Bureau
- advocating for equity and fairness


### Resources for Further Reading

- [National Consumer Law Center – “Past Imperfect” Report \(2024\)](#)
- [The Washington Post – How Race Affects Your Credit Score](#)
- [CFPB – Credit Invisibility and Financial Well-Being](#)
- [Mapping Inequality – Redlining in New Deal America](#)
- [Self: Average FICO Credit Score by Age](#)
- [Urban Institute: What Different Denial Rates Can Tell Us About Racial Disparities in the Mortgage Market](#)

## Credit Building

Ideal for:


- Newcomers
- Graduates or first-time job
- “No-file” or “thin-file” clients



## No file or thin file?



A thin credit file or no credit file (credit invisible) means that a person does not have a credit history or not enough current credit history to produce a credit score.

<https://www.consumerfinance.gov/consumer-tools/credit-reports-and-scores/answers/key-terms/#credit-invisible>




### Steps to credit building

1. Identify credit goals
2. Educate on how credit works
3. Identify different products to build credit
4. Allow client to choose the products they want

## Credit Building Tools

Secured Credit Cards	Credit-Builder Loans
Authorized User on Credit Card	Rent and Utility Reporting



## Credit Building Products

**Benefits**

- Works with little or no credit
- High odds of approval with adequate preparation

**Limitations**

- Some require money upfront
- Limited credit line
- Generally have higher interest rates
- Takes at least 6 months to affect credit score



**RAISE Texas Credit Building Tool**

**Self Credit Building Loans:** <https://www.self.in/capitalgoodfund/>

Self Credit Builder Account	Term (mo.)	Interest Rate	APR	Loan Amount	Monthly Payment	Interest	Total Paid (Includes Interest)	\$ Get Back	Additional Fees	Credit Reporting	Requirements & Limitations
Small	12	14.25%	15.00%	\$500	\$37	\$38	\$500	\$11	For current, credit self-reporting	All 3 Bureaus	Apply to all plans -18+ years old -US Citizen or Permanent Resident -Filer not accepted -Pay via bank account or debit card -No credit score required
Medium	24	14.25%	15.00%	\$800	\$35	\$35	\$800	\$12			
Large	24	14.75%	15.51%	\$1,157	\$48	\$48	\$1,157	\$88	\$5 admin fee Debit Card Payment Convenience Fee: 2.5%		
Hi-Large	24	15.58%	16.42%	\$1,600	\$53	\$53	\$1,600	\$5,000			

**Read or Soft Pull:** First Payment Due: \$5 admin fee to open existing credit profile to verify identity. If payment begins 1 month from the start date of account. Other: Auto-Pay available. No hard pull.

**Forms of Payment:** United bank acct, debit card, and some prepaid cards. Auto-Pay available.

**Early Withdraw Penalty:** No penalty. Pay off early & close any time. Note: Payment history is most important factor with credit score. If pay off early, establish 1st payment history credit bureau.

**Impact of Missed Payments:** 15-day grace period from payment due date. Over 15 days incurs a late fee of 10% of monthly payment. 30 day late report to late payment & will report as late after 60 and 90 days.

**Advanced Payments:** Overpayments are applied to the principal and shorten the loan term.

**Capital Good Fund:** <https://capitalgoodfund.org/coaching/credits-builder/>

Credit Builder Program	Term (mo.)	Interest Rate	APR	Loan Amount	\$ Access	Monthly Payment	Total Paid	\$ Get Back	Additional Fees	Credit Reporting	Requirements & Limitations
	12	0%	0%	\$60	0	\$5	\$60	\$0	All	All	One ID: driver's license, state ID, passport, Permanent Residency, social security card, birth certificate, or permit

**Read or Soft Pull:** Choice of 2 to 7 weeks post-closing. No credit card. Auto-pay available.

**Forms of Payment:** ACH or via wire check or debit card. No credit card. Auto-pay available.

**Early Withdraw Penalty:** If you must contact to do modification, deferral, extension, or reports late to credit bureau. No fee.

**Impact of Missed Payments:** If you must contact to do modification, deferral, extension, or reports late to credit bureau. No fee.

**Advanced Payments:** Advance payments are allowed. No penalty for early payment. <https://www.self.in/capitalgoodfund/>

This tool was developed with generous support from Capital One and Texas Financial Education Endowment.



### About Self.

Self is a credit building platform with products that make building credit accessible for people with low or no credit.

Everyone should have the ability to improve their financial future. We're here to enable people to build credit, save money, and reach their goals.

### It started with our Founder.

James went from bad credit to building a company that would change credit access for millions.

**Self.**

### Work your way up.

(several tools, 1 app)


1. Credit Builder Account
2. Self Visa® Credit Card (Secured)
3. Build credit with rent and bill payments

*No hard credit pull, no credit score required.*

**Self.**

## Step 1: Credit Builder Account

Installment loan in a bank-held Certificate of Deposit you pay back monthly.

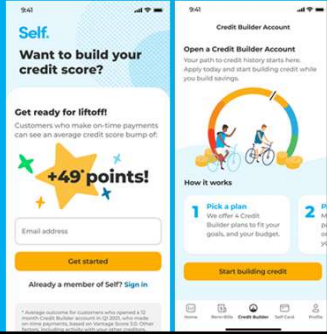


Self

## How does it work?

1. Choose a plan
2. Make monthly payments that are reported to the 3 major credit bureaus
3. Finish paying off your account and get your money (minus interest + fees)


And...



## Step 2: Self Visa® Credit Card

Potentially access the **Self Visa® Credit Card** by funding the deposit yourself or using money you already paid into your Credit Builder Account as a security deposit.

No hard pull.



Self

VISA

\*Subject to change

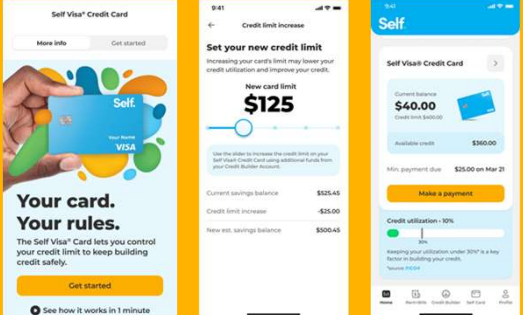
## How to get the secured Self Visa® Credit Card.

- Choose your security deposit / credit limit (minimum \$100)
- Satisfy income and expense requirements
- Fund the deposit via a one-time ACH / debit card payment or with your Credit Builder Account savings

**To fund with your Credit Builder Account**

- Have an open and active Credit Builder Account
- Make payments on-time
- Have \$100 or more in savings progress

## Self Visa® Credit Card



Self Visa® Credit Card

More info Get started

**Your card. Your rules.**

The Self Visa® Card lets you control your credit limit to keep building credit safely.

Get started

See how it works in 1 minute

**Credit limit increase**

Set your new credit limit

Increasing your credit limit may lower your credit utilization and improve your credit.

New card limit **\$125**

Use the slider to increase the credit limit on your Self Visa® Card. Our policy: additional funds from your Credit Builder Account.

Current savings balance \$325.45

Credit limit increase -\$25.00

New est. savings balance \$300.45

Self Visa® Credit Card

Current balance \$40.00

Credit limit \$400.00

Available credit \$360.00

Min. payment due \$25.00 on Mar 21


Make a payment

Credit utilization - 10%

Keeping your utilization under 30% is a key factor in building your credit.

View report

For nearly 26% of our customers, this is their only credit card.




Self

VISA

### Benefits to YOU.

- No hard credit check
- Reported to the 3 major credit bureaus
- Could access a secured credit card & credit limit increases (no hard pulls)
- Build payment history (35% of credit score)\*
- Diversify your types of credit (10% of credit score)\*
- Build savings (minus interest + fees)
- Online or via mobile app in all 50 states



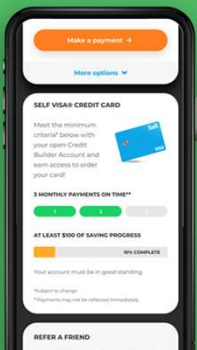
[\\*https://www.myfico.com/credit-education/whats-in-your-credit-score](https://www.myfico.com/credit-education/whats-in-your-credit-score)

Self.

### Product features to help people stay on track.

- Eligibility tracker to track progress towards credit card
- Credit score meter
- Credit utilization tracker for the credit card
- Push alerts, education emails, payment reminders and more

Self.



#### MY CREDIT CARD UTILIZATION

14%

You're doing great! Keeping your utilization under 30%\* is a key factor in building your credit.

Learn more about credit utilization [here](#)

\*source: FICO

Self.

### Add anytime:

#### Free rent reporting or upgrade to report bills too

Get credit for rent for FREE or add bills you already pay (like gas, water, & cell phone) for just \$6.95/ mo (cancel anytime).

Sign up with the bank account you use to make rent and bill payments & we'll report your payment history. We report rent to Experian, Equifax, and TransUnion & bills to TransUnion.

Want credit for past payments? Get up to 24 months of past rent and bill payments for a one-time fee of \$49.95.

### Rent and bills reporting

#### A fast, FREE way to improve your credit score

Self can report your rent payments to all 3 credit bureaus for free.

Enter your email

Start with free rent reporting

#### Start building credit with bills

- Securely connect your bank account or credit card.
- Find the bills you want to build credit with.

We'll report those bill payments for you each month to the credit bureaus.

#### Now let's find your rent payments

Securely connect your bank account or credit card to find the rent payments you can build credit with.

Connect

### What it takes to get started with Self.

- 18+ years old
- US citizen or Permanent Resident
- Social Security Number (ITINs not accepted)
- Bank account or debit card to make payments
  - (Bank account only for rent and bills reporting)
- H1, L1, or Student Visa (Credit Builder Account holders ONLY)

Self.

**Join Our Community of Builders.**

**1 million+**

Download on the App Store 4.9/5  
131.2K+ ratings

GET IT ON Google Play 4.8/5  
44.4K+ ratings

"This is a remarkable tool to help you build credit easy and worry free."  
**Juanita F.\***  
Individual results vary.

\*App reviews as of June 2021. Google Play and the Google Play logo are trademarks of Google LLC. App Store, Apple and the Apple logo are trademarks of Apple Inc.

**Thank You!**

**Self.**  
Build credit. Build dreams.

**Capital Good Fund**

Programs to Improve Credit and Manage Your Finances

You may not copy, reproduce, distribute, publicly display, perform, modify, create derivative works, transmit, or in any way exploit any such content, nor may you sell or offer it for sale. We are the authors of this presentation, and our logo will need to be kept on all files.

**Who we are**

**Nonprofit Community Development Financial Institution**  
Established in 2008

Provide financial services that create pathways out of poverty through:

- Personal Loans
- Financial Coaching

**Find us online**

To apply for a loan, learn about our coaching or credit builder programs visit our website:

<https://capitalgoodfund.org>

**Programs to Build/Increase Your Credit**



### Financial Coaching Program

- Improve your personal finances and build credit
- One-year relationship with your own Financial Coach
- You will receive three copies of your TransUnion credit report with your FICO Score.
  - One at intake, 6 months, and 12 months
- Four one-on-one sessions during the first four weeks via Zoom &
  - 6 month Check-In
  - 12 month Check-In




### Cont.

- We also offer check-ins to hold clients accountable to their goals that last 15 minutes at the following frequency of their choosing:
  - Biweekly, Monthly, Bi-monthly, Quarterly
  - Phone Call or Zoom
  - We track: income, overdrafts, budget, savings, and create an action item

**\$15 a month for 1 year of coaching**  
**\$18.75 a month for two people**

- These payments are reported to the three credit bureaus
- Each payment helps increase your credit score





### Our Financial Coaching

<p><b>1 GOAL-SETTING</b>  Identify your most important short &amp; long-term goals.</p> <p><b>2 BUDGETING</b>  Build a realistic budget to manage your expenses &amp; income.</p> <p><b>3 CREDIT</b>  Demystify credit &amp; learn best practices for how to build your credit score.</p> <p><b>4 BANKING</b>  Gain greater clarity on your options within the banking system.</p>	<p><b>5 DEBT</b>  Decide the best course of action for managing your debt.</p> <p><b>6 SAVING</b>  Learn about savings strategies to accomplish your financial goals.</p> <p><b>7 HEALTH</b>  Navigate the healthcare system &amp; learn about affordable healthy living.</p> <p><b>8 REFLECTION</b>  Revisit your budget &amp; goals to make a plan for the future.</p>
---	---




### What we provide to clients

- Smart Goals
- Budget that the client can follow
  - Spreadsheets
- Debt Management Plan (DMP)
- Health Goals





### Credit Builder Program

- Has a cost of \$5 a month for 12 months
  - These payments are reported to the three credit bureaus
  - Each payment helps increase your credit score
- You will receive three copies of your TransUnion credit report with your FICO Score.
  - One at intake, 6 months, and 12 months
- This program does not come with any meetings with a coach




Per month, for 1 year



### How to Sign Up

- Visit our website and fill out our online lead form
- When you fill out our online form a coach will reach out within 24-48 hours via text, call, and email to explain the program
- Call our department at 866-584-3651 ext. 301 ENG
  - 401 SPA



**What documents do I need?**

- A photocopy of your ID front and back
  - If your current address is different from your ID we ask for a proof of address
    - Ex. any bill, rent agreement, bank statement
- If you don't have a state ID we do take passports
  - We will need a proof of address if you upload a passport
- Voided check or direct deposit form from your bank
  - We take ACH payments from your account each month

**For more Information:**

**Call us at:**  
 866-584-3651  
**Ext. 301 (English)**  
**Ext. 401 (Spanish)**


**You can also email us at:** [financialcoaching@capitalgoodfund.org](mailto:financialcoaching@capitalgoodfund.org)

**And sign up for our Financial Coaching program**  
 Where you will get your credit report, debt management plan and much more resources.


Visit our page  
[www.Capitalgoodfund.org/coaching](http://www.Capitalgoodfund.org/coaching)  
Illinois | Kansas | Florida | Massachusetts | Delaware | Illinois - En Español



**Case Study**

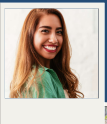




**Navigating Credit Repair and Homeownership Goals**



**Scenario: Credit for Acquisition**

**Client Name:** Maria Gonzalez  
**Age:** 34  
**Occupation:** School Teacher  
**Income:** \$55,000/year  
**Goal:** Purchase a home within the next 18 months  
**Current Challenges:** Past credit issues, debt in collections, and confusion about credit repair services

**Case Study: Credit Repair Scams**



**Maria has been contacted by credit repair companies offering quick fixes.**


- Requires upfront payments
- Guarantees credit score increases
- Advises disputing all negative items, even valid ones
- Suggests creating a new identity for a "fresh start"

**What red flags do you see in these credit repair services?**



**Maria decides against the credit repair company and needs guidance.**

**What is the most critical first step Maria should take?**



## Steps to Rebuilding Credit

1. Pull your credit report (annualcreditreport.com)
2. Ensure all information is accurate
3. Identify the goal of rebuilding credit (homeownership, car purchase)
4. Assess debts in collection
5. Make a plan to repay those debts
6. Consider credit building products while paying off debts
7. Remember: It takes TIME!



## Case Study: Handling Debt Collection Calls



Maria has an outstanding medical debt of \$450 and a credit card debt of \$2,000 in collections. She receives daily calls from collectors.

What are some ways Maria can stay in control and protect herself from unfair collection practices?



## What you need to know

- ✓ Most recent debt collection impacts a score the most
- ✓ Always respond to debt collection letters
- ✓ How to engage with a debt collector on the phone
- ✓ Always validate a debt with a debt validation letter
- ✓ Understand full pay-off versus debt settlement
- ✓ Medical debt under \$500 should no longer be on credit report



## Case Study: Handling Debt Collection Calls



What could Maria say to the collectors when they call?



## How to Respond to Debt Collector

I do not owe this debt.

I need more information about this debt.

I want the debt collector to stop contacting me.

I want the debt collector to only contact me through my lawyer.

I want to specify how the debt collector can contact me.

<https://www.consumerfinance.gov/ask-cfpb/what-should-i-do-when-a-debt-collector-contacts-me-en-1695/>




## Dealing with a debt collector on the phone

- Don't give a collector any personal financial information.
- Don't make a "good faith" payment, promise to pay, or admit the debt is valid.



### What you need to know

- ✔ Don't be afraid to negotiate
- ✔ Get everything in writing
- ✔ Don't agree to anything on the phone. Do not say "yes."
- ✔ Remember: It takes TIME!




### Debt Collection Clock

Maria is concerned about how long her past debts will impact her credit.


**Actions that restart the clock**

- Making a payment on an old debt
- Acknowledging the debt in writing
- Entering a new payment agreement



**Actions that do NOT restart the clock:**


- Requesting debt validation
- Disputing an incorrect debt
- Receiving a call from a collector



### Case Study: Debt Payoff vs. Debt Settlement


Maria is unsure whether to settle her credit card debt or pay it off in full.

What advice would you give Maria?  
What factors should she consider?




### Debt collection pay off

- Does not remove the account from the credit report.
- Usually has a positive effect on your score.
- Will still show as a collection account but paid off.



### Debt Collection Settlement

- Does not remove the account from the credit report.
- Usually has a positive effect on your score, but not as much as paying off the full balance.
- Will still show as a collection account with a debt settlement.
- Debt that is written off could be considered taxable income.



### Case Study: Maria's Path to Credit Improvement & Homeownership



- 01 Check & Monitor Credit Report
- 02 Address Outstanding Debts
- 03 Build Positive Credit History
- 04 Budget & Save for a Home
- 05 Avoid Credit Repair Scams
- 06 Maintain Healthy Financial Habits
- 07 Connect with a Mortgage Advisor



### Contact us!



ELIZABETH COLVIN  
ECOLVIN@RAISETEXAS.ORG

CHARLENE HURST  
CHURST@RAISETEXAS.ORG

MELINDA PEREZ,  
MELINDA@DRMELINDAJP.COM

Don't  
Forget!

Please complete the survey at  
the end of this webinar!



### Sources

- <https://www.washingtonpost.com/business/2020/10/16/how-race-affects-your-credit-score/>
- <https://www.cnn.com/2023/03/02/homes/race-and-home-buying-nar/index.html>
- <https://www.dupaco.com/learn/master-your-money/credit-credit-scores/what-makes-up-your-credit-score-chart/>
- <https://www.consumerfinance.gov/consumer-tools/credit-reports-and-scores/answers/key-terms/#credit-invisible>
- <https://www.consumerfinance.gov/ask-cfpb/what-should-i-do-when-a-debt-collector-contacts-me-en-1695/>
- <https://www.consumerfinance.gov/ask-cfpb/how-do-i-dispute-an-error-on-my-credit-report-en-314/>
- <https://www.myfico.com/credit-education/credit-scores>
- <https://www.nclc.org/resources/past-imperfect-how-credit-scores-and-other-analytics-bake-in-and-perpetuate-past-discrimination/>