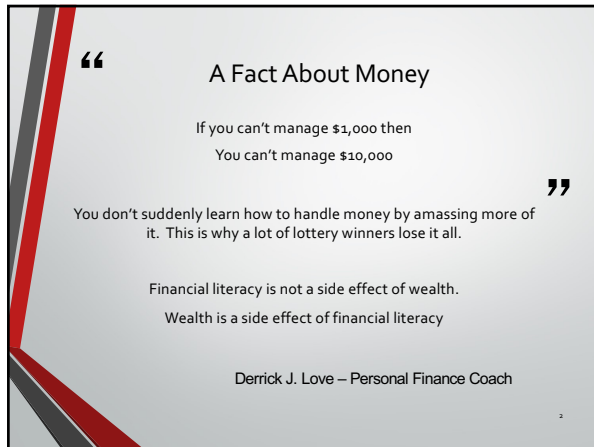
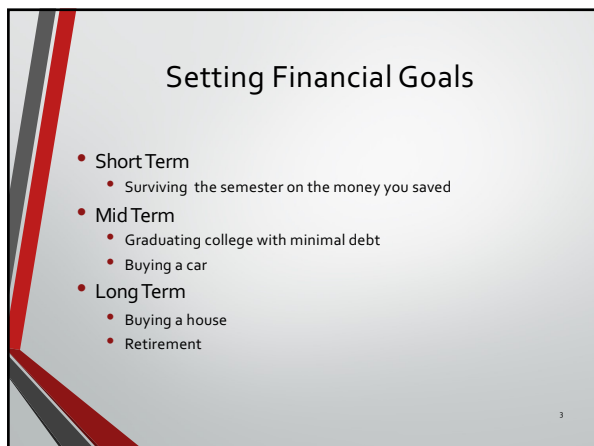




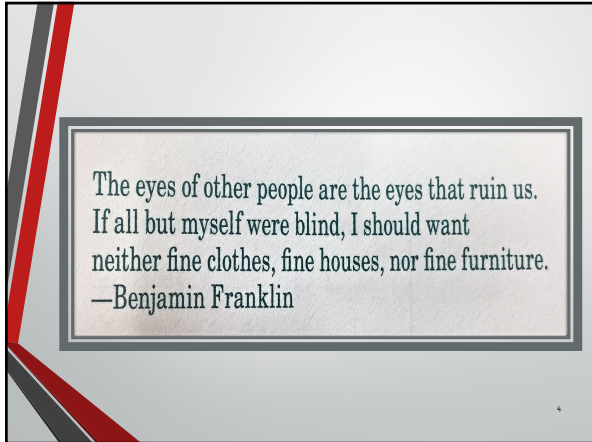
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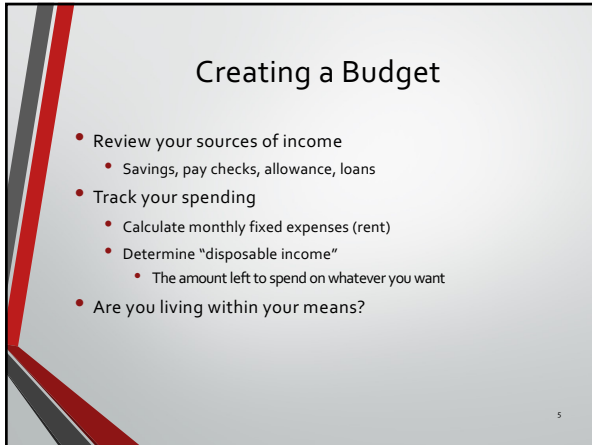
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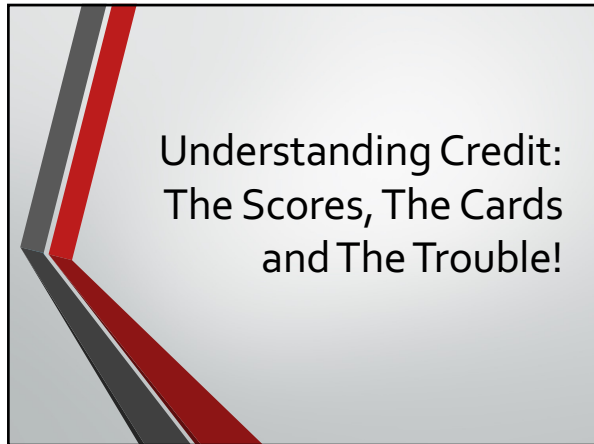
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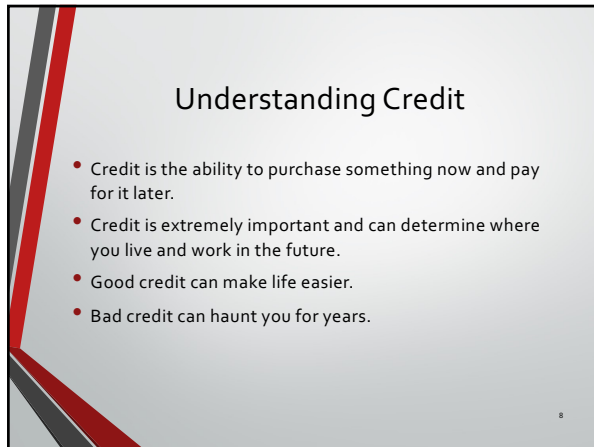


6



Understanding Credit:
The Scores, The Cards
and The Trouble!

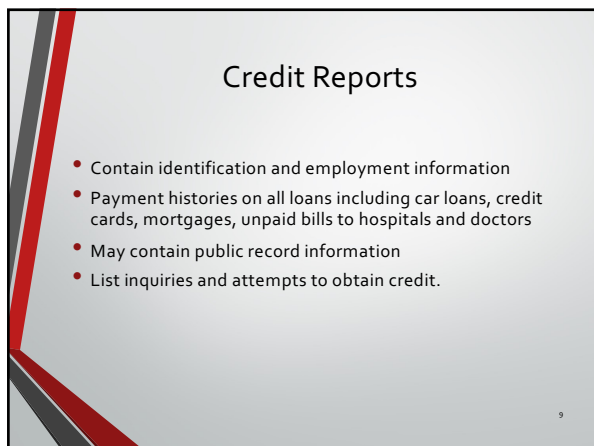
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Understanding Credit

- Credit is the ability to purchase something now and pay for it later.
- Credit is extremely important and can determine where you live and work in the future.
- Good credit can make life easier.
- Bad credit can haunt you for years.

8



Credit Reports

- Contain identification and employment information
- Payment histories on all loans including car loans, credit cards, mortgages, unpaid bills to hospitals and doctors
- May contain public record information
- List inquiries and attempts to obtain credit.

9

Building a Credit Report

- Start by opening a savings and checking account in your name
- Open a student credit card or a secured credit card
- Consider a department store credit card
- Consider a joint credit card with a parent

10

Credit Scores

- Sometimes referred to as FICO score
- Identifies your risk level
- Range from 300-850
 - Scores over 720 get the best deals
- Three credit agencies may have different scores
- Not included in free credit report

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Credit Scoring

Factor	Percentage
Payment History	35%
Amounts Owed	30%
Length of Credit History	15%
New Credit	10%
Types Used	10%

12

Building a Credit Score

- Make payments on time ALL of the time
 - This includes phone bills and utilities!
- Pay off debt quickly
- Don't apply for more credit than you need
- Keep 2 credit cards MAX
- Don't charge up to the limit

13

FICO Scores from Credit Cards

14

What happens to your credit score if you miss one payment!!!!

15

How Long Does Information Stay on a Credit Report

- Late Payments/Delinquencies 2 years
- Accounts in Collection 7 years
- Charge-offs or write-offs 7 years
- Repossession 7 years
- Student Loan Defaults 7 years
- Liens or judgments - paid or open 7 years
- Bankruptcy
 - Chapter 7 10 years
 - Chapter 13 7 years

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Positive Credit Score Factors

Factor	What You Can Do
Total of all credit/account balances is not too high	Keep low balances on accounts
Few to no recently opened accounts	Continue using existing lines of credit responsibly
There are little to no delinquencies on your accounts	Keep paying bills on time and bring any behind payment current ASAP

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Negative Credit Score Factors

Factor	What You Can Do
Have very few loans or too many loans with recent delinquencies	Pay bills on time and bring any behind payments to current
Lack of sufficient credit history	Maintain open and active credit accounts
Lack of sufficient variation in accounts	Maintain a variety of open and active credit accounts
Oldest account has been opened too recently	Keep low balance, always pay on time, and do not open more accounts than you need

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Example of Change in Terms

DISCOVER

Important Changes to Your Account Terms

The following is a summary of changes that are being made to your Account terms. For more detailed information, please refer to the Explanation of Changes to your Cardmember Agreement below.

You have the right to reject the change to the Balance Transfer Fee. However, if you do reject the change, you will not be able to use your Account for Balance Transfers. You can reach me, change to the Balance Transfer Fee by calling me at 1-800-973-5150 before July 1, 2019.

You do not have the right to reject any change to your Account terms other than the Balance Transfer Fee.

Late Fee. We are increasing the amount of your Late Fee. We are replacing the "Late Fee" paragraph with the following:

Late Fee. If you do not pay the Minimum Payment Due by the Payment Due Date, we will charge you a Late Fee. The fee is \$28. If you were not charged a Late Fee during any of the prior six billing periods. Otherwise, the fee is \$35. The fee will never exceed the Minimum Payment Due that was due immediately prior to the date on which the fee was assessed.*

Revised Terms, as of July 1, 2019

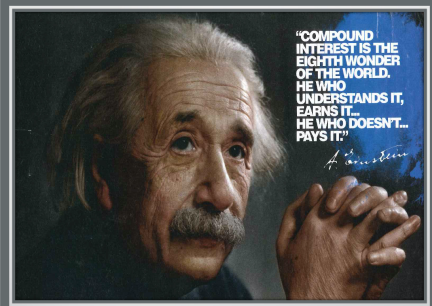
Late Fee	Up to \$28
Returned Payment Fee	Up to \$28
Transaction Fee - Balance Transfer	3% of the amount of each transfer

Definitions: "Cash Advance". We are calling out "online gambling" as a type of "Cash Advance". We are replacing the definition of "Cash Advance" with the following:

"Cash Advance means the use of your Account for:

- obtaining cash from participating automated teller machines, financial institutions or other locations; and
- online gambling, or to purchase lottery tickets, money orders, casino chips, foreign currency or similar items."

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"COMPOUND INTEREST IS THE EIGHTH WONDER OF THE WORLD. HE WHO UNDERSTANDS IT, EARNS IT... HE WHO DOESN'T... PAYS IT."

20

Let's compare two credit cards...

21

Only Paying the Minimum Payment?

To prepare for her first semester of college, Amanda purchased a new computer for \$1,000 and textbooks for \$500, spending a total of \$1,500 on her credit card charging **15.24%** APR. How much would Amanda pay in interest if she makes the minimum payment?

	Payment Made	Time to Pay Off Card	Total Amount of Interest Paid	Total Amount Paid
Full Payment	\$1,500	1 month	\$0	\$1,500
Partial Payment	\$135	13 months	\$127	\$1,627
Minimum Payment	\$30	6 years and 8 months	\$896	\$2,396

22

Only Paying the Minimum Payment?

To prepare for her first semester of college, Amanda purchased a new computer for \$1,000 and textbooks for \$500, spending a total of \$1,500 on her credit card charging **25.24%** APR. How much would Amanda pay in interest if she makes the minimum payment?

	Payment Made	Time to Pay Off Card	Total Amount of Interest Paid	Total Amount Paid
Full Payment	\$1,500	1 month	\$0	\$1,500
Partial Payment	\$135	13 months	\$227	\$1,727
Minimum Payment	\$35	10 years and 4 months	\$2,396	\$3,896

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Current Balance vs. Statement Balance: Which do I pay?

The screenshot shows a credit card dashboard with the following information:

- Current balance:** \$865.54
- Remaining statement balance:** \$606.54
- Yearly payment due:** \$0.00
- Minimum payment due:** \$0.00
- Cardholder name:** 123,312
- Card type:** Redeem

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How High Can Interest Rates Go?

THE NTB[®] TIRE KINGDOM[®] AND BIG O TIRES[®] CREDIT CARD DISCLOSURES

Interest Rates and Interest Charges	
Annual Percentage Rate (APR) for Purchases	30.74% This APR will vary with the market based on the Prime Rate.
How to Avoid Paying Interest	Your due date is at least 25 days after the close of each billing cycle. We will not charge you any interest on purchases if you pay your entire balance by the due date each month.
Minimum Interest Charge	If you are charged interest, the charge will be no less than \$2.
For Credit Card Tips from the Consumer Financial Protection Bureau	To learn more about factors to consider when applying for or using a credit card, visit the website of the Consumer Financial Protection Bureau at http://www.consumerfinance.gov/learnmore .

Fees	
Annual Fee	None
Penalty Fees	
• Late Payment	Up to \$39.

How We Will Calculate Your Balance: We use a method called "daily balance (including current transactions)." See the Card Agreement for more details.
Billing Rights: Information on your rights to dispute transactions and how to exercise those rights is provided in the Card Agreement.

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Beware of P2P Payment Apps!

- Peer-to-peer (P2P) payments are processed instantaneously
- Apps like Zelle, Venmo, and Cash App do not have the same fraud protections as credit cards
- If you send money to someone and it turns out to be a scam, you will likely never get your money back!

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Beware of P2P Payment Apps!

- Tips to stay safe:
 - Treat these transactions like cash
 - Only send money to people you know and trust
 - Don't use P2P for business purposes – use apps like Square Cash for business or PayPal for Business

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Debit Cards

- Take money directly from your bank account
- If used to rent hotel rooms or cars, will tie-up your available balance
- Don't have the same protection as credit cards (disputing charges)
- Fees to use ATMs can be VERY high
- Some banks charge about \$30 if you use it and don't have the funds (each transaction!)
 - Consider overdraft protection instead

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Caution When Using Debit Cards

Hotels and rental car agencies will place a hold on your funds!

- "Please note: If a DEBIT CARD is used at check-in, the above authorizations will result in a hold on funds in your account. Guests who choose to use cash are required to PRE-PAY their stay upon arrival, including a \$250.00 per day deposit, which will be applied towards incidental charges."
- Source: <https://www.southseas.com/south-seas-terms-conditions/>

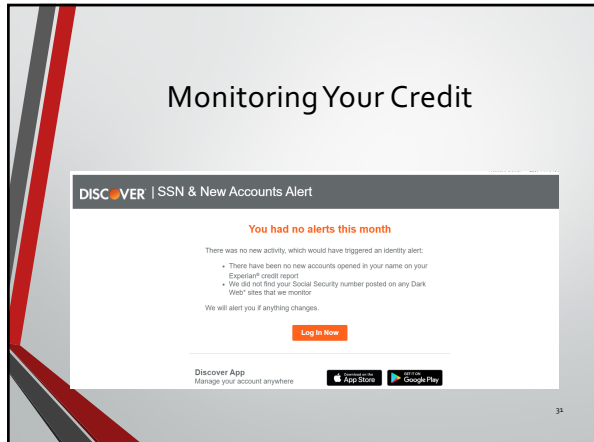
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Monitoring Your Credit

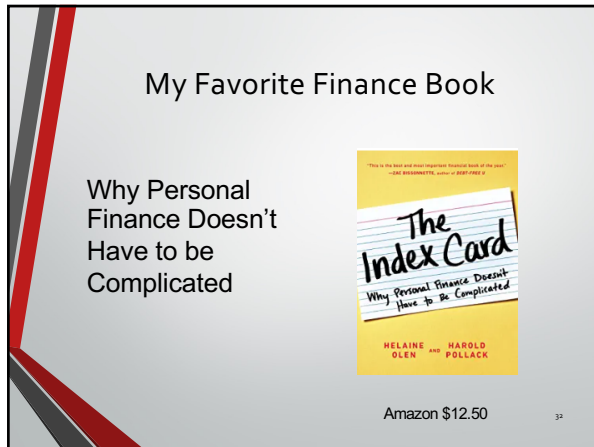
- Federal law entitles you to one free credit report each year from each of the credit agencies.
 - Equifax, Experian, TransUnion

Annualcreditreport.com

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33

†Details of Rate, Fee and Other Cost Information

Account terms are not guaranteed for any period of time. All terms, including fees and APRs for new transactions, may change in accordance with the Credit Card Agreement and applicable law based on information in your credit report, market conditions, business strategies, or for any reason. Please review all of these materials so that you are fully informed about the terms of this credit card offer.

Interest Rates and Interest Charges	
Annual Percentage Rate (APR) for Purchases	0% Introductory APR for the first 12 Statement Closing Dates following the opening of your account. After that, your APR will be 12.99% to 22.99% , based on your creditworthiness when you open your account. This APR will vary with the market based on the Prime Rate.
APR for Balance Transfers	0% Introductory APR for the first 12 Statement Closing Dates following the opening of your account for transactions made within 60 days of opening your account. After that, your APR will be 12.99% to 22.99% , based on your creditworthiness when you open your account. This APR will vary with the market based on the Prime Rate.
APR for Cash Advances	15.99% to 25.99% , based on your creditworthiness when you open your account, for Direct Deposit and Check Cash Advances, and 27.24% for Bank Cash Advances. <i>See footnote ¹ for explanation.</i> These APRs will vary with the market based on the Prime Rate.
Penalty APR	None
How to Avoid Paying Interest on Purchases	Your due date is at least 25 days after the close of each billing cycle. We will not charge you any interest on purchases if you pay your entire balance by the due date each month.
Minimum Interest Charge	If you are charged interest, the charge will be no less than \$1.50.
For Credit Card Tips from the Consumer Financial Protection Bureau	To learn more about factors to consider when applying for or using a credit card, visit the website of the Consumer Financial Protection Bureau at http://www.consumerfinance.gov/learnmore

Annual Fee	None
Transaction Fees • Purchase • Balance Transfer • Cash Advance • Foreign Transaction	Purchase of a wire transfer from a non-financial institution: Either \$10 or 5% of the amount of each transaction, whichever is greater. Either \$10 or 3% of the amount of each transaction, whichever is greater. Direct Deposit and Check Cash Advances: Either \$10 or 3% of the amount of each transaction, whichever is greater. ATM, Over-the-Counter, Same-Day Online and Cash Equivalent Cash Advances: Either \$10 or 5% of the amount of each transaction, whichever is greater. Overdraft Protection Cash Advance (if enrolled): \$12 for each transaction. 3% of the U.S. dollar amount of each transaction (1) made in a foreign currency, or (2) made in U.S. dollars if the transaction is made or processed outside of the United States. This fee will be in addition to any other applicable fee.
Penalty Fees • Late Payment • Returned Payment	Up to \$40 Up to \$29

How We Will Calculate Your Balance: We use a method called "average daily balance (including new purchases)."

Payments are allocated to posted balances. If your account has balances with different APRs, we will allocate the amount of your payment equal to the Total Minimum Payment Due to the lowest APR balances first. Payment amounts in excess of your Total Minimum Payment Due will be applied to balances with higher APRs before balances with lower APRs.

Balance Transfers and certain Cash Advances, such as Direct Deposits, are made available to you at our discretion.

¹ Bank Cash Advances include the following Cash Advance types: ATM, Over-the-Counter, Same-Day Online, Overdraft Protection and Cash Equivalent (money orders, foreign currency, travelers checks, or to obtain cash, each from a non-financial institution, or person-to-person money transfers, bets, lottery tickets purchased outside the United States, casino gaming chips and bail bonds).

More Information about Penalty Fees

If your Total Minimum Payment Due is not received by your Payment Due Date, a Late Payment Fee of \$29 will be assessed; \$40 for subsequent occurrences that are within 6 billing cycles of a previous occurrence. However, the Late Payment Fee will not exceed the total minimum payment that was due. If your balance is \$100 or less on the Payment Due Date, we will not assess a Late Payment Fee. The Returned Payment Fee will not exceed the total minimum payment that was due.

Prime Rate: The Variable APRs above are based on the current Prime Rate of 3.25%.



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SECU Signature Visa® Credit Card	
Interest Rates and Interest Charges	
Annual Percentage Rate (APR) for Purchases and Cash Advances	11.49% to 19.49% when you open your account, based on your creditworthiness. After that, your APR will vary with the market based on the Prime Rate.
Annual Percentage Rate (APR) for Balance Transfers	7.99% APR for the life of the loan from 01/08/2021 when transfers are completed by 04/08/2021. For transfers after 04/08/2021, your APR will be 11.49% to 19.49% based on your creditworthiness. Your APR will vary with the market based on Prime Rate.
Paying Interest	Your due date is at least 25 days after the close of each billing cycle. We will not charge you any interest on purchases if you pay your entire balance by the due date each month. We will begin charging interest on cash advances and balance transfers on the transaction date.
Minimum Interest Charge	None
For Credit Card Tips from the Consumer Financial Protection Bureau	To learn more about factors to consider when applying for or using a credit card, visit the website of the Consumer Financial Protection Bureau at: http://www.consumerfinance.gov/learnmore .

Fees	
Annual Fee	None
Transaction Fees • Balance Transfer • Cash Advance • Foreign Transaction	None None None
Penalty Fees • Late Payment • Returned Payment • Over-the-Credit Limit	Up to \$25 Up to \$15 None

How We Will Calculate Your Balance: We use a method called "average daily balance (including new purchases)". See your account agreement for more details.

Billing Rights: Information on your rights to dispute transactions and how to exercise those rights is provided in your account agreement.

Balance Transfers: The 7.99% APR for balance transfers expires April 8, 2021. Total value of transfers cannot exceed your credit limit. SECU sends either full or partial payment to your creditors in the order you list them. Allow at least two weeks from submitting the balance transfer request for processing. Continue paying each creditor until the transfer appears as a credit. Promotion rate of 7.99% rate is only available for balances transferred from non-SECU accounts.

Variable APRs Based on Prime: If any APR is based on the U.S. Prime Rate ("Prime Rate"), the APR will be equal the Prime Rate plus an additional amount. If the Prime Rate increases, it will cause the APR to increase. If the Prime Rate decreases it will cause the APR to decrease. For each Billing Period we use the Prime Rate published in the Wall Street Journal 7 days before the statement Closing Date. If the Prime Rate causes an APR to change, we put the new APR into effect as of the first day of the billing period for which we calculate the APR. We apply the new APR to any existing balances, subject to any promotional rate that may apply. If the Wall Street Journal does not publish the Prime Rate, we will use a similar published rate. The maximum APR will not exceed 24%.

APR for Purchases, Balance Transfers, and Cash Advances: It equals the prime rate plus 8.24%; plus 9.24%; plus 11.24%; plus 14.24%; or plus 16.24% depending on your credit worthiness.

Effect of APR Increases: If an APR Increases, interest charges increase.

In this agreement, the words "you" and "your" mean each person who has signed the application for the card. "Card" means the SECU Signature Visa, as the case may be, and any duplicates and renewals we issue. "Account" means your VISA Credit Card line of Credit account with us. "We", "us" and "ours" mean State Employees Credit Union of Maryland, Incorporated (SECU).

IMPORTANT DISCLOSURES FOR ACTIVE MEMBERS OF THE MILITARY AND THEIR DEPENDENTS

The following applies to members of the military and their dependents if: (a) at the time you open this Account, you are an active member of the military or you are a dependent of an active member of the military (as those terms are defined in the Military Lending Act, 10 U.S.C. 987 and its implementing regulations).

1. NOTICE: Federal law provides important protections to members of the Armed Forces and their dependents relating to extensions of consumer credit. In general, the cost of consumer credit to a member of the Armed Forces and his or her dependent may not exceed an annual percentage rate of 36 percent. This rate must include, as applicable to the credit transaction or Account: the costs associated with credit insurance premiums or debt protection fees; fees for ancillary products sold in connection with the credit transaction; any application fee charged (other than certain application fees for specified credit transactions or accounts); and any participation fee charged (other than certain participation fees for a credit card account).

To receive this notice verbally or to receive a description of your payment obligation please call 1-800-879-7328, during our normal business hours.

2. This Account will not be secured by a consensual lien on shares or deposits in any of your deposit accounts unless you specifically agree to establish a deposit account in connection with this Account ("Secured Account"). Only funds deposited into the Secured Account after the loan is made will secure this Account. Any cross-collateralization provision contained in your credit or membership documents will not apply to this Account. However, with regard to this Account, we still reserve our statutory lien rights and any resulting rights to set-off or administrative freeze under federal or state law, which gives us the right to apply the sums in the Secured Account or any other account(s) you have with us to satisfy your obligations under this Agreement. Any contract terms in your credit, security, or membership agreements that contradict the above with regard to this Account are hereby deleted.

3. This Account is not subject to mandatory arbitration and therefore any reference to mandatory arbitration in this Credit Agreement and Security Agreement or in SECU's Agreements and Disclosures shall not apply to your Account.

1. RESPONSIBILITY: If we issue you a card, you agree to repay all debts and the FINANCE CHARGE arising from the use of the card and the card account. For example, you are responsible for charges made by yourself, authorized users you designate, your spouse and minor children. You are also responsible for charges made by anyone else to whom you give the card and this responsibility continues until the card is recovered. You cannot disclaim responsibility by notifying us, but we will close the account for new transactions if you so request in writing and return all cards. Your obligation to pay the account balance continues even though an agreement, divorce decree or other court judgment to which we are not a party may direct you or one of the other persons responsible to pay the account. Each of you who has applied for the account and for whom we have opened the account is individually and jointly obligated for all payments due under this agreement. You agree to use the account only for personal, family, household or charitable purposes. You will not use this account for any illegal transactions. Notice to any Account