



Budget, Saving, & Credit



**MERRIMACK
—VALLEY—
HOUSING
PARTNERSHIP**

May 2023

Budget



A budget is a spending plan based on income and expenses



A tool for managing your finance



Estimates your income and expenses for a period of time with designated categories



Allows you to plan how you earn, spend, and save your money over a specified period of time

Budgeting for Homeownership

Save for a downpayment



Determine how much home you can afford



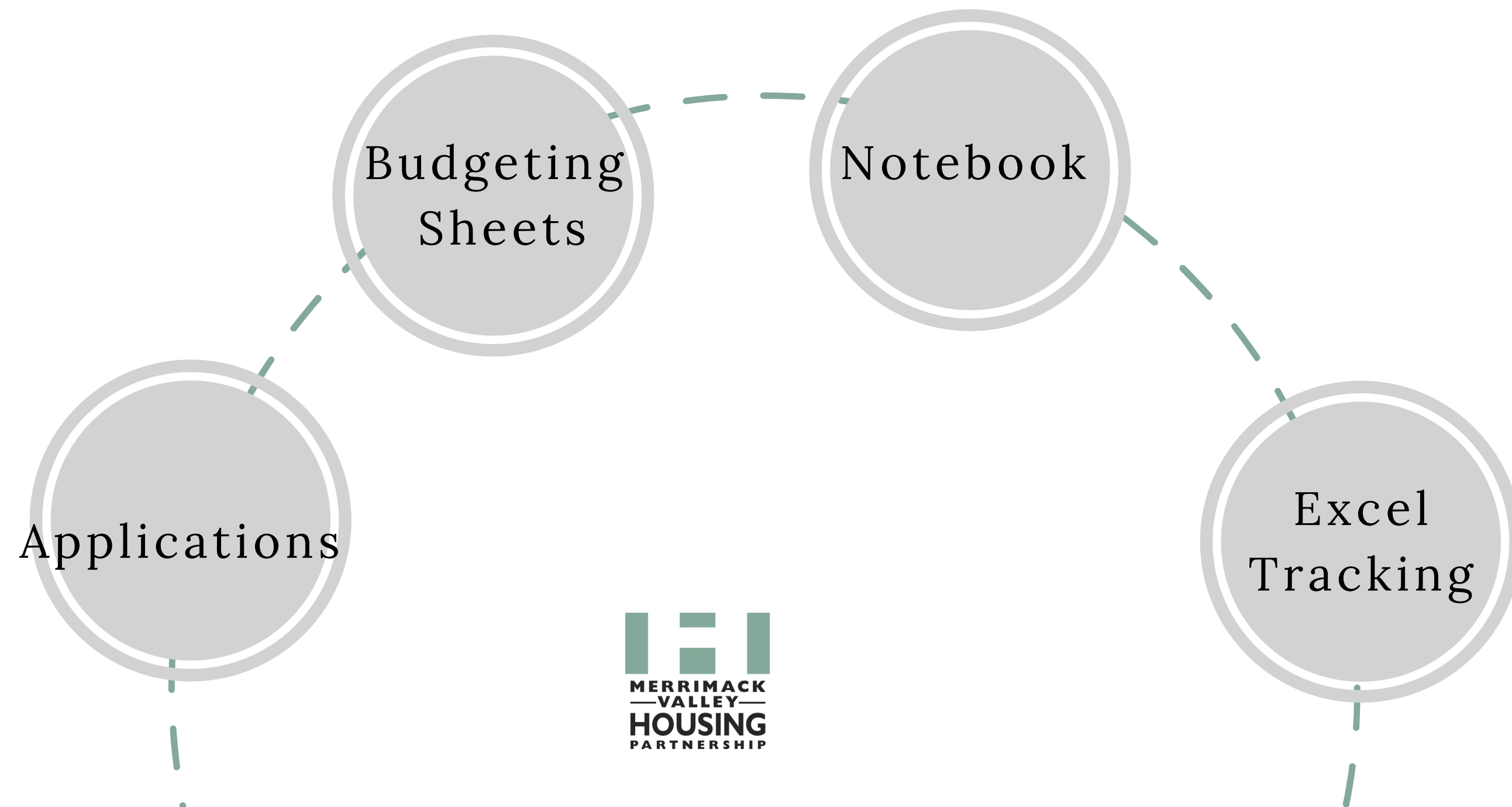
Prepare for expenses post-purchase



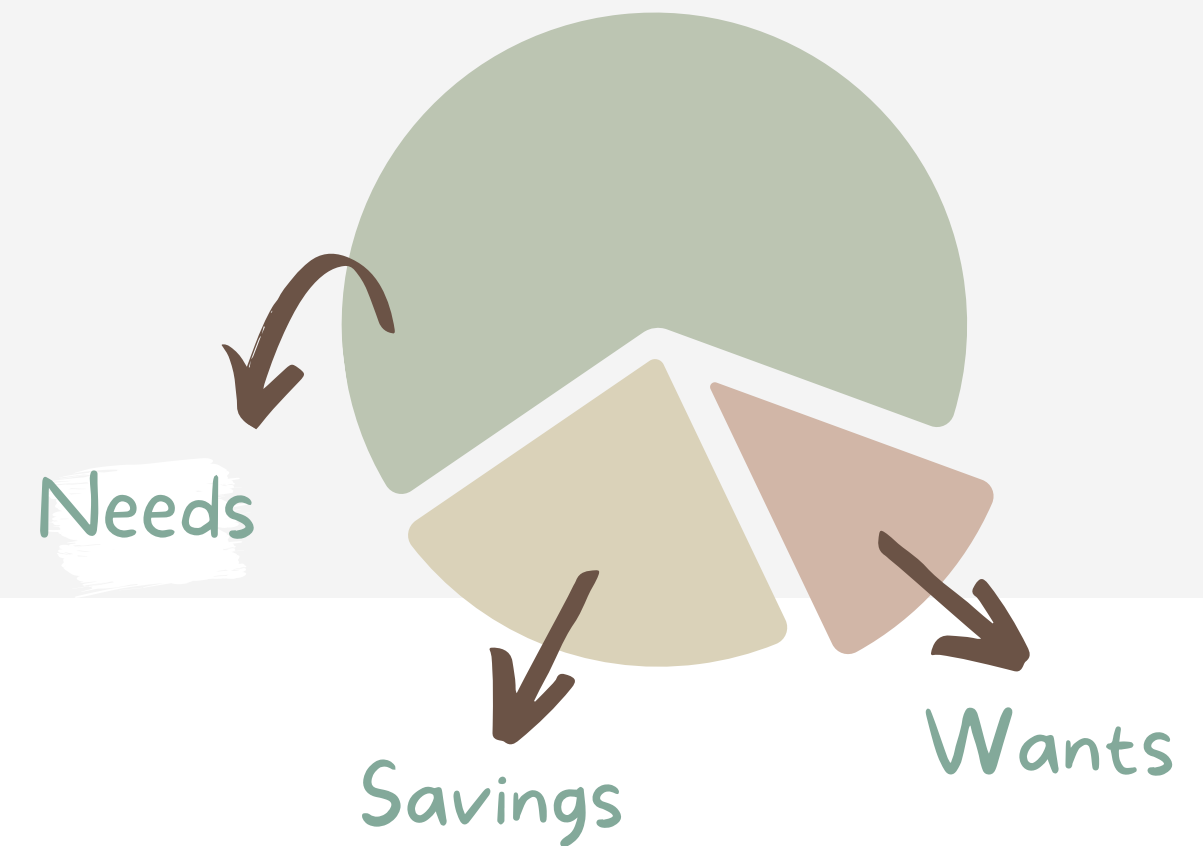
Poll Question



Tracking Your Budget



Calculating Income



Net Income

is used in Budgeting.

Gross Income

is used for Qualifying for a Mortgage.

Identifying Types of Expenses

Needs: Any expense that is required for survival. You cannot reasonably live without needs expenses, but can sometimes negotiate or decide how much you are willing to spend.

Wants: Any expense that is under your control. You can decide if or how much you will spend on these.

Savings: Contributions to savings accounts or costs that come up throughout the year that you need to budget for in advance.

Strategies to Increase Income

- 1 Find a second job
- 2 Work Overtime
- 3 Negotiate for a higher salary/wage
- 4 Sell Assets
- 5 Hold Yard/Garage sales
- 6 Teach a skill/craft/activity



Strategies to Decrease/Prevent Debt

- 1 Reduce or Eliminate Impulsive Purchasing
- 2 Conserve Energy Usage
- 3 Cancel/Downgrade Subscriptions/Services
- 4 Groceries Couponing/Unit Prices on Groceries
- 5 Automate Savings with employer's direct deposit
- 6 Update income with Credit Card company
- 7 Utilize Tax Refunds towards paying down debt



Pop Quiz



Credit



What is Credit?



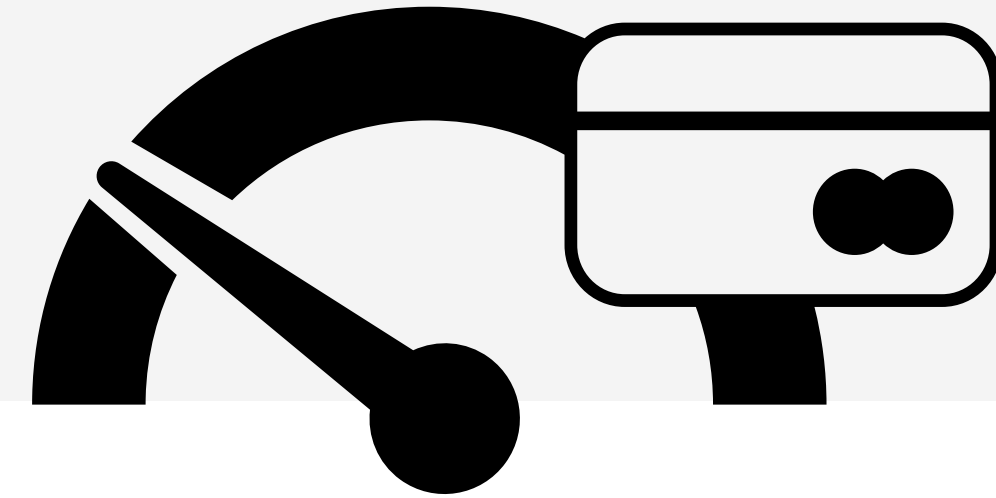
What is a Credit Report?



What is a Credit Score?



What is Credit?



Credit is the ability to borrow money or access goods or services with a contractual agreement that you will pay the lender at a later time.



Your credit report is a detailed history of your behavior utilizing credit, including your history or borrowing and paying back your debt. It like a report card of your credit.



Credit score is a numerical expression based on a statistical analysis of a person 's credit.

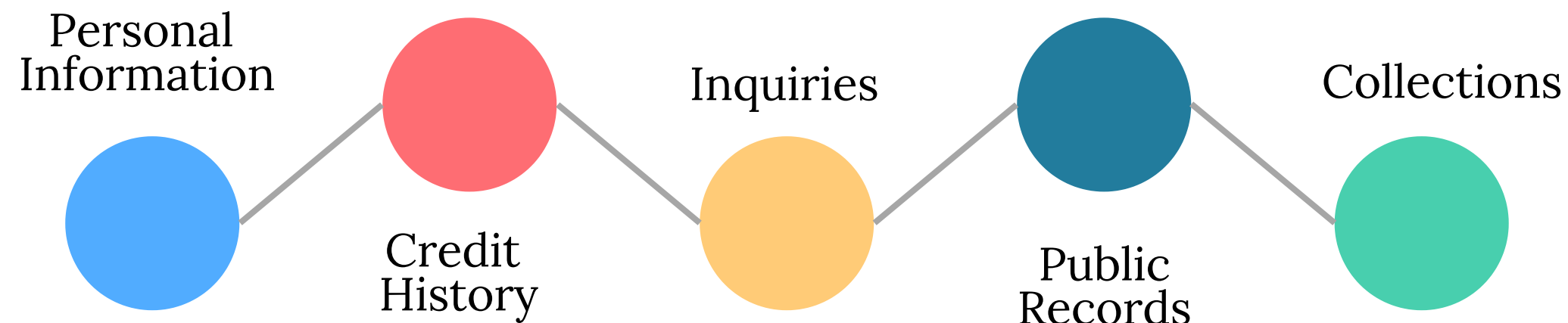
How to Obtain your Credit Report?

There are three national credit bureaus:

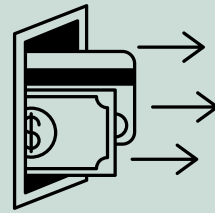


- You can receive one free credit report annually at www.annualcreditreport.com
- Our office can provide a soft pull credit report with scoring for \$39 for a single report or \$78 for a double report www.mvhp.org/credit-reports/

What information will you find on your credit report?



Types of Credit



Revolving Credit

Credit Cards

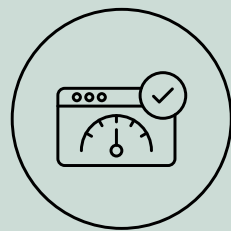


Installment Loans

Personal loans, Car loans,
Home loans, Student loans

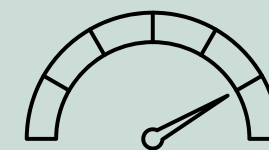
**Service accounts are not considered credit – Utilities, ie., gas, light, cable, cellphone

FICO Scores



Credit Score (Fico)

is based on varies aspects of
your credit file



Score Range

from 300 to 850

** Advantage scoring is different that FICO score, ie., Credit Karma

35%

PAYMENT HISTORY

15%

AGE OF
YOUR CREDIT
ACCOUNTS

10%

NEW CREDIT

10%

CREDIT MIX

30%

UTILIZATION RATE

Factors That Influence Your Credit Score



Positive Impacts to Your Credit Score



Paying your bills
on time



Keep your credit
utilization at 30%
or lower



Keep accounts in
good standing



Avoid opening
new accounts



Maintain
manageable
debt

Beware of Credit Repair Scams

Walk away if they:

Ask you to pay before providing services

Recommend you not contact the credit bureaus directly

Say they can remove negative credit information from report even if it is accurate

For More
information to
protect yourself
please visit:
Federal Trade Commission
or the three National Credit
Bureaus