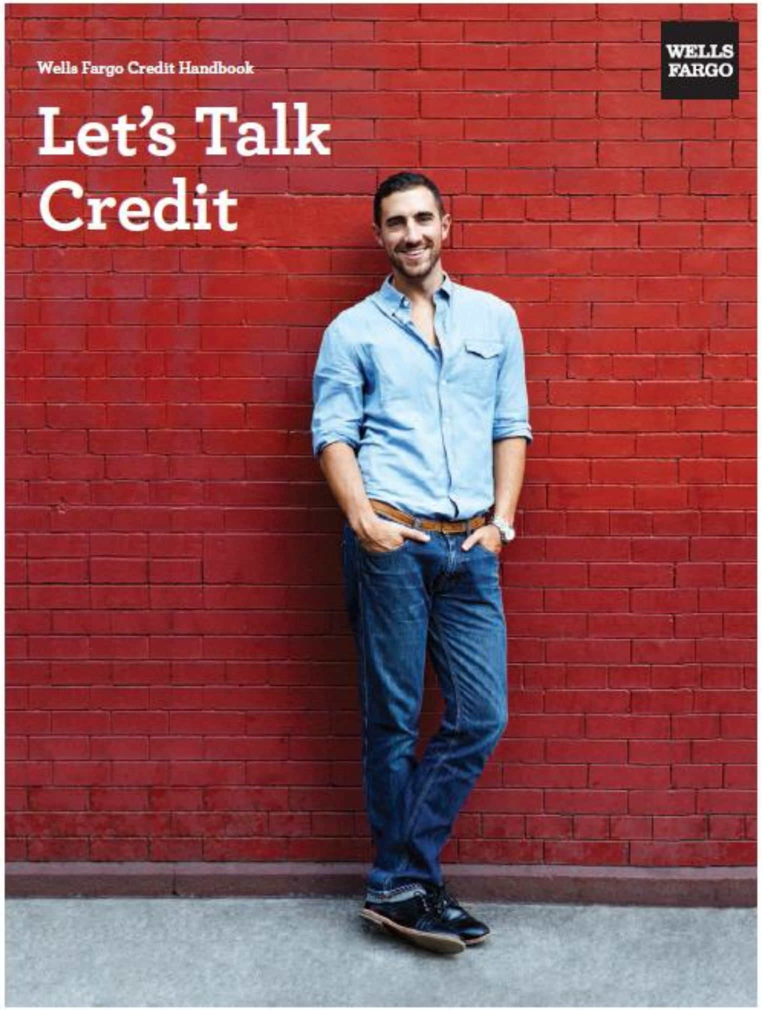


Let's Talk Credit

Together we'll go far

What we will talk about today

- Credit basics
- Establishing credit
- Improving your credit
- Managing your debt
- Getting ready to borrow
- Exploring your credit choices

Credit basics

What is credit?

- Credit lets you make purchases by agreeing to repay those funds later.
- Your credit limit, interest rate, and payment schedule are set by your lender.
- Your credit history reflects your ability to follow your lender's terms.
- Borrowing responsibly may help you build the life you've pictured for yourself.

What's a credit report?

A credit report is made up of information on your existing credit accounts and loans, provided by your lenders.

A credit report generally contains:

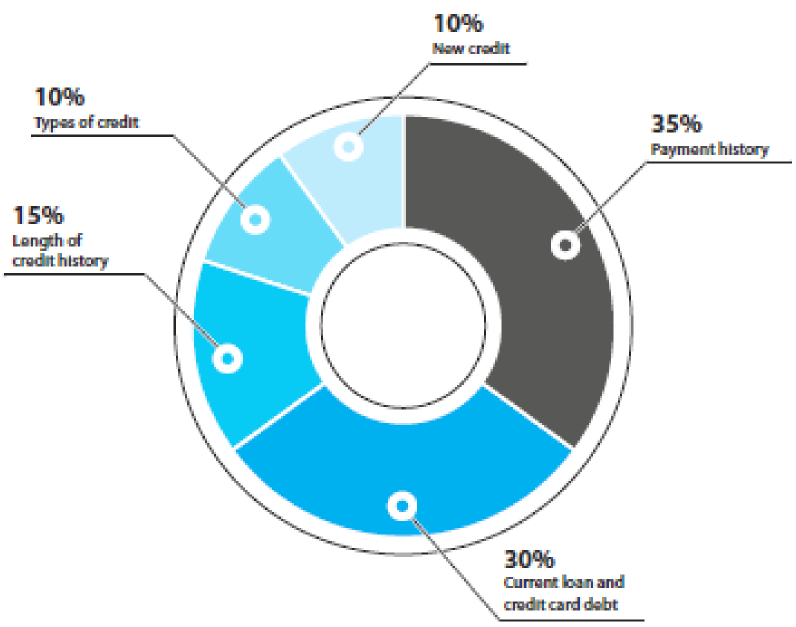
- Your credit history
- Information about you
- Public record information
- Collection agency account information
- Inquiries

What's a credit score?

Think of your credit score like the grade that's given to your credit report by the three credit bureaus — Equifax, Experian, and TransUnion. The better your credit history, the higher your score.

What makes up your credit score?

- The three credit bureaus use various measurements to calculate your credit score.
- Here are five key criteria generally used and how important each is.



What's a credit score? (continued)

- Understanding Wells Fargo's credit scoring ranges
- Wells Fargo has established the following standards for credit scores:

Credit Score Standards	
Excellent	**760+** You generally qualify for the best rates, depending on debt-to-income (DTI) and collateral value.
Good	**700-759** You typically qualify for credit, depending on DTI and collateral value, but may not get the best rates.
Fair	**621-699** You may have more difficulty obtaining credit, and will likely pay higher rates for it.
Poor	**620 & below** You may have difficulty obtaining unsecured credit.
No credit score	**No credit score** You may not have built up enough credit to calculate a score, or your credit has been inactive for some time.

How your score can impact you

Your credit score may affect:

- Your ability to get a credit card
- Your ability to purchase a home
- Whether a landlord will rent you an apartment
- The interest rate lenders are likely to offer you
- The amount of your insurance premiums
- Your ability to borrow money
- Whether you can get service from utility companies

How you can impact your score

Improve your credit score:	Lower your credit score:
1. Consistently pay bills on time 2. Keep your balance on revolving lines under 30% of your spending limit 3. Only apply for and open new credit accounts when you need them 4. Pay down debt to reduce your debt-to-income ratio 5. Establish and maintain a good credit history 6. Have a mix of revolving credit (e.g., credit cards) and installment credit (e.g., a car loan)	1. Pay some bills late 2. Have credit card balances near your maximum spending limit 3. Apply for new credit cards frequently, whether you need them or not 4. Have a very brief credit history 5. Exceed your credit card spending limit

Know what lenders look for

Lenders look at a variety of criteria to evaluate your credit application, including the Five Cs of credit:

- **Credit history:** Your track record of managing credit and making payments over time.
- **Capacity:** Your ability to comfortably manage your payments.
- **Collateral:** Something you own (auto, home, etc.) that you pledge to secure a loan.
- **Capital:** Your savings, investments, and other assets that could help repay a loan.
- **Conditions:** How you plan to use the loan and the economic environment.

Debt-to-income (DTI) ratio

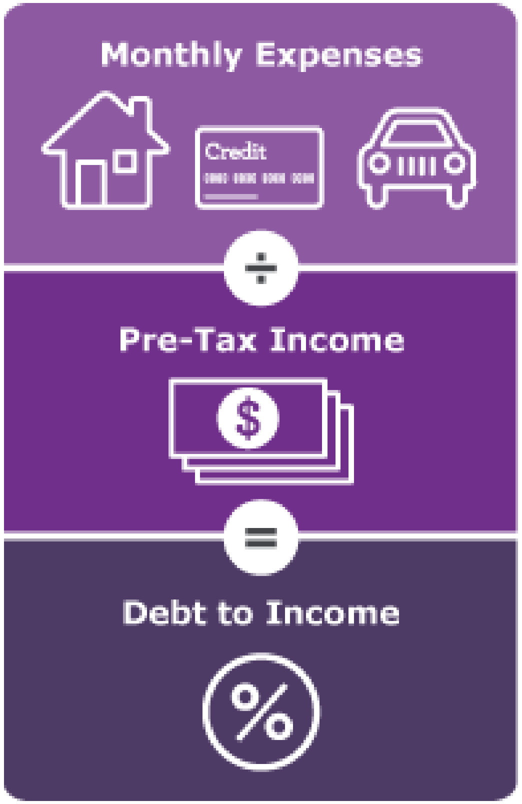
Your DTI ratio compares how much you owe to how much you earn each month. Lenders use this percentage to assess your ability to pay back debt. A lower DTI ratio can make it easier to qualify for new credit.

Calculate your current DTI ratio

Step 1: Calculate your monthly income. Be sure to use your income before taxes.

Step 2: List your monthly expenses. Expenses like groceries, utilities, gas, and your taxes generally are not included. Other debt may include alimony or child support.

Step 3: Determine your DTI ratio. Divide your monthly expenses by your pretax income to determine your DTI ratio.



How is your debt-to-income (DTI) ratio used?

Here is a sample of Wells Fargo's approach to DTI. This approach will vary by financial institution.

When considering applications from borrowers, Wells Fargo uses these guidelines:

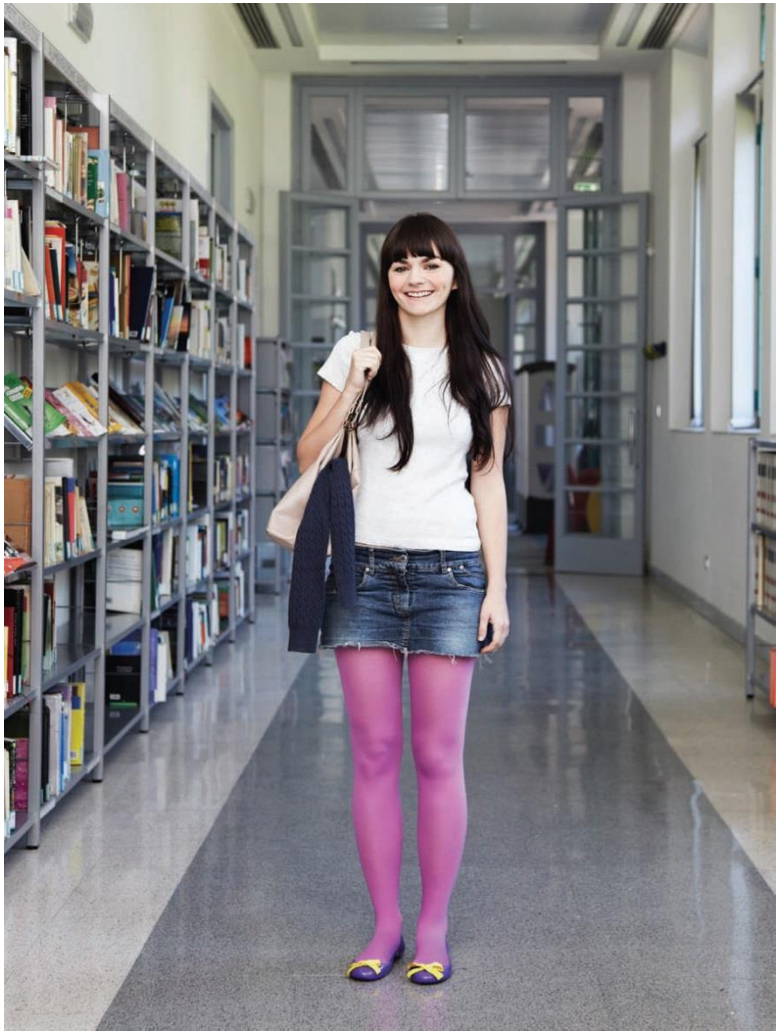
Your DTI ratio	What it may mean for you:
35% or less Looking good	Relative to your income, your debt is manageable. Most likely you have money left over for saving or spending after paying your bills. Lenders generally view a lower DTI as favorable. **Your next step:** Before taking on any new debt, estimate the monthly payments and recalculate your DTI ratio so you can see how additional debt could change it.
36% – 49% Opportunity to improve	You probably don't have funds for unexpected expenses. While you are managing your debt adequately, consider lowering your DTI. Doing so will put you in a position to better handle financial emergencies. If you're thinking about borrowing, keep in mind that lenders may ask for additional eligibility criteria. **Your next step:** Work on reducing your debt and optimizing your DTI ratio.
50% or more Take action	You may have limited funds to save or spend. Because more than half of your income is going towards debt payments, you may not have much money left over. With this DTI ratio, lenders may limit your borrowing options. **Your next step:** Explore ways to take steps to optimize your DTI ratio, and learn how to manage your existing debt.

Establishing credit

Lay the foundation for good credit

You establish credit by using credit products responsibly and paying back what you've borrowed as agreed.

Activities that don't directly impact your credit report can still be used to demonstrate your financial responsibility and help you qualify for new credit.



Ways to get started

Any of the following activities can help you **build a good financial foundation**.

- Pay your utility, cell phone, or other bills on time every time.
- Open a checking account and use your debit card.
- Build savings through a savings account.

Any of the following activities can help you **build your credit history**.

- Get a secured or unsecured credit card in your name.
- Consider getting a credit card from a gas station or retailer — they can be easier to qualify for — and pay it off every month if you can.
- Get a student or auto loan in your name, with or without a cosigner or co-applicant.
- Become an authorized user on a trusted person’s account. Wells Fargo reports this activity to the credit bureaus, but not all lenders do.

How long will it take?

Each person's situation is different, so it's hard to say how long it will take for you to build your credit.

Instead, think of it as an ongoing process. Keep working toward making it the best it can be.

Practice good credit habits

- ❑ Pay your bills on time.
- ❑ Keep track of balances.
- ❑ Manage your debt-to-income ratio.
- ❑ Avoid maxing out your credit accounts.

Improving your credit

What if my credit isn't great?

You can rebuild a damaged credit history! Improving your credit score can open doors to a stronger financial future.

Here's what you can do to raise your score.

✓ Be responsible and always pay on time. Use alerts or sign up for automatic bill pay. Consistent, on-time payments show lenders that you're responsible about paying back what you borrow.

✓ Keep your balances low — use 30% or less of your available credit line.

✓ Pay more than the minimum each month whenever possible.

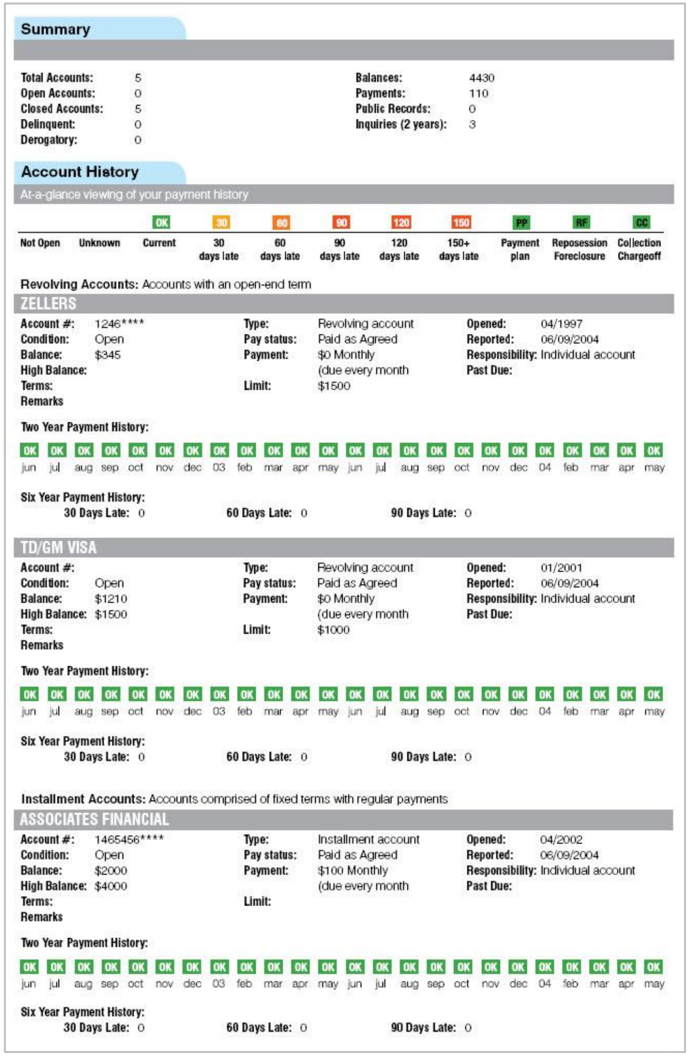
✓ Avoid applying for too many credit cards.

✓ Keep your long-standing accounts open.

What if my credit isn't great?

Check your credit report

- By law, you're guaranteed a free annual credit report from each of the three credit bureaus.
- Annualcreditreport.com lets you request all three reports at once or individually. Staggering your individual requests can help you track your credit history over the year.
- Contrary to what you may have heard, checking your credit won't affect your score.
- Report and resolve any errors.



Summary

Total Accounts: 5
Open Accounts: 0
Closed Accounts: 5
Delinquent: 0
Derogatory: 0

Balances: 4430
Payments: 110
Public Records: 0
Inquiries (2 years): 3

Account History

At-a-glance viewing of your payment history

		OK	30	60	90	120	150	PP	RF	CC
Not Open	Unknown	Current	30 days late	60 days late	90 days late	120 days late	150+ days late	Payment plan	Reposession Foreclosure	Collection Chargeoff

Revolving Accounts: Accounts with an open-end term

ZELLERS

Account #: 1246****
Condition: Open
Balance: $345
High Balance:
Terms:
Remarks

Type: Revolving account
Pay status: Paid as Agreed
Payment: $0 Monthly (due every month
Limit: $1500

Opened: 04/1997
Reported: 06/09/2004
Responsibility: Individual account
Past Due:

Two Year Payment History:

OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
jun	jul	aug	sep	oct	nov	dec	03	feb	mar	apr	may	jun	jul	aug	sep	oct	nov	dec	04	feb	mar	apr	may

Six Year Payment History:
30 Days Late: 0 60 Days Late: 0 90 Days Late: 0

TD/GM VISA

Account #:
Condition: Open
Balance: $1210
High Balance: $1500
Terms:
Remarks

Type: Revolving account
Pay status: Paid as Agreed
Payment: $0 Monthly (due every month
Limit: $1000

Opened: 01/2001
Reported: 06/09/2004
Responsibility: Individual account
Past Due:

Two Year Payment History:

OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
jun	jul	aug	sep	oct	nov	dec	03	feb	mar	apr	may	jun	jul	aug	sep	oct	nov	dec	04	feb	mar	apr	may

Six Year Payment History:
30 Days Late: 0 60 Days Late: 0 90 Days Late: 0

Installment Accounts: Accounts comprised of fixed terms with regular payments

ASSOCIATES FINANCIAL

Account #: 1465456****
Condition: Open
Balance: $2000
High Balance: $4000
Terms:
Remarks

Type: Installment account
Pay status: Paid as Agreed
Payment: $100 Monthly (due every month
Limit:

Opened: 04/2002
Reported: 06/09/2004
Responsibility: Individual account
Past Due:

Two Year Payment History:

OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
jun	jul	aug	sep	oct	nov	dec	03	feb	mar	apr	may	jun	jul	aug	sep	oct	nov	dec	04	feb	mar	apr	may

Six Year Payment History:
30 Days Late: 0 60 Days Late: 0 90 Days Late: 0

What can improving your score do?

Good credit generally means lower interest rates. Your credit score can impact interest rates, your terms, or the amount of your loan.

$15,000 Loan amount	Interest rate	Monthly payment
Fair credit	15%	$427
Good credit	10%	$391
Excellent credit	5%	$352

Scenario is hypothetical — provided for illustration only.

Managing your debt

How can I get my debt under control?

Here are a few things you can do to manage your debt more effectively.

- Consider debt consolidation[1]
- Pay off debt faster
- Lower your monthly payments to help free up cash
- Understand the total cost of borrowing

1.Important information about debt consolidation: You can help pay down existing debt over time by consolidating higher interest rate debt, and when you do, be sure to develop a manageable repayment plan. Consolidating multiple loans means you'll have a single payment each month for that combined debt, but it may not reduce or pay your debt off sooner. There's the potential to lower your monthly payments by consolidating higher interest rate debt at a lower rate or longer payment terms. By extending the term, you may pay more interest over the term of the loan. When deciding whether to use an asset as collateral (such as your home, auto, time account (CD), or savings account) to consolidate existing debt, we encourage you to carefully consider that if you don't make your scheduled payments, you could lose the asset(s).

Explore your options

Loan interest rates, payments, and terms are closely related. Changing or adjusting one of these factors will result in changes to the others.

For example, with a $15,000 loan at 7.75%, you can see how a longer repayment period can reduce the monthly payment. You will, however, end up paying more interest over the life of the loan.

Years	$15,000 Loan amount	Interest paid (7.75%)	Total paid
10	$180 / monthly payment	$6,602	$21,602
5	$302 / monthly payment	$3,141	$18,141
3	$468 / monthly payment	$1,860	$16,860

Scenario is hypothetical — provided for illustration only.

Smart strategies for paying off debt

- Pay more than the monthly minimum to pay off your debt faster and reduce overall interest costs.
- Set up automatic payments to keep on top of your repayments.
- Know your borrowing costs and keep in mind that extending a loan’s term might reduce monthly payments, but you may pay more in interest over the life of the loan.

Getting ready to borrow

Am I ready for a major purchase?

- Identify your short-term and long-term financial goals.
- Writing down your financial goals is the first step in creating a plan to borrow.

Short-term financial goals (within 1 year)			
Goal	Completion date	Amount of funds	Amount of borrowed funds needed
Example: Buy a laptop	*By Thanksgiving*	*$2,000*	*$1,500*

Long-term financial goals (+1 year)			
Goal	Completion date	Amount of funds	Amount of borrowed funds needed
Example: Buy a house	*By the time I'm 35*	*$250,000*	*$225,000*

Am I ready for a major purchase?

As you think about your borrowing needs, remember these steps:

- Know your current credit score.
- Assess your creditworthiness using the Five Cs of credit:
  - Credit history: Check your credit report for accuracy.
  - Capacity: Know your debt-to-income (DTI) ratio.
  - Collateral: If applying for a secured loan, this is required.
  - Capital: Consider your savings, investments, and other assets available.
  - Conditions: Be clear on how you plan to use what you borrow.
- Determine how much you need to borrow.
- Review your credit options.

Exploring your credit choices

Explore your options to find the type of credit that fits your needs. Each of these types of credit can help you achieve your goals while helping you build your credit history.

If you want to…	Make everyday, online, and recurring purchases	Pay for a large planned or unplanned expense	Purchase a vehicle	Pay for home improvements	Pay for college	Purchase a home	Manage or consolidate debt[1]	Build or manage credit
Like…	• Groceries, gas, dining • Online shopping • Phone, electricity, cable bills • Travel	• Auto repairs • Emergencies • Furniture, appliances • Private school (K through 12) • Taxes	• Auto lease buyout • Boat, RV, camper, trailer, airplane • New/used auto or truck • New/used motorcycle	• Energy-efficient upgrades • Home renovation and remodeling • Home repairs • Landscaping projects	• College tuition and other eligible expenses • Options for students, parents, and cosigners • Consolidate or refinance existing private student Loans	• First or next home • Foreclosed properties • Investment properties • Vacation home	• Lower interest rate • Lower monthly payments • Reduce number of monthly payments	• Establish a credit history • Get access to credit • Rebuild credit history
Consider these options …	• Credit Card	• CD/Savings Secured Line of Credit • CD/Savings Secured Loan • Credit Card • Home Equity Line of Credit • Personal Line of Credit • Personal Loan	• Auto Loan (for auto or truck purchase only) • CD/Savings Secured Line of Credit • CD/Savings Secured Loan • Home Equity Line of Credit • Personal Line of Credit • Personal Loan • Recreational or Specialty Vehicle Loan (for motorcycle, boat, RV, camper, trailer, or airplane purchase only)	• CD/Savings Secured Line of Credit • CD/Savings Secured Loan • Credit Card • Home Equity Line of Credit • Home Mortgage — cash-out refinance • Personal Line of Credit • Personal Loan	• Private Student Loan[2] • *Wells Fargo Private Consolidation*℠ loan[3]/refinance	• Home Mortgage	• CD/Savings Secured Loan • Home Equity Line of Credit • Home Mortgage — refinance or cash-out refinance • Personal Loan • *Wells Fargo Private Consolidation*℠ student loan[3]	• CD/Savings Secured Line of Credit • CD/Savings Secured Loan • Credit Card — College or Secured options • Private Student Loan[2] or consolidation /refinance

1. Before you apply, we encourage you to carefully consider whether consolidating your existing debt is the right choice for you. Consolidating multiple loans means you'll have a single payment each month for that combined debt, but it may not reduce or pay your debt off sooner. By understanding how consolidating your debt benefits you, you'll be in a better position to decide if it is the right option for you.

2. Wells Fargo private student loans are subject to credit qualification, completion of a loan application/consumer credit agreement, verification of application information, and if applicable self-certification form, school certification of loan amount, and student's enrollment at a Wells Fargo-participating school.

*3. The **Wells Fargo Private Consolidation**℠ student loan is subject to completion of a loan application/consumer credit agreement, verification of application information, credit qualification, and a benefit to borrower determination. Federal student loans cannot be consolidated into a **Wells Fargo Private Consolidation** student loan.*

All credit options listed are subject to qualification and, if applicable, income verification and/or collateral evaluation. Visit wellsfargo.com/smartercredit to learn more.

Thank you

Explore our resources:

- Wells Fargo *Smarter Credit*™ Center at wellsfargo.com/smartercredit
- Wells Fargo Path To Good Credit at wellsfargo.com/pathtocredit
- *Wells Fargo Mobile*® service at wellsfargo.com/mobile
- *Wells Fargo Online*® tour at wellsfargo.com/online-banking/tour/index
- Wells Fargo YouTube channel at youtube.com/user/wellsfargo

Contact us:

Online Customer Service at 1-800-956-4442

Make an appointment:

Schedule an appointment online to meet with a banker at a specific date, time, and location of your choice at appointments.wellsfargo.com/maa

Questions?