

The Four C's of Credit

Lending institutions -- like FFCU -- understand that every credit contract carries a certain amount of risk that the borrower may not be responsible. When you apply for credit, four primary considerations affect the decision to approve or decline your loan application.

The four C's of credit:

* *Capacity*--What is your ability to repay the loan? Do you have a job or another income source? Have you held your job for a length of time? Do you have other debts?

* *Character*--Will you repay the loan? Have you used credit before? Do you pay your bills on time?

* *Collateral*--If you fail to repay the loan, is there something of value that you agree to forfeit? For example, if you're buying your first car, it would be collateral to ensure that you will repay the loan. If you default, you lose the car.

* *Capital (accumulation)*--What are you worth? Do you have other assets, such as a savings account, car, or share certificate you could use to repay the debt?

How you handle credit transactions determines your creditworthiness in the future and will affect your access to credit--and its cost. Talk to a loan officer at FFCU about your credit needs.

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