



Stay Financially Fit in 2014!



Quaker Oats Credit Union uses risk-based lending to better meet the needs of our members. We allow members to refinance their loan up to one time for a lower rate, if their credit has improved enough to move up to the next risk-based lending tier, qualifying them for a lower loan rate.

[Loan Calculator](#)

[Loan Rates](#)

[Quick Lending Program](#)

[Loan Application](#)

[FREE Credit Report](#)



Check out our series on ways you and your family can Stay Financially Fit in 2014. Watch for monthly emails that include tips that will help you improve your financial well-being in 2014.

Tip #5- What Is Risk-Based Lending And How Can You Benefit From It?

Risk-based lending is a means by which a credit union may be able to more effectively meet the credit needs of all its members. It involves setting a tiered pricing structure that assigns loan rates based upon an individual's credit risk.

760-850	EXCELLENT
700-759	VERY GOOD
723	MEDIAN FICO SCORE
660-699	GOOD
687	AVERAGE FICO SCORE
620-659	NOT GOOD
580-619	POOR
500-579	VERY POOR

Risk-based lending generally has the most significant benefit for two broad categories of borrowers:

- >those attempting to "repair" their credit due to previous mishandling of credit (e.g., seriously past due credit, prior charge-offs, bankruptcy, etc.) and
- >those attempting to establish credit (e.g., first time borrowers, borrowers with little credit history).

Although the rates paid by borrowers with less than perfect credit histories are higher than rates paid by borrowers with strong credit histories, these members are able to obtain loans without paying the excessive fees charged by many alternative "financial providers" such as finance companies, rent-to-own stores, title loan companies, and pawnshops.

Source: NCUA Letter To Credit Unions, LETTER NO.: 99-CU-05, <http://www.ncua.gov/Resources/Documents/LCU1999-05.pdf>

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