ALLSTAR TITLE LOANS CREDIT EDUCATION PROGRAM

For Title Loans Customers

How Do Installment Loans Work?

When you find yourself in a financial bind and you need cash for a longer period of time than a payday loan offers, an installment loan from Allstar Title Loans could be the solution for you — even if you have bad credit. An installment loan allows you to borrow a sum of money and pay back the borrowed amount over time. Your loan amount will accrue daily interest and you will have scheduled payments, with the option to pay off your loan at any time.

Installment loans allow you to make equal, manageable payments over a series of months. Our installment loans pay down a portion of the principal balance and interest with each payment. You only pay interest for the time you keep your loan, and there are no prepayment penalties. Our goal is to help you repay your loan and keep you out of the cycle of debt.

Who Owns What I Buy with an Installment Loan?

If you enter into a car title loan with Allstar Title Loans, your car is technically owned by Allstar Title Loans until you completely pay off the loan. If you fail to make regular payments or are continually late with payments, Allstar Title Loans can repossess the vehicle. It will then be sold to make up the money that you failed to repay the lender. Although for tax purposes you are considered the true owner of your car before the loan repayment period has ended, this is not the case if you go bankrupt or miss payments.

What is a car title loan?

A **car title loan** is a secured loan based on the equity in your car done under the California Finance Lenders Law. This means that you will pledge your auto as collateral against which Allstar Title Loans will make the loan. Allstar Title Loans will be put on your vehicle's title as a lien holder.

Until you make your final repayment to Allstar Title Loans, your car is owned by that lender. The only time this is not the case is with an unsecured personal installment loan, which may be used for anything you choose.

How does interest work on a car title loan?

For California car title loans, the type of interest on your loan is known as "simple interest". This means that interest is charged on the amount you owe on the loan (the "outstanding balance") every day until the loan is repaid. Every loan payment is used first to pay any account charges due (such as late fees, bounced check charges, and others), then to pay interest due, and then, if any money is left, to pay down the outstanding balance.

All about Federal Truth-in-Lending Disclosures

Federal Truth-in-Lending Disclosures			
ANNUAL PERCENTAGE RATE The cost of your credit as a yearly rate. ________%	*FINANCE CHARGE* The dollar amount the credit will cost you. $ ____________	*AMOUNT FINANCED* The amount of credit provided to you. $ ____________	*TOTAL OF PAYMENTS* The amount you will have paid after making all scheduled payments. $ ________________

Your Payment Schedule: ________ monthly payments of $ ____________ beginning on ______________.
Prepayment: If you pay off early, you will not have to pay a penalty. You will not be entitled to a refund of any part of the administration fee charged for initiating this loan.
Late Charge: If any payment is not paid before the 15th day of when it is due, you will incur a late charge of $15.

Below are brief descriptions of some of the information contained in the loan disclosures that are required by both Federal and California law. These disclosures are intended to inform you of the charges associated with your loan and to provide you with a basis to compare different loans more readily.

What is an Annual Percentage Rate?

The Annual Percentage Rate (APR) is a calculated rate and not the interest rate of your loan (it is the loan's interest rate that determines the amount of interest you pay on the loan). In addition to interest, the APR takes into account certain Prepaid Finance Charges, such as an Administration Fee, and the Amount Financed. The APR is calculated by spreading the Prepaid Finance Charges over the life of the loan; this results in an APR that is higher than the interest rate shown in your loan agreement.

What are Prepaid Finance Charges?

Prepaid Finance Charges are defined by the Federal Reserve Board, must be paid by the time the loan ends, and are calculated into the APR. These charges include the Administration Fee for your loan. Prepaid Finance Charges are found in the Itemization of the Amount Financed box in your loan agreement.

What are Finance Charges?

The Finance Charge includes the total amount of interest that you would pay if all payments are made on-time for the full loan term and the Prepaid Finance Charges.

What is Amount Financed?

The Amount Financed is the amount of money given to you plus the Department of Motor Vehicle fees and any money paid to others on your behalf (such as paying off an existing loan on your car). The Federal Reserve Board requires that Prepaid Finance Charges are not included in the Amount Financed. The Amount Financed is the loan amount used in the calculation of the APR.

What are Total of Payments?

The Total of Payments is the total amount of principal and Finance Charges that you would pay if all payments were made on-time for the full loan term. It is the number of payments multiplied by the payment amount.

What is a Payment Schedule?

The Payment Schedule shows the number of monthly payments due over the life of the loan, the amount due for each payment, and the date the first payment is due.

What's considered On-time payments?

If you make every loan payment exactly on time as shown in the payment schedule disclosed in your loan agreement, your payments will add up to the Total of Payments shown in the Truth-In-Lending Disclosure.

What's considered late payments?

If you make a loan payment late, the interest you owe increases every day your payment is late. This means that a late payment will not include enough money to cover both the interest and that payment's part of the outstanding balance due. Because interest is taken out of each payment before the outstanding balance is paid, a late payment will not have enough money in it to pay down the normal amount of the outstanding balance. In some cases, your late payment may not pay down any of the outstanding balance and the interest you owe may be more than your total payment. As a result of late payments, you may end up paying more than the Finance Charge shown in the Truth-In-Lending Disclosure. This means that the loan will end up costing you more than originally planned. We advise you to make your payments on-time or early, if at all possible, to minimize your cost of the loan.

If you ask us, we will calculate the daily interest due in dollars per day on your outstanding balance. This will let you will know exactly how much you will save by paying early or how much you are losing by paying late. This daily interest charge in dollars changes depending on your outstanding balance.

Understanding the credit report system

You may know that your credit score plays a big role in your financial opportunities, but are you still left wondering how it all works? It is important to keep tabs on all three scores and reports.

The Credit Reporting System

The credit reporting system is comprised of three sections: the consumer, the three national credit bureaus, and the lenders. As a consumer, your payment history and account details are reported by the lenders to one or all three of the credit bureaus.

When you apply for a loan or line of credit, lenders assess your credit reports and credit scores from one or more of the three bureaus to determine your creditworthiness.

How Your Credit Score Impacts Your Financial Future

Many people do not know about the credit scoring system—much less their credit score—until they attempt to buy a home, take out a loan to start a business or make a major purchase. A credit score is usually a three-digit number that lenders use to help them decide whether you get a mortgage, a credit card or some other line of credit, and the interest rate you are charged for this credit. The score is a picture of you as a credit risk to the lender at the time of your application.

Each individual has his or her own credit score. If you're married, both you and your spouse will have an individual score, and if you are co-signers on a loan, both scores will be scrutinized. The riskier you appear to the lender, the less likely you will be to get credit or, if you are approved, the more that credit will cost you. In other words, you will pay more to borrow money.

Scores range from approximately 300 to 850. When it comes to locking in an interest rate, the higher your score, the better the terms of credit you are likely to receive.

Now, you probably are wondering "Where do I stand?" To answer this question, you can request your credit score (for which there is a charge) or free credit report from (877) 322-8228 or www.annualcreditreport.com.

The most well-known credit scoring system was developed by Fair Isaac Corporation and is called the FICO® score. The three major credit bureaus—Equifax®, TransUnion® and Experian®—use the FICO scoring model for their proprietary systems. Since each scoring system uses a slightly different statistical model, your score from each of the three will not be exactly the same. This is because lenders and other businesses report information to the credit reporting agencies in different ways, and the agencies may present that information through their proprietary systems differently.

Because different lenders have different criteria for making a loan, where you stand depends on which credit bureau your lender turns to for credit scores.

Good Credit Puts Money in Your Pocket, Good credit management leads to higher credit scores, which in turn lowers your cost to borrow. Living within your means, using debt wisely and paying all bills—including credit card minimum payments—on time, every time are smart financial moves. They help improve your credit score, reduce the amount you pay for the money you borrow and put more money in your pocket to save and invest.

How to Build Good Credit

A good credit score is an essential part of getting good loans and evening the playing field with lenders. The average FICO credit score for Americans is roughly 720, meaning that half of Americans have a worse credit score and half have a better score. The only way to establish good credit is to actually start buying on credit. This is the only way to establish a credit history which reveals your ability to pay for things that you buy or use.

- Apply for a credit card. Choose one that offers the lowest rate and if possible one that offers a cash back percentage on purchases you make. Try not to start a new credit card until you have at least ok credit, because each application counts against your score, as does being denied.
- Apply for a major credit card, such as Visa, American Express, Discover, or Mastercard. These will help you move into the 700-score territory faster.
- If you can't get a major credit card, think about getting a "secured" credit card, which works after you deposit money with an issuing bank. (Essentially, a debit card.)
- Keep debt low. It will look better if the bill you are paying at the end of the month is a low one. Keep your outstanding debt as low as possible in order to improve your score even further.
- Ask for help. If you've done a good job of building an okay score and then find that you're very slightly late on a single payment, you may be able to get that late payment taken off your record by asking very nicely. If you have a good history with the entity you were late in paying, they may be willing to take it off if you ask.
- Give it time. Having good credit over a long period of time will go a long way towards convincing lenders that you're a solid bet. Don't rush the process.

Check your credit report annually. If you don't know what your credit looks like, it'll be hard to fix it. You can get on free annual credit report through the government-run AnnualCreditReport.com. For your credit score, you will have to pay a nominal fee; they are not offered for free. When checking your report, make sure you:

- Dispute any additional accounts that aren't yours or that you didn't open.
- Dispute any reports of late payments that were in fact paid on-time.
- Dispute any bankruptcies older than 10 years that are still listed as due even though you settled them in bankruptcy.
- Dispute any negative information older than 7 years

Maintain Good Credit Practices

Regular use of good credit practices can help keep you out of a financial black hole. With wise use of your credit, you can build a strong credit history which will serve you for many years to come. The end result: you will be able to qualify for a variety of loans at reasonable interest rates. These might include a mortgage for your dream home, an auto loan for your new ride, personal lines of credit for remodeling or emergencies, and credit cards for everyday use. Below are some relatively easy steps that can help you achieve this.

- Shop for the best interest rates and terms available when choosing a credit card or loan. This will save you a lot of money in the long run.

- Pay your bills promptly (and before the due date) to help you avoid late fees and keep finance charges to a minimum.

- Always try to pay more than the minimum amount due each month to decrease the total amount paid and the length of time that it takes to pay it off. For example, if you only make the minimum monthly payment on an original balance of $2000 and are charged 18% interest, it will take you over twelve years to pay it off. If you include the interest you pay over these 12 years, your $2000 purchase will have cost you $4230.83; therefore always pay down your debt quickly to maintain good credit practices.

- Only carry the cards that you think you'll need most regularly so you don't run up balances on all your cards.

- Leave your cards at home if you're a compulsive shopper. If you're really bad, freeze them in a block of ice. While the ice melts, you have a chance to decide whether you really want to make that purchase.

- Use a debit card instead of a credit card. The purchase may not be so tempting if you have to take the money out of your checking account.

- One premise of good credit practices is to limit the number of credit cards you have to two or three, preventing you from maxing out more than you can pay.

- Keep a file for your charge receipts. This allows you to compare store statements to credit card statements. It also gives you documentation if you need to dispute anything with the creditor.

- Memorize your personal identification number (PIN). Don't keep your PIN number in your wallet or written on the back of your credit card.
- Tear up carbons to prevent credit card fraud.

- Keep a list of all credit cards, including account information and phone numbers in a safe place so that you can report a lost or stolen card quickly. Better yet, scan and copy both sides of every credit card.

- Limit the amount you pay on credit cards and general loans to 10-15% of your gross income, and your rent or mortgage to no more than 30%.

- Try to put 10% of your take-home pay towards debt. Once your debt is paid off, put this money in a savings account.