



MONEY MANAGEMENT

The Truth About a Good Credit Score

SBLOANS

What Is a Good Credit Score

Your credit score has a profound effect in terms of the interest rate you will be paying when you apply for a loan. This is the basis that lenders use to determine if you will be able to pay for the amount in the future and if you need money to pay for college or renovate the home, it is good to know what it means to have a good credit score?

The credit score ranges from 340 to 850. Creditors determine this by reviewing your payment history, amounts that you owe, the length of your credit history, the types of credits you have used and new credit.

If your credit score is over 700, then you have a good credit score. This means you are more likely to receive other financing options and better interests compared to someone who scored lower.

Majority of Americans approximately 60% of them have a good credit score. This means that while many of us are doing well, there are others who need to improve theirs. Should you be one of those who got a lower rating, don't worry because you still have a chance to improve it.

You can do this by paying off your debts especially if most of these are reflected in your credit card bill. The best approach is to deal with the credit card that has the highest interest rate then work on the rest.

Should there be a problem coming up with the money, you must contact your creditor regarding the situation so a payment arrangement can be made so your late payments will be seen in your credit report.

It's nice to have many credit cards but if you have a hard time monitoring which ones were already paid, don't even think of getting another one as this can lower your credit score. You also don't have to close unused accounts because a zero balance can also work to your advantage.

At the same time, people with good credit scores must never open new accounts especially if their credit history is less than 3 years old. This may bite you back later on since you may not be able to handle this properly.

There are some who know that they deserve a higher credit score than the one that came out in the report. If you feel that there is something wrong, you must call your lender because it is possible that the limit that was reported is much lower than what you are aware of. Should this be the case, it is only right that you have this corrected.

To know if you have a good credit score, you can get in touch either with Experian, Equifax or Transunion. These three are individual credit agencies and each of them should reflect the same figures. You should get a copy from one or all three at least once a year to know your current standing as your transactions this year may be higher versus the previous year that could either be good or bad for you.

If you don't want any problems make sure that you have a good credit score at all times. If you need help, there are financial advisers that are more than willing to help you out.

Understanding What a Credit Score Is

You just want to get a loan and suddenly you are bombarded with all this questions about your credit score. And you don't really know what to answer since you don't even know what a credit score is.

A credit score is your credit grade, representing how much of a good creditor you are. This score is dependent upon your credit history and credit report information, which is gotten from credit bureaus and credit reference agencies such as Equifax and TransUnion. Banks, credit card companies and lending companies use the credit score to have an idea if a person will pay what they borrowed in time. These scores will help these companies calculate their risk and determine if you will be lent to or not.

Another use for the credit score is to determine how many percent interest rates will be given to the borrower and what will be the terms of payment. People with high credit scores will be given more time frame to pay their debts and much lower interest rates.

A person with a not so good credit score may be given shorter terms in their payments but high interest rates. This is because they are riskier to lend money to so the banks and lending companies would want to get a high interest from them at shorter periods of time.

Because of the importance that credit score information gives to companies, banks and lending companies are now not the only ones that use these information. Even mobile phone companies, insurance companies, and private companies also use this information to check on the background of their clients and potential employees and see their character.

There are actually a lot of ways to determine what a person's credit score is. One of the most popular is the FICO score which was created by Fair Isaac Corporation. FICO is being used by lenders of mortgages to determine which borrowers are likely to default on their payments. A FICO credit score can range from 300 to 850.

When before only financial institutions have access to their credit score, now it is being commercialized. Equifax is actually offering consumers a glimpse of their FICO score through their website for a fee, \$12.95. The same goes with other credit bureaus such as TRansUnion and Experian but what they are offering is not the actual FICO score but their own scores.

Both companies however swear that their scores are comparable to the FICO scores. Experian charges the same price as Equifax for their score, \$12.95 while TRansUnion charges \$9.00 for a credit report that will also have the credit score. This can be purchased by mail, through phone and of course, the easiest course, online.

Some however do not see the need to buy these things as they are entitled to a free credit report from each of the three agencies. Some states even give a free credit reports within 30 days of being rejected of a credit by a lending institution or when they receive a not so good credit terms because of their credit score.

The Meaning of A Credit Score

A credit score is not the amount of purchase that you incurred with your credit card and neither does the term refer to the points that you save for every purchase that you make with the credit card. This is not the meaning of a credit score.

Although it does involve credit per se, it does not only refer to credit cards but to credit in general, or in more common terms, a loan. A credit score is the numerical product of your credit history, from the loans that you incurred in college to the purchases that you make with

your credit card. All are being recorded and filed under one credit history that can come back and hunt you if you are not careful.

A credit score is used by banks and lending companies to make decisions on your loan applications. With a not so good credit score, you may get rejected for a loan or if you are lucky will be given a fraction of the amount that you are asking, for a higher interest rate and a shorter payment period.

A credit score, you see, determines whether a person is reliable enough to be given the money to as a loan. For although, they will be earning from you through the interest rates that they put on the loan, banks and lending companies are still cautious because they do know that they cannot just lend their money to people they don't know if able to handle money.

A credit score depends on a lot of factor. One of which is your reputation as a borrower. Are you always late in your payments for your credit card? Are you always knee deep in debt because you cannot seem to get around to paying each one until the interests were just too high?

Do you have maxed out credit cards? Have you had any other credit or loan that you have paid for or are still paying? How many are they? Have you had any problems paying for your loans? These will figure in the credit score that you will have.

Other considerations that make up your credit score is income that you are receiving currently. People who have high income are generally perceived as someone who can handle a loan. Another factor besides the ability to pay factor is the amount of debt that you have. If the bank feels that it is too much debt for one person, they can easily reject your application.

There are many ways to get a credit score. The industry standard is the FICO score, named after its creator Fair Isaac Corporation. FICO score is being used by credit reference agencies, that will gather the materials about your credit history and then determine from their the credit score. Some use their own scoring systems that are comparable with the FICO score.

The FICO credit score can now be determined by purchasing it over the internet through the website of credit reference agency, Equifax. The fee is \$12.95. The other two credit agencies, TransUnion and Experian are also selling their own score for roughly the same amount although TransUnion packaged it with their credit history report that people can purchase online.

So now you know what the meaning of a credit score is? Let's hope you will work on your own credit score.

Credit Score Explanation

Numbers have different meanings. In school, you are given an 'A' if you excel in a particular subject. In the real world, a 600 or 700 could have an effect on your ability to get a loan. This is called your credit score and to give you an idea, here is an explanation.

The credit score is an indicator that tells lenders if you will be able to pay the amount that will be loaned to you. The scale goes from 340 to 750 and the higher it is, the less risk the lending institution is taking because they know you will be able to pay for it with interest.

If your score is below 700, you can still apply for loan but expect to pay at a higher interest rate as this is the only way that the lending institution can be sure you will be able to pay them back.

Your credit score is calculated based on several factors. Thirty-five percent of the total score is based on your credit history. You could get a perfect score here or have a few deductions if ever you have had any late payments or bankruptcies. The more recent it is, the greater the deduction.

Thirty percent is based on outstanding debt. This may come from car or home loans, credit cards bills and utilities. If you use your credit, make sure you only use 25% of the limit or less so it does not have effect on your credit score.

Fifteen percent of the credit score comes from the length of time that you have had credit. The longer you have it, the better because this will give creditors an idea of your consumer behavior.

Ten percent of the score is from the number of inquiries you have made in the past. The trick here is not to have many inquiries. Those who do inquire frequently give creditors the impressions that you are piling up your debt.

The last ten percent is based on the types of credit you currently have. This includes the number of loans and credits that are available to you. This weighs heavily when you are just establishing your credit history.

There is no actual passing or failing mark when it comes to your credit report. However, creditors have designated 700 to be the ideal credit score you should get. Sixty percent of Americans are able to achieve this so it shouldn't be that hard for other people.

But if you are one of those that are not able to reach it, you can still improve on your score. If you have outstanding debt, pay for it. If these are credit cards, make sure that this is paid on time.

If you are having a hard time, try to negotiate with the lender so an arrangement can be made and this doesn't have to appear anymore on your record.

Now that the credit score has been explained, you will now be able to interpret what those three digit numbers mean when you get a copy of your credit report. Aside from looking at the total score, review each item carefully so that if there are any errors, this can be reported and corrected.

The credit score also changes annually so don't forget to get one a new one the following year.

Credit Score Chart

A credit score chart is what creditors look at to see if you are in good standing or not. This helps them decide whether or not to lend you money that you need to buy a car, a house or pay for tuition.

Because it does not take into account gender, race, religion, marital status or national origin, it is fair. What they use as basis is your behavior over the past few years. They will look into your credit history to see if you have any debts or outstanding loans, lines of credit and how long have you been given credit.

There is a certain percentage on each of them so if you don't do well in one, there is a chance that you could improve on this in the others.

The one that is used by credit agencies is the FICO score and this information is available to you and to the lender.

The credit score chart is from 300 to 850. Majority of Americans score above 700, which is good and makes it easy for them to get credit and even waive a deposit. A small number don't do well and they have to work hard to improve it.

Keep in mind that the credit score chart is just numbers. They don't tell you how to improve your score or maintain it. So, to help you along the way, here are a few things you can do.

First, pay your bills on time. This comes monthly and you are given time to pay for them so make sure to deposit the amount before the due date to avoid paying penalties.

Second, decrease your debt. Surely, apart from your monthly credit card bills and utilities, you have may a few loans. Since you applied for these, it is only right that you live up to your end of the bargain by paying these at the agreed upon date.

Third, if you think having multiple lines of credit is good, think again. Studies have shown that this backfires on the person since they are more at risk of non payment which in the end has a negative effect on your credit score. So, if you don't need it, don't even bother and if you do have, get rid of them.

Fourth, review your credit report. If you have paid your bills and loans on time but your score is not that high, check for errors. Most of the time, you may find one or two things there that are not true. If this is the case, call the crediting agency and send them the supporting documents to prove your case.

The standard protocol here is for the crediting agency to conduct an investigation. If your creditor cannot dispute what you have claimed, then they have to change and a revised copy of the credit report will be sent to you for free.

If you want to get a credit score report for free, look at the different agencies that provide this service and compare them. Some will give you a copy for free while others will ask you to pay a certain amount monthly.

You can also find a credit score chart by going online since this is posted which saves you the trouble of looking at different sites.

Credit Scores: What's It About and What Makes a Good Credit Score?

Imagine yourself applying for a car loan, you have the money and you have the right job to pay the loan back before the due date. However, even if you have the right job and the money for it, you still haven't been approved for the loan. This will make you wonder why.

In the United States, having money and having a high salary isn't everything. You have to consider one important thing that will have significant impact in your daily life. This important thing is used by creditors, such as banks and credit card companies to determine if you will likely pay back what you borrowed from them. This important thing is called the credit score or your credit rating.

If you were delinquent in paying your bills or loans in the past, you should expect to have a low credit score. Everything about your credit history will determine if you will get a high credit

score or not. This is why it is important for you to settle those bills or loans on time in order to avoid getting a negative credit report from the creditors you borrowed money from.

For example, if it took you a long time to pay for your credit card bills, the credit card company will issue a report to credit reporting agencies that will state that you haven't been paying your bills on time, or you still have a debt to pay to their company. This will result in lowering your credit score.

You have to realize the fact that credit scores are very important in today's society. Even phone companies are now taking a look of their future subscriber's credit score to determine if they will likely pay the monthly phone bills or not. With a bad credit score, just simply getting a phone line hooked up in your house can be a difficult thing to do.

Lenders, such as banks and credit card companies also takes a look at your credit score to determine if you will be approved for the loan or the credit card or not. Having a high credit score will open a lot of credit opportunities for you. People with high credit score have a much easier time when applying for a low interest credit card and also for a low interest loans. This is because creditors are sure that they will likely pay their debts on time.

FICO or Fair Isaac Corporation is the widely used company in terms of calculating your credit score. The FICO score ranges from 300 to 850. The higher your score is, the easier you can have access to low interest loans and credit cards. In the United States, a FICO score of 725.660 is considered as a break point for credit worthiness. Having this number on your credit score is just the starting number on your way to become a credit worthy person.

In order to get higher numbers, you should pay all your debts in time. What this means is that whatever loans or bills you have lying around in your home, you have to pay it in order to gain points in your credit score. If you don't, then your credit score will continue to decline and will also leave you in a far greater amount of debt.

Always remember that having a good credit score is a must. If you have a 725 credit score, you are well on your way to become a credit worthy person. Increase your score and gain access to the best loan and credit card deals possible.

High or Low: Keeping Track with National Average Credit Score

Credit is said to be a system of buying and selling without immediate payment or security. Credit may be in the form of credit cards or loans.

Any individual who desires to process a credit card or loan application will have to abide by the rules and regulations set forth by the lender. An important factor for any credit application to be approved is your credit score.

A credit score is the determinant factor of lending institutions whether or not you will be granted credit. Your existing credit status as well as your past credit standing makes up for a credit score.

Every nation has a standard credit score to follow to determine the country's financial condition. The United States has a national average credit score somewhere from 580 to 650. You will most likely be granted with credit requests if you have a high credit score.

Since the credit score is highly significant for you to obtain credits as well as balance the national average credit score, there are things you must do.

Seek help from experts.

Do not be overwhelmed by low interests or other attractive credit offers by lending institutions. It is best to consult an expert before you close an agreement with a positive notion.

Financial consultants will help you properly handle your finances. He is responsible in showing you the status of your finances. He may also be your source of assistance on matters about getting credits. He will most likely advise you on the pros and cons of getting credits and the many requirements lending institutions need before they come up with a decision.

Do not let your due date slip.

When you pay your bills on time or before its due date, you are establishing good credit standing. Another advantage when you are paying ahead of time is that you are also making your balances low.

Late payments of bill will not only give lending institutions bad impressions of you but it can also be unfavorable to maintaining a high credit score. To avoid late payments, it is best to keep track of due dates. Prompt yourself that it is 'pay time,' a week before your credit's due date.

Keep your interest low.

Credit interests establish how good or bad your credit score is as well as the national average credit score. With low credit interests you are likely to maintain good credit standing.

It is recommended that you take on a survey among lending institutions on the credit interest they give. Upon doing your survey, choose which ones can give you low interest yet will still offer you good-quality of service.

Consolidate.

To undergo consolidation is usually common to individuals who experience trouble paying off unpaid debts to their lenders. Consolidation is recommended for such people to unburden them of too much paying pressure.

Evaluate and re-evaluate.

Be your own accountant. Do not let financial problems pile up, instead of waiting for credit reports to be mailed at the foot of your door, make your own. By doing so, you are updated concerning your credit reports.

Self-evaluation of your credit report will help you gauge how much credit scores you still have. Nowadays if you wish to have free consultations regarding your credit reports, you can always go online and find one.

Keeping yourself on the right credit score track will not only help you maintain a good credit standing, it will also help your nation maintain a good average credit score. Having so will stabilize the economy.

A Good Credit Score

What is credit score? It is a three digit number that tells creditor whether you can avail of a loan at a high or low interest rate. If your credit score is very low, there is also a possibility that your application will be disapprove. Naturally, you don't want that to happen and this can only be achieved if you have a good credit score.

A good credit score as experts have put it should be 700 or higher. It is not unrealistic to achieve as 60% of the population is able to do it. The only thing you have to do is pay your bills on time which includes credits cards and other loans that you have had in the past. Doing so will avoid incurring any penalties that will be reflected in your credit report.

But how come some people are not able to get a good credit score? It is perhaps because they are unable to pay the money back and many of them continue to accumulate this amount. This happens due to their uncontrollable urge to shop and the interest that grows.

Some people are able to pay for it but it is now considered as a late payment. Those who ignore calls or mails from the bank will be dubbed as 'unpaid.' This information is posted on your credit report so that lenders which you might approach in the future will already be careful.

To obtain a good credit score, you have to pay your debts. Cutting down on your expenses, working overtime, getting a second job and selling some stuff can help but it is not enough. This is why people are encouraged to talk with their creditors so an arrangement can be made that will hopefully prevent this from ever being reported.

Another solution will be to borrowing money from friends and relatives. Some people will help while others won't. The only benefit from this is that they won't charge you any interest. You will still have to pay them otherwise you will lose the only people you can turn to if you have a problem.

You could have gotten a good credit score only if you were able to monitor your expenses. One advice that a lot of experts say is that if you have a credit card, you should only use up about 25% of the limit. To avoid interest, make sure that you pay the whole amount and not just the minimum.

If you have done well and the bank wants to increase your credit, let them just be sure to stick to the strategy.

Errors on the part of the creditor may have also prevented you from getting a good credit score. So, review your credit report and see if everything there is accurate. If there are mistakes, report it and show proof with the proper documents. Your credit score should improve afterwards should the investigation work out in your favor.

A good credit score should be at least 700 and above so you can avail loans at a low interest. You may have done well this year but things could change over the next 12 months so if you want it to stay that way, monitor where money is going because when it comes to overspending, there is no one to blame except yourself.