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## **Credit Score: The Brightest Feather in Your Financial Cap**

By: Sarah Jones

Credit scores are the most important aspect that determines your financial future. Carrying a good credit score is an asset and can pave your future towards greener pastures. On the other hand a negative marking on your credit report can be ruinous for your future dreams. However, "There Isn't Much anyone can do for those who will not Do Something for themselves." The same is applicable for credit scores. Your prime aim is to maintain a good credit score and lead a planned life.

### How to assist myself to have a good credit score

To have a clear knowledge about your credit score, it is a good idea to get your credit report from the credit bureaus once a year. This will ensure your credit is being reported correctly. Usually the credit scores are within 400 to 850. If your credit scores are higher, your eligibility to get approved in a loan also gets higher in priority.

Credit scores consider 5 main categories for scoring consideration and are rated according to importance:

- Payment History -35%;
- Length of History -15%;
- Amounts Owed -30%;
- New Credit -10%;
- Types of Credit -10%.

### Correlation between the Credit Score and Defaulters

Most lenders consider people having credit score above 650 to be prime borrowers. This means they will most likely be approved at favorable interest rates. According to credit report from Equifax, 71% of the people with a credit score from 500-550 will default on their credit. Another 51% of buyers with a credit score from 550-600 will also default on their credit. Those individuals having credit scores of 650 or more is considered to have a decent credit score.

More than 2 million credit reports are issued each business day in the United States, allowing millions of consumers to purchase homes, cars and other durable goods and services on credit.

In the only statistically valid study conducted to date, Arthur Andersen concluded that in only two-tenths of one percent of the over 15,000 cases studied, where consumers denied a benefit based on an error in their credit report.

- Experian's credit files contain records on approximately 205 million credit-active consumers.
- Each month, there are more than 4.5 billion updates to credit report information throughout the U.S.
- The American credit databases are the most accurate and secure in the world.
- There are over one billion credit reports issued annually.
- Credit reporting saves the average person from 200 basis points on their mortgage loan.

In any part of the world it is very easy to stack up a large debt. Private debts on homes, cars and credits have ballooned through the sky. At such a juncture when people are undergoing the syndrome of easy to pile up and difficult to clear like dirty linens, one should be overtly conscious of their credit score.

For better insight on the effect of credit scores please view:  
<http://www.debtconsolidationcare.com/credit-score.html>  
<http://www.debtconsolidationcare.com/credit-counseling.html>

About the author: Sarah Jones is a contributing writer to <http://www.debtconsolidationcare.com> and is currently working on a special section in the site called do it yourself where you can eliminate your debts and become debt free.. Email: [sarah@debtconsolidationcare.com](mailto:sarah@debtconsolidationcare.com)

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