

Achieve The Best Credit Score

First, let's talk about the differences between FICO and other legitimate credit scores, and what I call "Fake" or "Estimated" scores.

FICO credit scores, is a brand of credit score formula started by Fair Isaac Company, and is an abbreviation of their company name. This type of credit score one others like it - are the ones that lenders rely on to determine your credit risk score.

Fake scores on the other hand, may actually be legitimate score models, but they are NOT used or recognized by lenders to determine your credit risk score, but is that company's own estimation of your credit risk, - using their own software instead of a legitimately accepted credit scoring model. So – there could be a big score discrepancy between your Fico and your fake, or estimated credit scores. So keep that in mind, not all credit score models are the same.

So let's start with helping you understand more about legitimate credit scores. There are three major credit bureaus; Equifax, Experian and TransUnion – and each of these have their own credit score model that lenders will accept, for Example, Experian uses the FICO credit score model, Equifax uses their Beacon score model, and TransUnion uses FICO Classic – all of which are legitimately recognized scores by lenders, and are the only credit scores that matter. So when a lender pulls your credit, they only pull legitimately recognized score calculations.

There are several mysterious and vague aspects of the credit scoring formula, including its unconventional scoring range that starts at 300 - and ends at 850. So why the 550 point variable?

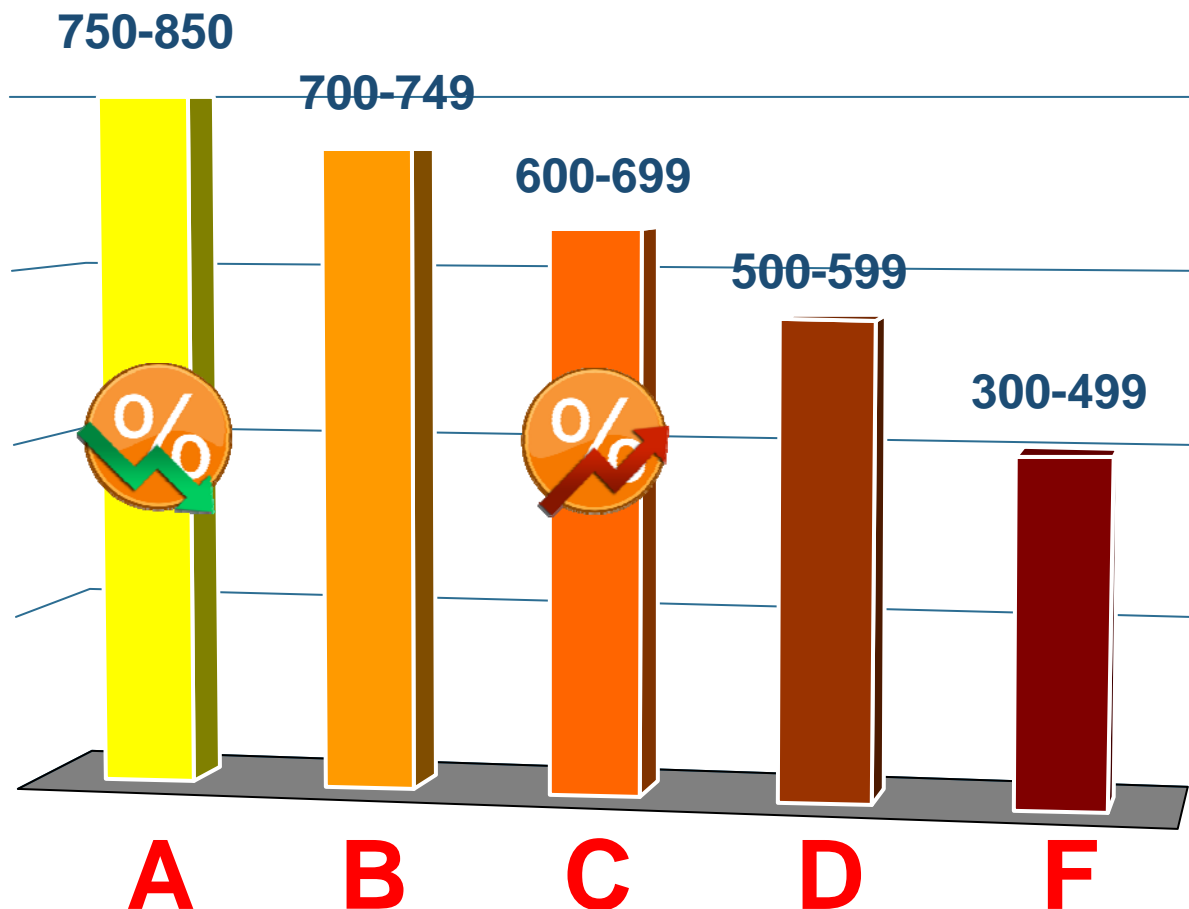
Who knows and who cares! What you need to know and care about is your credit score and how to obtain the best credit score possible.

Each bureau has its own scores that range between 850 for a high, and 300 for a low and may vary from bureau to bureau within 30-50 point range difference. The best credit score you can attain is 850. 850 is rare nowadays and is really no different than a 750 score. That's because lenders are looking for the best credit score range which is anything higher than 749.

Credit scoring is used because banks employ sales people who are not trained on how to read a credit report and understand how to calculate the banks risk, so the credit score is to help banks and lenders make good decisions without requiring in-depth training of their sales teams.

The best credit score range of 750 - 850 is considered an "A" credit score - which will qualify you for the best loan rates and terms.

The scoring range breaks down like this:



The lower your score range, the higher your interest rates will be and the worse your loan terms. Get too low and you won't qualify for a loan or credit card at all. If you are in the "D" or "F" range, creditors see you as too great a risk and won't lend you their money.

Not only does your credit score affect new loans, but existing accounts as well. Creditors whom you already have accounts with often look at your credit records to see if you pose any new risk to them. If your credit score is lower from when they issued you credit, your creditor may lower your credit limit. Also, lenders have been known to reward good behavior as well. If they see an improvement in your score and you are in the best credit score range, your interest rate might be lowered and your limits raised (to encourage continued business). And yes, you should call them to remind them how wonderful you are to have such a high credit score, and ask for a better interest rate.

Your credit score will fluctuate depending on account activity and your personal behaviors, so do everything in your power to achieve the best credit score possible and then maintain it.

Here are a few tips on how to maintain the best credit score:

1. pay your bills on time every month,
2. keep account balances below 30% of your credit limit,
3. have a healthy mix of types of credit,
4. spread out your debt among several cards or loans,
5. apply for new credit only when necessary, like once/twice a year
6. don't close accounts as a strategy to raise your score.

Just do the best you can to stay on top of your accounts and review your credit history periodically. The more diligent and consistent you are, the more likely you are to achieve and maintain the best credit score.

It wouldn't hurt to look at your credit history once or twice per year to ensure all is well. If there are issues beyond your understanding, that need repair or you just don't have time to learn it all, hire an affordable credit repair company to improve your credit and obtain the best credit score.

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