

How credit is evaluated

[Finance](#), [Banking](#)



Over the past several years, credit evaluation has already been standardized. A client is opt to meet the said standards to make a credit otherwise, they are given the status as what is called a non-conforming B-C-D credit loan at higher rates (Licamele, 2007). A system of credit scoring was then developed to make loan analysis more effective. The borrower would less likely be in default if he/she obtained a higher score. However, some lenders' operation may be more permissive and allow the client to make loans to less than prime credit status.

Moreover, credit scoring systems are altered through time as more information is used to calculate and refine the formulas, so the client could even get a higher score at a later time even when the cut is not met earlier (" How a Loan Application is Evaluated", 2007). The kinds of information gathered for evaluation includes; promptness of payment, open credit lines, limits of credit, loans type taken out, credit inquiries and any judgments (" Explaining What Good Credit Is Exactly", 2005). Poor financial situation will make you in the Bad Credit status that might hinder the lenders to give you credit.

However, some companies have this Bad Credit Secured Personal Loans for those who are under this status. This grant is given to people having a poor credit record and some warrant is kept as assurance. Low interest rate and high loan amount are some of the advantages of bad credit secured personal line loans. Furthermore, it gives you the chance to improve your credit score as you pay your credits on time, and knowing the risk of losing the collateral in cases of failures (Clark, 2007). But who wants to be under the “ bad credit” status?

Even if it pays a positive outlook, it still has a negative connotation. To get good credit therefore, the client should consider the following guidelines; keep his/her own checking and savings account, a copy of his/her credit report, establish a credit application in his/her own name and most importantly, to pay the bills before the due date (" Explaining What Good Credit Is Exactly", 2005).

Clark, S. C. (2007). Bad Credit Secured Personal Loans - Desires Will Materialize Despite Poor Credit [Electronic Version]. Ezine Articles. Retrieved May 27, 2007 from [http://EzineArticles.com/?expert= Steve_C_Clark](http://EzineArticles.com/?expert=Steve_C_Clark).
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