

Title:

What Goes Behind Your Credit Score?

Word Count:

491

Summary:

Since lenders or banks lend only against your creditworthiness, it does makes sense for you to know what factors determine your credit score. Read on to find out what affects your credit score (which is based on your credit report information) and how you can get working capital on loan even with a bad credit record.

Keywords:

new business loans, bad credit small business loans, fast Business Loans, small business funding, small business financing

Article Body:

A credit score is primarily based on credit report information, typically from one of the three major credit bureaus, Experian, TransUnion and Equifax. Since lenders or banks lend only against your creditworthiness, it does makes sense for you to know what factors determine your credit score.

**What Is A Credit Score? **

Based on the snapshots of your credit report, credit score is the number arrived to summarize your credit risk. It ranges from 300 to 850 and helps a lender to determine the risk level. Or we can put it like this, "if I give this person a loan, how likely is it that I will get paid on time?"

There are different methods of calculating credit scores. FICO is one of the most popular credit scores developed by Fair Isaac & Co. The higher is the FICO score the lower is the risk for lender.

**What Affects Credit Score? **

Your credit reports contains many pieces of information that reveals certain important aspects of your borrowing activities mainly focusing on:

- Late payments
- The amount of time credit has been established
- The amount of credit used versus the amount of credit available
- Length of time at present residence

- Negative credit information such as bankruptcies, charge-offs, collections, etc.

** Bad Credit Small Business Loans**

Seeking loans with low or bad credit score can drive you up the wall. The mainline lenders may simply reject your loan application while the others from subprime market may charge you extortionate rate of interest on your bad credit small business loan.

In case you are an entrepreneur and need new business loan for growth or expansion, bad credit can put you in pickles. In such a scenario, it's better to go for cash advance option that is provided irrespective of your credit history. Such cash advance is given against your future credit and debit card sales.

**What Is Cash Advance Option? **

Cash advance is a small business loan approved against the monthly amount you process through credit card sales. Cash advance lenders do not ask you for your credit rating and can pre-approve your loan within 24 hours. A mutually agreed upon percentage from your daily sales through credit card processing goes to the lender automatically as repayment of the loan.

**How To Increase Your Credit Score? **

Your credit score cannot be improved in short run but a few steps can help you improving your credit rating over a period of time. Here are a few tips:

- Pay your bills on time. Late payments and collections can have a serious impact on your score.
- Do not apply for credit frequently. Having a large number of inquiries on your credit report can worsen your score.
- Reduce your credit-card balances. If you are "maxed" out on your credit cards, this will affect your credit score negatively.
- If you have limited credit, obtain additional credit. Not having sufficient credit can negatively impact your score.