How Do You Get a Credit Score?

It's Simple, Really.

A credit score is a number which is calculated based on the information in your credit file as of the moment your credit is pulled. So it is moving target. Sounds complicated? Not if you understand how it works.

It's true that a certain amount of credit scoring is kept in a "black box" as it is sometimes called, because the repositories don't want someone to be able to manipulate their own or someone else's credit score for the better in a way that is not fair to all.

But the basics of having an excellent credit score are easy and available to everyone.

Let's talk about some common myths and questions about credit scores.

How Many Scores Do You Have?

You have three scores, one from each repository. Transunion, Experian, and Equifax are the three repositories of your credit information. Occasionally, two of them might be the same, but typically, they are three different numbers.

They are always a three-digit number. These scores range between 280 (the worst) and 850 (the best). Actually, there is such a thing as a zero score. This will calculate if there is not enough credit for the scoring model to make a decision.

Most lenders pull just one score, from one repository. A mortgage lender will always pull all three scores since they are loaning you a large amount of money.

Each of the three repositories has a credit scoring computer program they use to assign a score to the current state of your credit. "FICO" is one and "VantageScore" is another. They are just computer algorithms that look at your credit and assign a score.

Although ranges vary depending on the credit scoring model, generally credit scores from 580 to 669 are considered "FAIR", 670 to 739 are considered "GOOD", 740 to 799 are considered "VERY GOOD", and 800 and up are considered "EXCELLENT".

You will find that the higher the score, the more choices you have, and the terms (such as the interest rate, the length of time you can borrow the money, the amount you can borrow) will be better.

Your credit score is determined by how you pay companies and lenders. Do you often pay late (defined as more than 30 days past the due date)? Do you let debts you owe go to collection agencies? Have you declared bankruptcy? What about had a car repossessed? Have you let a debt go so far as a judgment? Do you have unpaid income tax, or have you not filed taxes when you should have?

Each of these things will make your credit score go down. If you have several of them, you will have difficulty getting credit, and/or you will pay more than you should for credit.

One of the things that gets between you and the things you want is bad credit. Either you can't get credit at all, or you pay more of your monthly income for the privilege of getting credit.

When you are paying more for credit, you take money away from other things you need to pay for each month. You are watering down your soup and spreading your butter thinner. I don't want that for you! And you shouldn't want that for you either.

Having good credit is a process. It doesn't happen overnight, especially if you have some things in your past that you can't change. Change starts today!

With better habits, with more knowledge, with empowerment, you can improve your credit and get more of the things you want. Which should include money left over after you pay your bills each month so you can start an emergency savings fund. More on that later.