

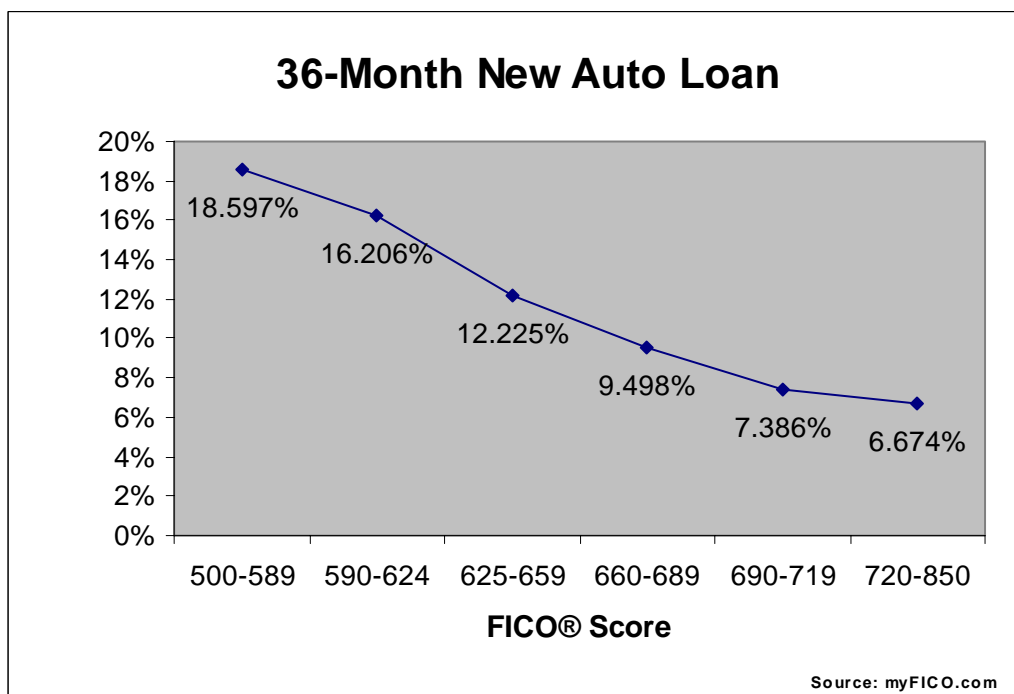
What Your Credit Rating Should Mean to You

Until you want to get a loan, your [credit rating](#) may seem like just another number. But when you decide you need to borrow money to buy a car, a house, or some other purchase, your credit score will take on a whole new meaning.

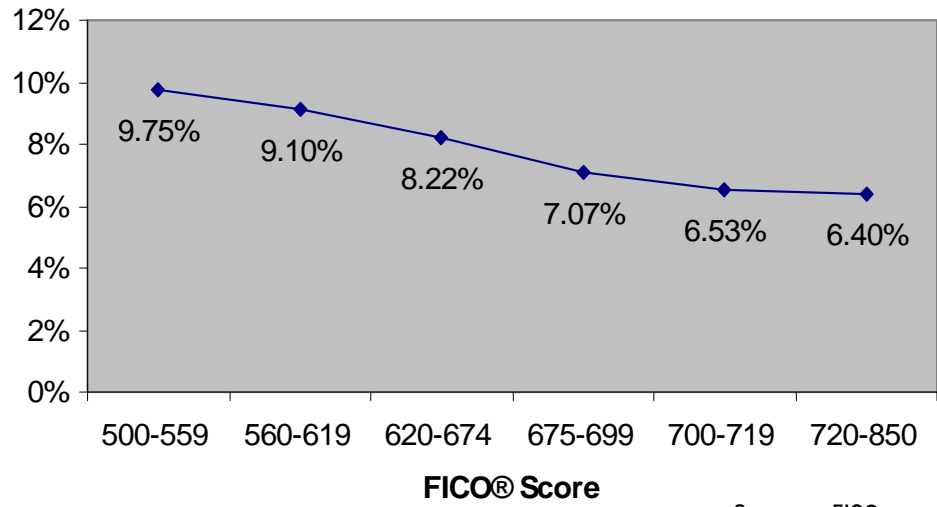
When you apply for a loan or some other type of credit, lenders look at your credit score to decide whether making a loan to you would be a good idea. They do this because they have found that when a person has a high credit rating, he tends to have less of a chance of missing a loan payment or of becoming delinquent on the loan. If a prospective buyer has a lower score because of past late payments or delinquency, a lender may decide to only make the loan with a higher interest rate. This higher interest rate is required because the lender takes on more risk when they offer a loan to a person who has had financial problems in the past.

When the interest rate on one loan is higher than the rate on another, it means the person paying the higher rate will have to make higher monthly payments and will end up paying more money in interest than a person with a lower interest rate.

Your credit score can range anywhere between 300 and 850, and the higher your score is the better. The charts below show the national average lending rates in July 2002 for new auto loans and 30-year home mortgages. Obviously, if you've got a good credit score, you will get a break on your interest rate, and a good interest rate can save you thousands of dollars over the life of your loan.



30-yr Fixed Home Mortgage



Source: myFICO.com