

5 Steps To A Better Motorcycle Loan With A Better Credit Score

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It is common knowledge that motorcycle lenders base high importance on your FICO credit scores when approving motorcycle loans. However, what many people overlook is that their FICO credit score can highly impact the term on their motorcycle loan along with the interest rate that is assigned to the motorcycle loan.

In order to gain better motorcycle loan rates it is important that you think of your FICO credit score as a picture of how risky you are to the lender. Your FICO score is essentially a benchmark which lenders use to grade you and assign a risk to you when applying for a motorcycle loan. Since factors about your credit change on a daily basis so can your FICO credit score.

The below 5 steps are designed to help ensure you improve your creditworthiness as your credit score changes. Ultimately these steps should help you obtain better motorcycle loan rates in the future.

Watch Your Debt– Keep your account balances below 30% of your available credit limit. This is especially true with your credit card because many motorcycle lenders see credit card debt as more risky. If you have a credit card with a \$5,000 limit, you should try to keep the balance owed below \$1500 when you apply for a motorcycle loan.

Make Your Payment On-time - Paying your current credit bills on-time is one of the biggest factors that contributes to a higher FICO score. Typically when motorcycle lenders see potential customers that do not pay their bills on-time then they either decline them or issue a motorcycle loan at a much higher interest rate. Late payments, collections and bankruptcies have the greatest negative effect on your credit score and how lenders rate you when getting a motorcycle loan.

Establish Credit Early – Time is very important part of improving your FICO score. Therefore, it is recommended that you start building credit early. Getting one or two credit cards can significantly help build credit. However, the key to this strategy is keeping your purchases small and frequent and paying off the balance every month on time. When establishing credit you should also keep the oldest account on your credit report open in order to lengthen your period of active credit use. The length of your credit history can make a big difference in getting approved for a motorcycle loan.

Avoid Excessive Credit Inquiries – A credit inquiry normally happens when you apply for credit. If you have a large number of credit inquiries in a short time period many motorcycle lenders see this as a negative since it affects your FICO score. Therefore, when you are applying for credit or shopping for motorcycle loans be careful how many times your credit is accessed. Be advised that sometimes motorcycle dealerships will pre-screen you by asking you for your driver licenses and social security number. Normally this results in a credit inquiry on your credit report. Be prudent in shopping for credit and motorcycle loans.

Check Your Credit Regularly – In today's age it is easy to get online to check your credit. Checking your free credit report regularly is very important because it can help you uncover inaccuracies that are affecting your FICO credit score. Don't let your credit health suffer due to inaccurate information. If you find an inaccuracy on your credit report contact the creditor associated with the account or the credit reporting agencies to correct it immediately.

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