# The Beginner's Guide to Personal Loans

## Understanding Credit Score and Income Before Getting a Loan

# Introduction

If you've never applied for a personal loan before, it's easy to assume the whole decision comes down to one number, your credit score. That's actually only half the story. Income plays just as big a role, sometimes an even bigger one, depending on the lender. This guide breaks down both sides in plain terms, so you walk into an application already understanding what's actually being evaluated.

**Before you start, think about this.**
Do you know your credit score range and your approximate monthly income, side by side? Most first-time applicants know one and not the other.

## What This Guide Covers

1. Credit score ranges explained, in plain language
2. How income factors into approval, alongside or instead of your score
3. Credit-first lenders versus income-first lenders, and why the difference matters
4. How Zenvy fits in, and what kind of borrower we tend to help most
5. A quick checklist to see if you're ready to apply

# Credit Score Ranges Explained

If you're new to borrowing, credit scores can feel like a mystery. Here's the simple version: your score is a snapshot of your past borrowing behavior. It's useful, but it's also limited, since it doesn't reflect your income or your current financial stability.

| Credit Score Range | Category | What It Generally Signals |
|---|---|---|
| **750+** | Excellent Credit | Strong, consistent repayment history |
| **700–749** | Good Credit | Solid history with minor blemishes, if any |
| **650–699** | Fair Credit | Some inconsistency, or a shorter history |
| **580–649** | Developing Credit | Limited history or a few missed payments |
| **500–579** | Poor Credit | Significant past missed payments or limited history |

**Do:**

- Check your credit report for errors before assuming your score is accurate
- Understand that a short credit history can lower your score even with perfect payment habits
- Remember your score reflects the past, not necessarily where you stand today

**Don't:**

- Assume a lower score automatically means no options
- Wait to apply "until your score improves" without checking your rate first
- Confuse a thin credit file, meaning you're just new to credit, with poor credit

COMMON MISTAKE

First-time borrowers often assume a shorter credit history is the same as bad credit. It's not. It just means there's less data for a credit-first lender to go on.

WHERE ZENVY FITS IN

We work with a wide range of credit profiles, including people newer to credit, since our evaluation looks closely at income and current ability to repay rather than relying on credit score alone.

# How Income Factors Into Approval

Income tells a lender something a score can't. What you can actually afford to repay right now.

### What income-based evaluation typically considers:

- Your current monthly or annual income, from any steady source
- How long you've had that income and how consistent it's been
- Your existing financial obligations relative to your income
- Your overall ability to comfortably manage a new monthly payment

**Do:**

- Include all steady, verifiable income sources, not just a primary job
- Have recent pay stubs or bank statements ready
- Be upfront about how long you've had your current income source

**Don't:**

- Assume only traditional employment counts as income
- Underestimate how much documentation helps speed up approval
- Round up your income estimate instead of using the real number

COMMON MISTAKE

New borrowers often assume self-employed or freelance income won't count. Many lenders, including Zenvy, weigh it just as heavily as a traditional paycheck.

WHERE ZENVY FITS IN

Income is one of the first things we look at, not an afterthought. A steady income, even alongside a lower or shorter credit history, can be enough to move forward.

# Credit-First vs. Income-First Lenders

If this is your first time applying for a loan, it helps to know that not all lenders evaluate applications the same way.

| | Credit-First Lenders | Income-First Lenders |
|---|---|---|
| **Primary evaluation** | Credit score and history | Income and ability to repay |
| **Approval odds with lower or shorter credit history** | Often limited or declined | Often still possible |
| **Documentation focus** | Credit report | Pay stubs, bank statements, employment |
| **Best fit for** | Borrowers with strong, established credit | Borrowers with steady income but a shorter or uneven credit history |

**Do:**

- Ask directly how a lender weighs credit versus income before applying
- Apply with an income-first lender if you're newer to credit or your score doesn't reflect your current stability
- Compare offers from more than one type of lender when possible

**Don't:**

- Assume all lenders evaluate applications the same way
- Apply broadly without knowing a lender's general approach first
- Rule yourself out of an income-first lender because of a credit-first decline elsewhere

COMMON MISTAKE

Getting declined by a credit-first lender and assuming that means a decline everywhere, without trying a lender that evaluates income more heavily.

WHERE ZENVY FITS IN

Unlike many credit-first lenders, Zenvy starts with your income and financial picture. Your score is still considered, but it isn't the deciding factor on its own, which can matter a lot if you're just starting to build credit.

# What Fits You

Here's a simple way to think about where you might land, based on both your score and your income.

| Your Situation | What This Often Means |
|---|---|
| **High score, steady income** | Likely to qualify broadly, often at competitive rates |
| **Lower or shorter score history, steady income** | May be declined by credit-first lenders, but often still has options with income-first lenders |
| **High score, unstable or hard-to-verify income** | May qualify, but documentation could slow the process |
| **Lower score, unstable income** | Most limited options, though it's still worth checking your rate directly |

WHERE ZENVY FITS IN

Here's how Zenvy generally compares to other lenders across these situations.

| | Zenvy | Many Other Lenders |
|---|---|---|
| **Primary approval factor** | Income and full financial picture | Credit score |
| **Credit range considered** | Wide range, including developing or shorter credit history | Often requires good to excellent credit |
| **Rate checking** | No impact to your credit score | Varies by lender |
| **Application** | Fully online, straightforward | Often requires in-person steps or lengthy paperwork |

# Are You Ready to Apply?

Before you check your rate, run through this quick checklist.

- [ ] I know my current credit score range
- [ ] I know my exact monthly income, including any side income
- [ ] I have recent pay stubs or bank statements ready
- [ ] I understand my score reflects my past, not necessarily my current situation
- [ ] I know how much of my income is already committed to other bills
- [ ] I'm requesting an amount that matches my actual need
- [ ] I know whether the lender I'm applying with weighs credit or income more heavily
- [ ] I've checked my rate somewhere that won't affect my credit score

If you checked most of these, you're in a strong position to apply and see an accurate offer. If you checked only a few, that's alright too. It usually just means gathering a document or two before you start.

# So Which Matters More for You?

If you're applying for a loan for the first time, it's easy to assume your credit score is the whole story. It's not. A high score with unstable income isn't automatically stronger than a lower or shorter score history with steady, verifiable earnings. It really depends on the lender you're applying with and what they choose to weigh most heavily.

Zenvy looks at your full picture, starting with income, so a number you haven't had time to build yet doesn't have to be the deciding factor. Checking your rate takes a few minutes and shows you exactly where you stand, before you commit to anything.

Check Your Rate