

## Improving your credit score

Along with the credit histories of millions of other people, your credit history is recorded in files maintained by at least one of Canada's major credit-reporting agencies: [Equifax Canada](#) and [TransUnion Canada](#).

Your credit score is a judgment about your financial health, at a specific point in time. It indicates the risk you represent for lenders, compared with other consumers.

There are many different ways to work out credit scores. The credit-reporting agencies Equifax and TransUnion use a scale from 300 to 900. Equifax is mostly used within lenders/banks. The score above 680 is a good score. The higher the score is you can get the lowest interest rate. You can check your credit score online in Equifax web site ([www.Equifax.com](http://www.Equifax.com)).

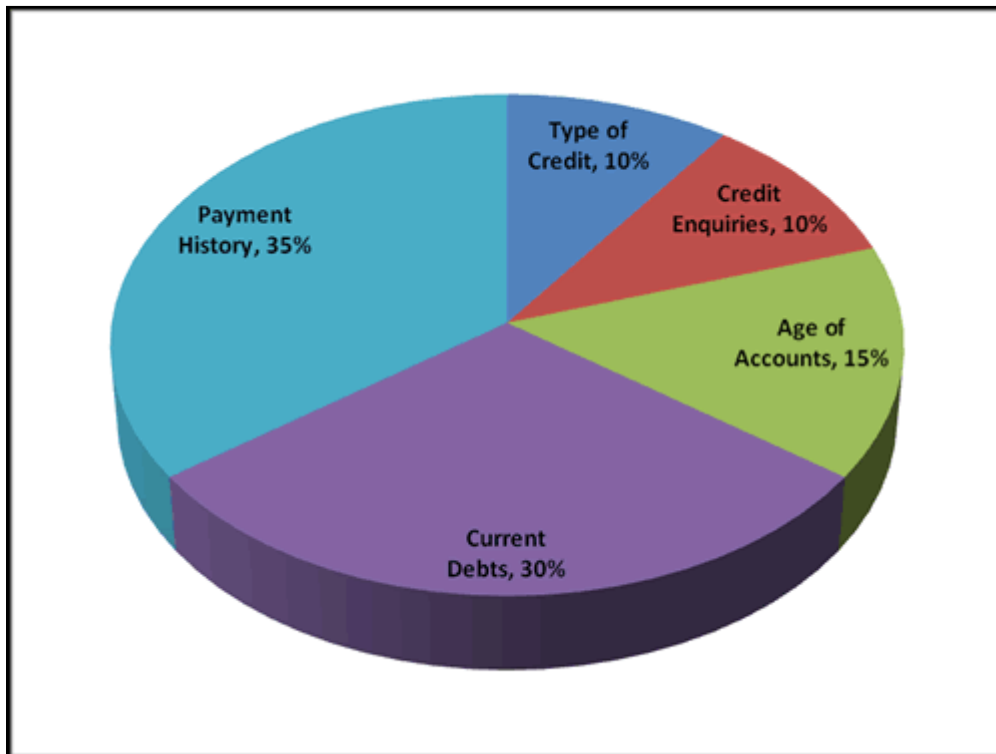
Summary of methods to request your credit report and their respective characteristics.

<b>Methods</b>	<b>Advantages</b>	<b>Disadvantages</b>
<b>Mail</b>	Free of charge	Credit score is not provided Can take some time to receive
<b>Internet</b>	Almost instant report Option to get credit score	Fee charged (\$23.95)

Your credit file is created when you first borrow money or apply for credit. It takes few months the score to be created. On a regular basis, companies that lend money or issue credit cards to you — including banks, finance companies, credit unions, retailers — send specific factual information related to the financial transactions they have with you to credit reporting agencies.

## How Score is calculated

<b>Factors – grouping of data into predictive characteristics in five categories</b>	<b>Weight</b>	<b>Points</b>
<b>Past Payment History:</b> Bankruptcies, late payments, past due accounts, collections, etc (recent late payments weigh more)	35%	315
<b>Credit Utilization:</b> Balances outstanding, proportions of balance to total credit limit too many cards	30%	270
<b>Length of Credit History:</b> Time since accounts opened, and since last account activity. The longer accounts have been opened and in good standing the better	15%	135
<b>Types of Credit in use:</b> Number of recently opened accounts. Finance companies and deferred payment options score low	10%	90
<b>Inquiries:</b> Looking for new credit over a short period can reflect as higher risk. Promotional or credit updates do not affect credit score	10%	90
<b>POTENTIAL TOTALS:</b>	100%	900



### Do's:

- Pay your bills in full by the due date, if not at least pay the minimum payments on your debts.
- Be punctual in your monthly payments of your debts (car loan, student loan, credit cards, mortgage, line of credit ...) and on your other bills of utilities and service companies (cell phone, telephone, cable, hydro, BC care, ...)
- Have less credit cards but longer period of time

- Immediately update creditors and other utilities and service companies of your new address when you move.
- Contact your creditors if you are having trouble making payments.
- Make sure that your monthly account statement is correct.
- Read the statements and other material you receive from your credit card company carefully. Keep up to date on any fee increases or changes in your card's terms and conditions.
- Deal with companies you know and trust. Also consider this when you shop or do online banking in internet.
- Get a copy of your credit report from the two credit-reporting agencies at least once a year and make sure they are accurate.
- Have minimum 2 trade lines (credit cards or Line of credit), minimum 2 years and minimum of \$2000 limit (\$5000 or more the better).
- Have credit card in your name opened, not being just a secondary card holder.

### **Don'ts**

- Avoid having many credit cards
- Avoid applying for many credits/loans/mortgages in different banks specially in short period of time
- Avoid using more than 60%-70% of your limit of your credits (credit cards & line of credits)
- Avoid late payments on your debts
- Don't accept or use any form of credit until you understand and are comfortable with its terms and conditions, to avoid any misunderstandings between you and the credit issuer.
- Don't wait to report any unauthorized transactions on your account. Contact your credit issuer immediately if your bill includes items you did not buy.
- Don't go over the credit limit on your credit card.

### **What kind of information does your credit report contain?**

Your credit report contains information about your past and present personal and financial situation.

**Personal information:** This is information such as your name, current and previous address(es), social insurance number, telephone number, date of birth, and your current and previous employer(s).

**Credit information:** This is information related to any credit you may already have, such as a credit or retail card, a line of credit, a loan or a mortgage.

**Banking information:** This is information about the accounts you have, including any NSF (non-sufficient funds) or "bad" cheques you may have written.

**Public records:** This is any information on the public record such as a bankruptcy or a credit-related court judgment against you in a lawsuit. Secured loans, which are backed by an asset (your property for example), may also appear in your credit report.

**Collection information:** This shows whether you ever had a debt that you could not pay which was referred to a collection agency for payment.

**Consumer statement:** This is any statement you may have made to explain a particular situation, such as a dispute with a financial institution or a fraud warning.

**Credit report inquiries:** This is a list of all of the people who have inquired about your credit: yourself, a lender, or any other authorized organization.

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