

Your Credit Rating

A buyer's #1 asset

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Your Credit Rating

You often hear bankers or loan officers talk about your credit rating or your credit score. Where do they get this information and what does it mean?

Information about your credit and payment habits are collected by credit bureaus. In Canada, there are two major credit bureaus i) Equifax and ii) TransUnion. Credit grantors provide these companies with information on how their customers pay their bills. These bureaus then assemble this information, along with public record information obtained from courthouses around the country, into a "file" on each consumer. In return, credit grantors (e.g., banks, leasing companies, credit card companies) can obtain credit reports about consumers before loaning them money or issuing them credit.

Credit reports do not approve or reject consumer applications for credit. They merely report the information provided by the credit grantors. Different credit grantors have different criteria for evaluating loan requests.

What information is contained on my credit report?

- Identifying Information - your name, current & previous address, date of birth, current and previous employer
- Inquiry History - a list all credit grantors who have previously received a copy of your credit file
- Public Records - items that may affect your credit worthiness such as judgments, bankruptcy, tax liens, etc.
- Credit History - a list of companies that have granted credit to you in the past and a record of how your payments were made to each credit grantor. It contains information on how long you have had the account, your credit limits, the current amount owing, and your monthly payments. Credit grantors include retail stores, banks, credit card companies, mortgages, car leases, etc.
- What information is not contained on my credit file?
- Medical histories
- Business accounts, unless your are personally liable for the debt
- Your race, gender, religion, or national origin

What is a credit score?

A credit score helps a lender determine the likelihood of default on a loan. The computer generates a score based solely on your credit report. The scores usually range between 600 to 800. You'll sometimes hear this referred to as a BEACON score. The higher the score, the less likely you are to default on the proposed loan payments. Your score is lowered by slow payments, credit cards at or near their limit, and the number of recent inquiries into your credit history. Beware - shopping for the best mortgage rate can negatively affect your credit if not done correctly. This is one more reason why you should let us do the "shopping" for you.

How long does information remain on my credit file?

In most cases, accounts that contain adverse information may remain on your credit report for up to seven years from the date of first delinquency on the account. Judgments remain on your credit report for seven years from the date filed. Tax liens remain on the file for seven years from the date paid. If they are not paid, they will remain on your

report indefinitely. A bankruptcy will remain on your file for seven years from the date of discharge. A second bankruptcy will remain on your credit file indefinitely.

How can I correct error on my credit report?

If you feel there is an error on your credit report, you can contact the credit bureau and file a dispute. An investigation will then be launched to determine whether the information being reported is accurate. An investigation takes about 30 days. If the information reported is accurate, it will remain on your report. If it is inaccurate, your report will be revised accordingly.

If the dispute is not resolved to your satisfaction, you may add a 100 word explanatory statement to your credit report.