CreditLift
FINANCIAL RESTORATION ™

YOUR CREDIT, YOUR LIFE

Making better decisions in managing your personal credit



JOHN & JENNIFER CROFT

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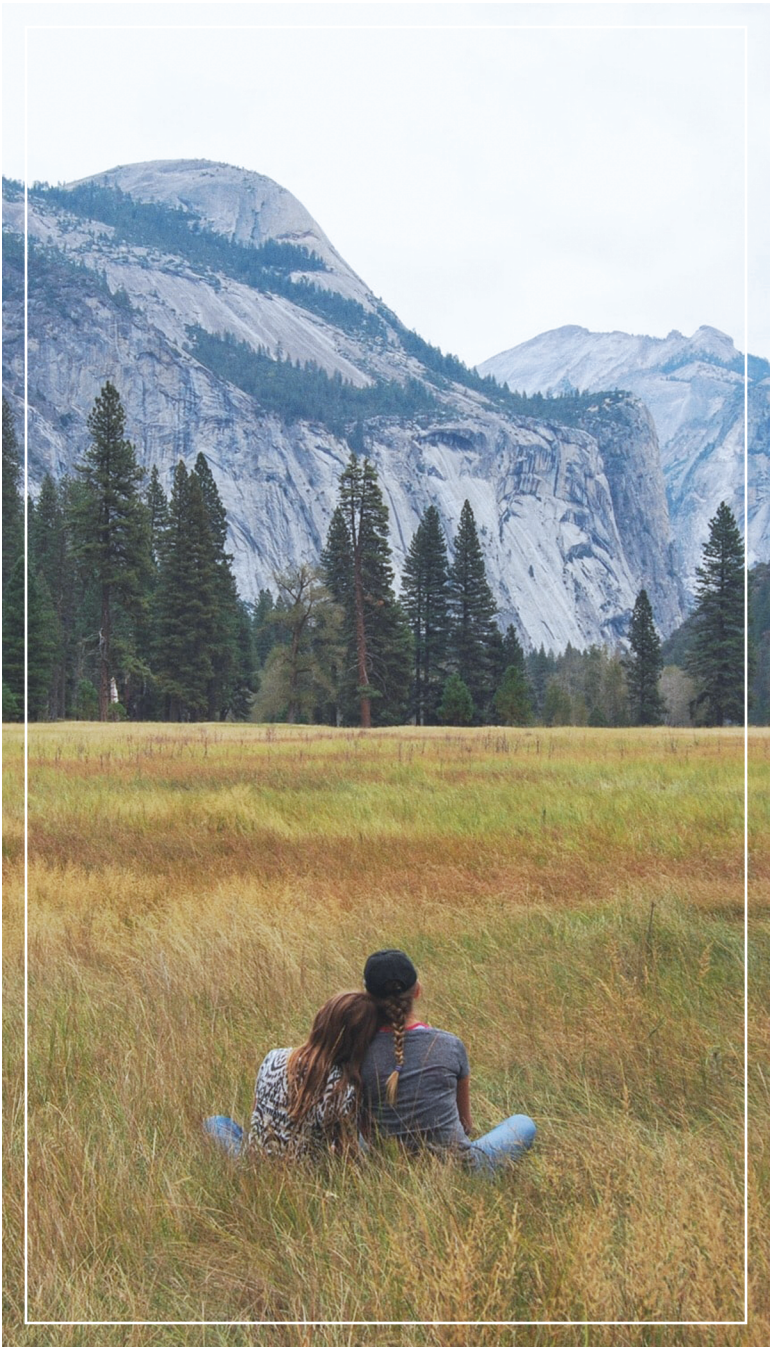
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Introduction

Hi there, and welcome to our FREE, 10-part book on "Your Credit, Your Life."

Before you begin this book, I'm sure you must be thinking to yourself – why the need for a book on credit? Aren't there already books out there written on the subject?

While it's true that there are already plenty of books on the market about credit, we've decided that it would be much more effective to create a book with a practical approach and easy to follow guide that will teach anyone everything there is to know about credit. From credit building to re-building, this free book covers it all!

As business professionals who have been involved in this industry for more than twenty years, we've combined the experience of helping our clients improve and manage their personal credit, as well as advising them on issues similar to rebuilding their credit after insolvency issues (take bankruptcy as an example).

Overall, we've seen up close, how the lack of proper knowledge surrounding such areas can negatively affect the financial futures of most people. And so, because of this, we decided to take this opportunity of creating this FREE, educational book that covers everything there is to know about credit. Important areas such as credit reports, credit scores, how to rebuild credit, and commonly held myths about credit will all be covered within this book. This book will be a definite help in assisting better decisions when it comes to managing personal credit.

This book is divided into a series of 10 modules with 8 annexes at the end. Depending on your own needs and goals, you can either go through each module in sequence or jump directly to specific modules that are relevant to your own situation.

We sincerely hope you'll enjoy the information provided in this book and find that it caters to your needs. If you have any feedback or comments about any part of this book, feel free to email us at info@creditlift.ca. We'd love to hear from you!


Credit Score
Your Credit Score
810
EXCELLENT
Updated 5 days ago
YOU
BAD
NATIONAL AVERAGE 690
EXCELLENT
Scale 360-840

MODULE 1

Why Should I Bother With Having A Good Credit In The First Place?

As we begin the first module of this book, you must be wondering to yourself – why should I even bother with having a good credit when I have lots of money, and prefer to pay for everything in cash?!

The short answer is, bad credit can cost you and affect your life in many ways.

We understand that a lot of people would rather pay for everything in cold, hard cash, but, the reality is that there are certain situations in life where paying in cash isn't practical or feasible. That's where relying on credit comes in.

For example —

> *If you want to be a homeowner and want the best home rates in town, how will you be able to obtain such rates if you have a bad credit? If you rely solely on cash and don't apply for a mortgage loan, how long will it take for you to save up enough cash just to purchase a home?*

If you need to get a car fast, how will you be able to get a good car loan with a bad credit?

If you're a business owner or an entrepreneur, having bad credit will certainly limit your opportunities and prevent you from growing and developing your business further.

It's a known fact that there are plenty of dangers when someone has access to too much credit, but we also don't want people to have an unhealthy fear of using credit. When managed properly, credit is an incredible tool that can provide us with lots of great benefits and perks, and can open up many positive opportunities.

However, the problem is usually not the credit tool itself, but the person who's relying on credit. In situations where you end up with bad credit, your credit score will be adversely affected and can get worse over time, costing you thousands, or even tens of thousands of dollars, in interest. Some people have even relied on help from family or friends who have good credit, but eventually resulted in a situation where the credit status of these people were also adversely affected as well. So, it's important to learn how to properly manage your own credit and use it to your advantage.



MODULE 2

Your Credit Isn’t Really Your Credit!

Before we proceed with the rest of the modules in this book, here's something that's both interesting and important about your credit which you might not be aware of.

Two of the main credit bureaus that are currently operating here in Canada are Equifax and TransUnion. When applying for your own credit report from these two bureaus, you're usually told that this is "your" credit report and it belongs to you, as it contains your entire financial history.

But, the question is, is that really true?

Let's think about this for a moment…. Have you ever seen errors on your credit report and tried your very best to fix them afterwards?

On our end, we've come across many situations in our business where the credit reports of our clients and friends had a variety of errors, such as the following:

- Reports wrongly declaring someone as bankrupt
- Reports wrongly showing late payments when there were none to begin with
- Wrong SIN number

- Wrong date of birth
- Wrong address
- Wrong employer

And for such cases, have you noticed how both Equifax and TransUnion typically respond?

They'll usually ask you to send in a letter explaining the errors and show proof so they can make corrections.

For example, if you need to update your address or place of work, you just need to submit proof of that, which could be a utility bill or paycheck.

Although, if it's an error outside of your personal information, they'll still require the creditor to authorize any changes that are to be made on your report.

After helping our own clients with what we would consider to be material errors on their credit reports, we gradually realized that both Equifax and TransUnion were unwilling to make any changes until the creditor authorized such changes. If not, then these errors would continue to remain on our clients' reports.

And so, the reason why Equifax and TransUnion were so unwilling to make such changes was because these reports did not really belong to our clients, but rather belonged to the actual creditors instead.

Does this come as a surprise, or even shock to you? Same here.

If you spend some time reading through the annual statements of credit bureaus like Equifax and TransUnion, it soon becomes clear as to who their real target audience is and whom they're actually servicing.

Credit bureaus are there to mainly help creditors like banks, finance institutions, and loan companies to make educated decisions about lending money to people.

These bureaus are extremely valuable to creditors, as creditors can obtain lots of useful information that can be used for their own targeted marketing.

For example —

> *Why does someone who has just gotten out of a bankruptcy or consumer proposal start receiving offers for a secured credit card?*
>
> *Or, why does someone with a great credit history suddenly receive offers in the mail for a new credit card with a low interest rate?*

Specific information as such has all been purchased through credit bureaus like Equifax and TransUnion.

In fact, TransUnion has reportedly said,

> *"We help our customers develop marketing lists of prospects via direct mail, web and mobile. Our databases are used by our customers to contact individuals to extend firm offers of credit or insurance."*

Due to the sheer amount of information that these credit bureaus have on everyone and how they could sell such information to anyone willing to pay for it, the United States decided to create the Fair Credit Reporting Act in 1970 that outlined rules and regulations governing who has the authority to obtain information from a person's credit report, how such information should be used and so on.

The Act also gave consumer rights to individuals regarding the information stored about them in corporate databases, such as those used by credit bureaus.

This is the reason why we mentioned earlier on that your credit report and the information contained within doesn't strictly belong to you.

Additionally, whatever information the credit bureaus have gathered about you are in turn sold to other companies for their target marketing.

Shocking fact, don't you agree?


AMERICAN EXPRESS
CASH

MODULE 3

Do You Know The Different Types Of Credit?

For this next module, we'll be looking briefly at the following types of credit that are commonly available to everyone – revolving credit, installment credit and open credit.

The short answer is, bad credit can cost you and affect your life in many ways.

We understand that a lot of people would rather pay for everything in cold, hard cash, but, the reality is that there are certain situations in life where paying in cash isn't practical or feasible. That's where relying on credit comes in.

1. REVOLVING CREDIT

Revolving credit is a line of credit where you're free to borrow as much money as you like, without exceeding your credit limit.

Examples of revolving credit would be credit cards and home equity lines of credit (also known as HELOC's). We usually encourage our clients to pay this account every month to avoid interest charges from carrying balances.

2. INSTALLMENT CREDIT

Installment credit refers to loans that come with an agreed upon repayment schedule. You'll be required to pay a fixed regular amount each month.
Examples include mortgages, personal loans, student loans, vehicle loans etc.

3. OPEN CREDIT

Finally, the last type of credit is known as open credit, where you're required to make the full payment for each specific period. You're allowed to borrow up to a maximum limit, but are required to pay the full amount at the end of each period. Most open credits are usually monthly in nature.

A prime example would be phone bills, where you can send text messages, use data, and make phone calls, but are required to pay the full amount each month for the services you used, including any additional fees. Other examples would be utility bills such as gas and electricity.

Having a mix of different credit accounts and paying them off faithfully will show creditors that you're a responsible user who understands how to properly manage credit. Creditors may view you as less of a credit risk when you're able to demonstrate timely payments of different types of credit, and such behaviour can help to build up your credit score in the long run.



MODULE 4

Credit Cards - How Do I Choose The Right One For Myself?

Credit cards are an important part of the overall credit system Around the world and are a common, everyday item in many people's lives.

So, when it comes to choosing a credit card for yourself, it's good to take some time to think about your options and choose a card that will work well with your budget, spending habits, and your personal financial needs and goals.

For starters, here are a few questions you need to think about when considering which credit card is best suited for you:

- Do you need an unsecured or a secured card?
- Do you want a card that has a low interest rate?
- Do you want to earn rewards? — If so, what rewards program will be best for you?
- How high of a credit limit can you manage?
- Are you going to pay off your credit balance at the end of each month or carry a balance?

(A) DIFFERENT TYPES OF CREDIT CARDS

Prepaid credit cards

A prepaid credit card is previously loaded with funds and can be used just like a normal credit card. These cards are NOT reported to the credit bureaus and they DO NOT help to rebuild your credit.

The benefits of using a prepaid card are that you can enjoy the convenience of a credit card without going into debt. They also limit your risk of fraud and come in handy if you don't have any established credit.

You can purchase a prepaid credit card from any of the major banks in Canada, such as CIBC, BMO, and Scotia.

Secured credit cards

Secured credit cards require an initial cash deposit to be held as collateral, and the value of the deposit usually equals the amount of available credit. Sometimes the creditor will increase the card's limit if the borrower has demonstrated his/her ability to make payments on time. Also, secured credit cards are reported to the credit bureaus (unlike prepaid credit cards) and can help to rebuild your credit.

Secured cards require regular payments every month and subsequent interest will be charged if you don't pay the full amount. As well, your overall payment history for these cards will also be reported to the credit bureaus.

A few examples of secured credit cards include Capital One Secured MasterCard, Home Trust Secured Visa, Peoples Trust Secured MasterCard and Neo MasterCard

Unsecured credit cards

Unlike secured credit cards, unsecured credit cards do not require any initial cash deposits. These types of credit cards are reported to your credit bureau and can be harder to acquire when your credit is poor. But, once you've managed to build up your credit, you still need to be careful that you do not spend more than what you can afford to pay every month. To be on the safe side, we would recommend not using more than 70% for such cards.

A few examples of unsecured credit cards include the Capital One MasterCard, Canadian Tire Mastercard, and CIBC Visa.

(B) HOW TO USE CREDIT CARDS TO YOUR ADVANTAGE

While on the subject of credit cards, it would be good to touch on how to use them properly. Below are a few points on how you can use credit cards to your advantage each month, without going into unnecessary debt:

1. Pay your credit card bill in full every month.

2. Never miss a payment, not even once!

3. Don't depend on your credit card. In fact, do not use it if you cannot pay the balance you borrowed in full every month.

4. Know your own spending limits.

— If you're worried about overspending when using your card, you can ask your creditor to lower your limit.

— You can also set your own limit for yourself and once you've reached it, refrain from using your credit card any longer for the remainder of the month.

5. Find a credit card with good rewards and other perks, like discounts and
bonuses

6. Always keep a record of your receipts

— Once the month has ended, take some time to go over your credit card statements and make sure that all transactions match the receipts you have as this will help you avoid double charges, incorrect transactions and prevent any identity theft

— We recommend signing up for auto alerts with your credit card company for every transaction. This will allow you to immediately verify each charge whenever it is used. This will also enable you to easily track unauthorized charges on your credit card or if someone accidentally miss-key's a transaction. For example, I once bought a bag of zucchini for $5.00 at the grocery store, but the cashier accidentally keyed in an extra "0" which turned it into a $50 transaction. It was good that I was still at the store, so I was able to remedy the situation right away because I had my credit card auto alert on.

Finally, when you have bad credit and need to rebuild your credit once more, credit cards can also be used to do so through a number of ways:

> Keep the overall balance under 35%

> Use the card only for things that are part of your essential budget, such as groceries, gas or utility bills

> Pay the card off right away as soon as you have the available funds


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MODULE 5

How Is Your Credit Score Calculated?

This next module will talk about the specific area of credit scores and how such scores are calculated, something which creditors look at when deciding whether or not to lend money to you, how much money to lend, as well as the terms and conditions of the loan.

Credit score is a number that represents your current and past credit, and ranges between 300 (the lowest score representing the worst credit) and 900 (the highest score representing the perfect credit).

EQUIFAX'S CREDIT SCORE IS CALLED THE BEACON SCORE WHILE TRANSUNION'S IS CALLED EMPIRICA SCORE.

For the purpose of this module, we'll be using the information from the TransUnion website as a starting point to explain how your credit score is actually calculated.

Although we'll only be focusing on TransUnion, the same type of information can be found on Equifax's website as well. Thus meaning, what is explained in the sections below can be similarly applied to Equifax.

With that, let's begin by taking a look at what's written on the TransUnion website when it comes to the calculation of credit scores:

> *Your payment history makes up 35% of your score, while the amount you owe lenders represents 30%. The length of your credit history contributes 15%, and the types of credit accounts you maintain comprise 10%.*
>
> *Finally, new credit accounts are responsible for 10%. All of these values are then broken down into a credit score, which ranges between 300 and 850—the higher the number the better.*

Based on the above information, let's now go into detail about what each specific area means.

(A) PAYMENT HISTORY MAKES UP 35% OF YOUR SCORE

We cannot stress enough that your payment history has a significant impact on your overall credit score.

It's important that you make your payments on time, and not just on the due date itself, but preferably a week before the bill is due. The reason for this is because if there's a delay in the processing of your payment or if you merely forget about the payment (even by a day or two), such situations will decrease your overall credit score.

Moreover, your credit report has something called a tradeline attached to it, which refers to the given information on any specific type of credit found on your report, such as mortgage, a credit card, a line of credit, and so on.

Each tradeline will contain the date the credit was granted, the balance, the terms of such credit, and its repayment history, as well as the specific type of credit represented by a letter code.

For example —

> *A credit card or a line of credit is considered a credit that is revolving, meaning you can use it, pay it off and then use it again. This is shown as the letter "R". If it's an installment loan, it will be shown as the letter "I" on your credit report. Additionally, mortgage loans are shown as "M".*

The next item seen on your credit report is a number beside the letter code. The number represents a rating, which reflects the level of punctuality on making payments to your specific tradeline.

For example, the various ratings for revolving credit are as follows:

North American Standard Account Ratings : "R" Ratings

R0	*Too new to rate; approved but not used.*
R1	*Pays (or paid) within 30 days of payment due date or not over one payment past due.*
R2	*Pays (or paid) in more than 30 days from payment due date, but not more than 60 days, or not more than two payments past due.*
R3	*Pays (or paid) in more than 60 days from payment due date, but not more than 90 days, or not more than three payments past due.*
R4	*Pays (or paid) in more than 90 days from payment due date, but not more than 120 days, or four payments past due.*
R5	*Account is at least 120 days overdue, but is not yet "9."*
R6	*This rating does not exist.*
R7	*Making regular payments through a special arrangement to settle your debts.*
R8	*Repossession (voluntary or involuntary return of merchandise).*
R9	*Bad debt; placed for collection; moved without giving a new address or bankruptcy.*

At the same time, your credit report would also have a section for “judgements”, which refer to anything that needs to go through the courts. Some examples of these would be a collection, foreclosure, bankruptcy, child support arrears and income tax debt. Any judgements on your credit report would definitely have a significantly negative impact on your credit report and would therefore need to be settled as soon as possible.

(B) HOW MUCH YOU OWE YOUR CREDITORS AFFECTS 30% OF YOUR SCORE

There are a lot of different views on how one should go about utilizing credit. Some believe that you should fully “max out” your revolving credit, as doing so will allow you to fully utilize your credit every month and show to your creditors that you’re able to manage your credit limit. Meanwhile, others believe that someone who wants a higher credit score should only utilize 50% of their credit limit and no more. As an example, supposing your available credit limit was 10K, you should only utilize no more than 5K of that 10K limit.

Regardless of these views, there are a couple of points that everyone agrees on:

IT'S NEVER A GOOD IDEA TO GO OVER YOUR CREDIT LIMIT.

The longer you have a relationship with a creditor, the more important it is to never jeopardize relationship or credit history.

Don't over extend your credit as it's a risky move, especially during credit rebuilding time. It will most definitely interfere with your goals.

So the question is, what do we recommend?

Well, if you have the ability to utilize 30% of your credit limit and pay off your credit in full, then in our opinion, this would have the greatest chance of increasing your overall credit score. We personally do this ourselves and it has helped us on many occasions. In cases where we need to make some large purchases that put us over the 30% credit limit, we'll usually make a payment on our credit card right away or as soon as possible, in order to allow our credit to fall below 30% once more.

(C) LENGTH OF YOUR CREDIT HISTORY REPRESENTS 15% OF YOUR SCORE

This area is pretty straightforward and refers to your entire credit history, from the time you opened your various credit accounts, to the present time, including the specific types of accounts you opened and the various activities that have been carried out so far for each account.

(D) TYPES OF CREDIT YOU MAINTAIN REPRESENTS 10% OF YOUR CREDIT

This next area means that whoever you owe money to and the type of credit you currently have matters a lot when it comes to your score.

For example, let's say you make a poor financial decision and take out a loan with a high interest rate. This would not only cause you to pay a higher interest rate, but it would also look bad in the eyes of other creditors.

Your creditors in this case would be thinking to themselves:

> Why did you borrow from someone who has a high interest rate?

> Is there something else that's going on that prevented you from getting a bank rate loan with a much better rate?

Another example would be someone who pays their credit in full every month, but has various options open for obtaining credit with large sums of cash accessible to them.

The reason is if things came up, you could easily utilize that open credit and immediately be debt free. It could be due to a job loss, an illness or death in the family, divorce, income tax troubles, or a new business venture. It's good not to leave yourself with too much open credit as this could negatively impact your overall credit score in the long run.

(E) NEW ACCOUNTS REPRESENT 10%

This final part relates to any new accounts which you recently opened, the reasons why you opened it, and how you're managing such newly extended credit; all of which will affect 10% of your credit score.

For example —

> *Let's say you are going to buy a brand new vehicle. You visit a dealership and manage to find the perfect vehicle you've been looking for. The only issue is that you don't have enough in savings to pay for the entire vehicle in full, or even if you do, you choose to apply for the special financing package offered by the dealership with no interest whatsoever. So, you fill out an application form with their finance department, and a few hours later you're told that they'll need to "shop around the market" before approving your application.*

This is where potential issues may arise.

If the dealership's finance department just sends it to one finance company for approval, then there won't be any issue whatsoever. However, the issue is that the finance company usually isn't the actual party checking your credit. Instead, it sends out your financial information to other creditors without your credit report and each creditor will in turn check up on your credit.

Now, some might say that this won't badly affect your credit score as you're just shopping for the best rate, which is actually a good thing, correct? Well, there's also the negative side to it as well, as creditors will start to think to themselves:

> Why are you "shopping around" for so many different creditors?

> Are you currently in a desperate financial situation?

This may in turn affect your credit score and make it difficult for you to improve it later on. At the same time, there's the separate issue regarding taking any new credit – it will affect your character or reveal your financial situation.

Now, if you think about it, who would actually want to rip off any creditor? Not too many people out there, that's true. But let's just suppose in theory that you did decide to rip off a creditor for whatever reason – who in this case would you pick on? Would you choose someone whom you've been dealing with for a long time, or would you pick on someone entirely new?

Or, how about we don't go that far but consider another situation instead. Suppose you're running short of cash and desperately need lots of credit in the short term to make ends meet. Would you prefer asking from an existing creditor whom you're already dealing with, or would you prefer going to someone new who has no idea about your financial status?

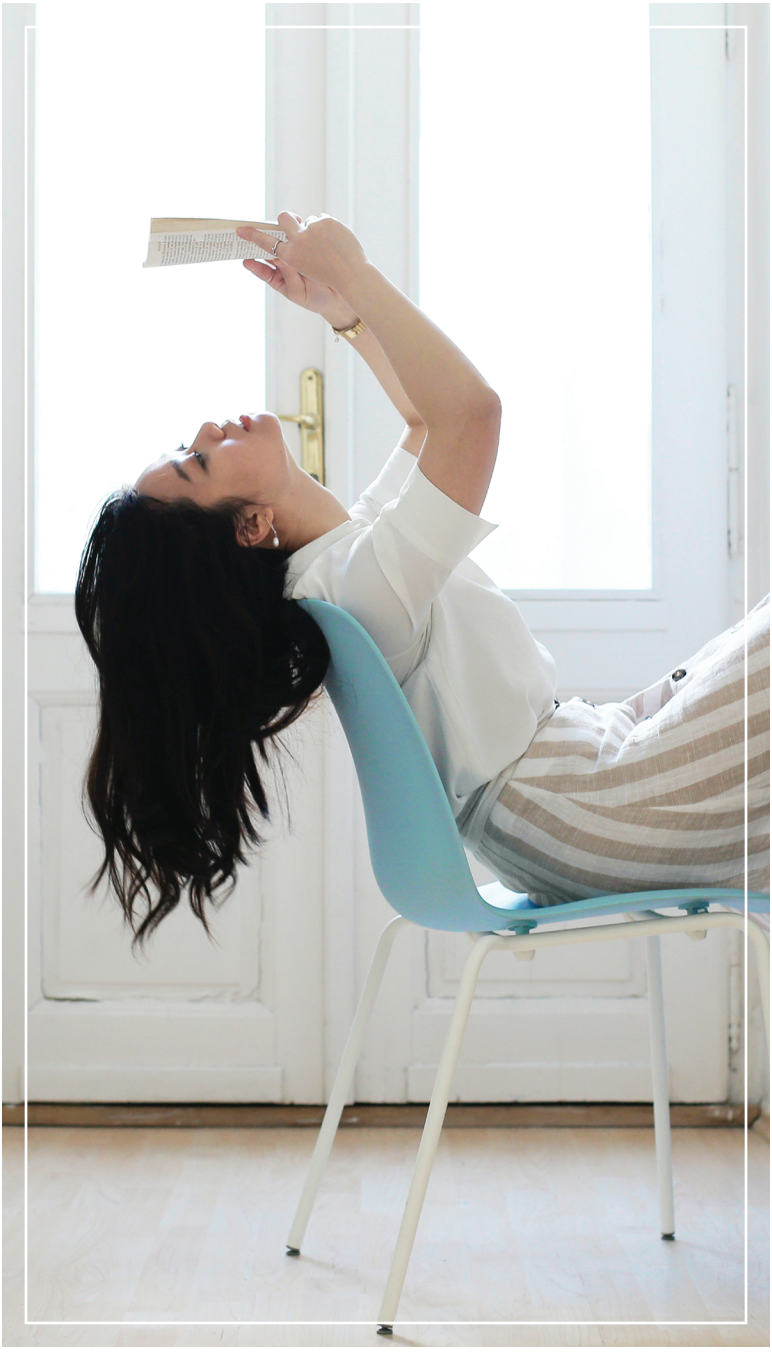
These questions would be in the minds of new creditors when you approach them and would cause them to ask questions either about your character (even if it's not true at all that you're planning to rip them off) or your financial situation (even if it's not true that you're currently in a bad state and desperately need cash).

See the point we're trying to make about opening new credit accounts?

That it's not entirely a good idea to do so?

In the end, by taking the time to go into detail about how your credit score is calculated, we hope that you'll not only have a better idea about how such scores are calculated, but also understand the importance of being careful and wise when it comes to handling credit.

Things like paying what you owe on time, the amount of credit limit you're using, who you owe money to and how much, what type of credit you have, and how you handle any new credit accounts all have a significant impact on your credit score, and you need to know how to manage them effectively in order to ensure a healthy score in the long run.



MODULE 6

Do You Understand Your Own Credit Report?

A CREDIT REPORT IS AN OFFICIAL RECORD OF YOUR ENTIRE FINANCIAL HISTORY.

It provides a detailed history of your current and past credit accounts as well as all of your credit-related transactions, (for example, amount borrowed, outstanding repayments and debt etc). The information contained within your credit report is compiled and maintained by credit bureaus, again, like Equifax and TransUnion.

When applying for new loans, credit cards or any other credit-related products/services, your credit report is used by creditors, such as banks, trust companies, finance institutions, and loan companies, to assess your overall financial status and creditworthiness, and to determine the likelihood of future repayments.

Although, there's no real foolproof way to predict an applicant's future repayment of debt, reviewing the applicant's current and past repayment history provides creditors with an indicator of whether or not the person is able to make any future repayments.

In this particular module, we'll be going into detail about the main sections contained within your credit report using the TransUnion credit report as a sample, in order to help you understand what these sections mean, and how they can affect your overall creditworthiness.

(A) ACCOUNT SUMMARY

This is where you'll find a brief summary of your credit report, such as your current balances, payment history, open and/or closed accounts, accounts that have late payments, requests you have made for credit in the past two years, and also any public records you may have.

If someone wanted to extend credit to you, then this would be the first place they would look to decide if whether or not they should review your application further, or just decline you immediately.

(B) PERSONAL INFORMATION

This is where all your personal information will be shown, such as your full name, your current address, the opening date of your credit accounts, your SIN number, date of birth, marital status, and so on.

This is a crucial section because your credit report isn't just about extending additional credit to yourself – it also helps to confirm your actual identity and prevents identity theft. Just think what would happen if you apply to have your credit extended but the name on the application doesn't match what's shown on your credit report? The lender would immediately question if this is a fraudulent application.

Such information gets updated whenever you submit an application for credit. In order for your credit to be checked and approved, the credit bureau would require such information to be filled up on the application form. If there are any obvious differences from their own records, then they would subsequently update their records according to what is provided on your application form.

(C) CREDIT INQUIRIES

These refer to requests made by lending companies that want to take a look at your credit history. There are two types of credit inquiries known as hard inquiries and soft inquiries.

A hard inquiry happens whenever you apply for new credit or for a different type of credit account. Examples include applying for a new home mortgage or car loan.
Hard inquiries will cause your credit score to drop a few points each time and too many hard inquiries can hurt your score in the long run.

A soft inquiry, on the other hand, is when one of your existing creditors checks your credit account. An example is when you call your current credit card company to increase your current credit limit. Another example is when your credit card company checks your account to offer you a pre-approved credit limit increase. Soft inquiries DO NOT affect your credit score and new creditors are unable to see this information. Your creditors may also continue to do soft checks on your credit frequently, without asking for permission each time.

(D) CREDIT / REVOLVING ACCOUNTS

This section shows all the information about your open and closed credit accounts. When you read through the information you will find almost every aspect of your credit accounts, including credit limits, balances, type of accounts, payments past the due date, account creation date, and more. It also provides details on how punctual your payments are and if there are any issues with late payments.

(E) INSTALLMENT LOAN ACCOUNTS

This section shows all the information about any installment loans which you have. It also provides details on how punctual you are on your payments, the starting balance of your loans as well as your current outstanding balance.

(F) PUBLIC RECORDS

Any proceedings that go through the official courts are recorded under this section and include bankruptcies, consumer proposals, unpaid child support payments, family maintenance, unpaid alimony payments, foreclosures, vehicle repossessions, and so forth. Such information can lower or even hurt your overall credit score over time.

(G) CONSUMER STATEMENTS

This section includes any statements that you have submitted to the credit bureau for various situations, for example, if you have been a victim of fraud or are not satisfied with the bureau's findings after submitting a dispute of your report. Such statements will allow you to explain the situation from your point of view.

This is important because creditors may choose to read this section, when considering any loan or mortgage applications submitted by you.

Besides the above main sections, there is also a field at the end of your credit report that allows you to add any additional, personal notes. This is often used by people who have been defrauded or want to reduce their chances of being defrauded. For example, you might want to mention that your identity must be confirmed by two forms of primary identification, in order for your credit to be submitted for approval.

Another way that you can use this additional field is to put restrictions on how often your credit can be checked by external parties. For example, you might state that your credit report can only be checked once and any additional credit checks need to have subsequent written consent. Doing this will stop anyone from doing multiple checks on your credit report without any written consent.

So, based on the information that we've shared with you in this module, you can now go ahead to look through your own credit report with confidence, interpret the information that's contained within and take whatever action that's necessary to better manage your credit.


SALE
NEW STYLES ADDED!
UP TO 80% OFF
GET YOUR FREEDOM TITS TODAY
command
option

MODULE 7

Things That Will Hurt Your Credit Score

We've so far covered how your credit score is calculated and the different sections found on your credit report.

In this module, we'll spend some time going into detail on the various things that can hurt your credit score and overall creditworthiness, which you should know about and be aware of.

#1 LATE PAYMENTS

Your payment history is the most important aspect of your credit score, as it shows how well you're able to manage your finances, so even one late payment on an account or loan can result in a dramatic drop in your score. In addition, for some credit bureaus like Equifax, late payments can remain on your credit report for up to 7 years. So, it's always best to pay your bills on time, every time.

If you're unable to pay the full amount for any reasons, always make sure to make at least the minimum payment every month.

If however you're worried that you're unable to make even the minimum payment, then contact the specific creditor and see if you can come up with alternative arrangements to repay your debt.

#2 MAXING OUT YOUR AVAILABLE CREDIT LIMIT

Having your credit maxed out or owing more than your available credit limit is something which you need to be aware of, as this will greatly reduce your credit score in the long run.

#3 APPLYING FOR LOTS OF NEW CREDIT AT ONCE

When a creditor accesses your credit report in response to any new credit application, it results in what's called a hard inquiry as explained in the previous module. Hard inquiries will cause your credit score to drop a few points each time, and too many hard inquiries can hurt your score in the long run. And so, try your best to not apply for lots of new credit all at once over a short period of time.

#4 CLOSING A CREDIT CARD ACCOUNT

It may be tempting to close a credit card account that's already paid in full, but doing so may actually negatively affect your credit score. In general, creditors and lenders prefer to see that you're able to properly handle different types of credit accounts over a period of time.

#5 STOPPING YOUR CREDIT ACTIVITIES FOR AN EXTENDED PERIOD

If you haven't used a specific credit account for a few months and your creditors have reported no new information to the credit bureaus, it may impact your credit score in the same way as if you had closed the account, and might make it difficult for creditors to evaluate your application for other credit services later on. The best way to prevent this is to continue keeping the specific account active, by using it responsibly to make small purchases every few months.

#6 FREQUENT CHECKS ON YOUR CREDIT REPORT

As mentioned in the previous module, allowing your credit report to be frequently checked by other legitimate parties can also impact your score. One of the ways you can prevent this is by including an additional personal note at the end of your credit report, stating that your report can only be checked once, and that any additional credit checks need some sort of written consent.

#7 YOUR OWN PERSONAL INFORMATION AND TRANSACTIONS

Your credit report contains all the details of your personal information, which can affect your credit score, thus meaning you need to be extremely careful about who you're giving such information to. At the same time, you also need to be careful about any sort of transactions and activities involving finances, as these can have an impact on your credit score as well.

For example, be careful about where you make online purchases and never be a co-signer for loans unless you have the ability to pay the debt yourself.

#8 ANY COURT PROCEEDINGS

Any proceedings that go through the official courts, such as bankruptcies, consumer proposals, unpaid child support payments, family maintenance, foreclosures, or vehicle repossessions, will be recorded in your credit report, and can hurt your overall credit score in the long run. So, when you find yourself in such a situation, try to consider other alternative legitimate ways to resolve such personal or family-related issues outside the courts.

All of the things mentioned above can and will have a negative impact on your credit score and overall creditworthiness, so it's important to find ways and means to avoid or prevent them from happening as far as possible.

However, if you do find yourself in a situation where your creditworthiness has been negatively affected and you end up with bad credit, DO NOT panic or become overly stressed. Credit is similar to an old house and can be gradually rebuilt over time, and there are things that you can do to start rebuilding your credit once more. But just like an old house, it would require lots of hard work, commitment, planning and time to do so.

We'll be discussing this in more detail in the next module.


Excellent: 700 - 800
Good: 501 - 700
Fair: 351 - 500
Uncertain: 301 - 350
Credit Report
Your Credit Score is:
765
250
800
Credit Rating: EXCELLENT
Report Summary
Tradeline Overview
Total: 37
Current: 32
0
0
1
Account Status

MODULE 8

How To Rebuild Your Credit Score

In the previous module, we talked about the various things that can hurt your credit score and creditworthiness. Yet, there might be situations where your creditworthiness has been negatively affected, you end up with a bad credit score, and you're not quite sure how to get out of such a situation.

Well, in this module, we shall look at a number of methods that you can start implementing right now, that can help to rebuild your credit score and get you back on the path of financial recovery.

#1 PAY YOUR BILLS ON TIME

The first and most obvious method is to pay all of your bills by the due date, or if possible a week before. If you're afraid that you might forget, then one good way is to set an alert on your phone or calendar to pay the minimum payment at the beginning of each month, followed by the remaining payments five days before the actual due date. Making multiple payments on your credit cards each month or automating your payments are also good ways to ensure that such payments are made on time.

Late payments on bills, such as rent, heat, hydro, water, phone, cable and taxes won't affect your credit score right away. However, missing mortgage payments could affect the interest rate that you're offered when your mortgage comes up for renewal.

Now, if you find yourself in a situation where you're not able to make even the minimum payments, then contact your creditors as soon as possible to discuss with them about what can be done to address such a situation.

#2 HIGH BALANCES = LOW SCORES

When rebuilding credit it's important to only utilize no more than 35% of your balance. Do not max out on your credit utilization because the higher your balance is, the more high risk you will appear to your creditors.

Creditors look for patterns so let your new healthy financial habits shine through by avoiding the appearance of being dependent on credit.

#3 HAVE LONG ESTABLISHED CREDIT ACCOUNTS

According to credit bureaus, long established credit accounts older than 4-5 years are considered to be good, and can help with your overall credit score, so try to maintain such established accounts as far as possible. Also, banks like seeing different types of established credit such as credit cards and lines of credit or loans, which can additionally aid in rebuilding your score in the long run.

#4 REVIEW DIFFERENT TYPES OF AVAILABLE CREDIT

Another method which you can use is to review all the different types of credit available to you right now. Assess their pros and cons and determine which are the ones that can help improve your credit score. These include things like revolving credit, installment loans, and any open accounts.

At the same time, you can also look at credit consolidation as well, by taking all of your current credit and consolidating them together under one account.

#5 USE A SECURED CREDIT CARD

When it comes to using credit cards, one good way to improve your overall credit is to use a secured credit card instead.

A secured credit card requires you to put up collateral for the card, such as a downpayment, that is equal to the credit limit. For example, they will give you a $1000 credit limit for a $1000 deposit. When you use such a card responsibly, your overall credit score will gradually improve over time.

#6 WHAT YOU DON'T USE, YOU LOSE!

Reducing the activity on any of your available credit accounts will not help much to improve your overall score, but may in fact have the opposite effect and lower your score even more.

You should try to keep such accounts active as much as possible, by using them responsibly at least once every few months.

Similarly, you shouldn't close any inactive credit card accounts as well, as it will also lower your overall score and affect your credit worthiness.

#7 BE CAREFUL WITH JOINT CREDIT

It's best to stay away from all forms of joint credit arrangements until your credit has been re-established once more, as you'll be required to make payments for such credit if the primary person passes away or spends recklessly.

#8 REFRAIN FROM APPLYING FOR ANY NEW CREDIT

While you take steps to rebuild your credit, also refrain from applying for any new credit as well for the time being. Our recommendation is to have no more than three trade lines and to have a variety of credit reporting, as creditors would need to check your credit history for new applications, and doing so will lower your score further, making your existing credit score even worse.

#9 CHECK YOUR STATEMENTS REGULARLY

At the same time, do take some time to check your financial statements on a regular basis, including your own credit report, at least three times a year. The reason being that errors do occur from time to time and you need to be able to identify and correct them as soon as possible. Otherwise, if left unchecked, they can significantly lower your score without you even knowing it.

#10 USE THE 2-2-2 RULE

Last but not least, you can also use what's commonly known in the industry as the 2-2-2 rule, to help build and improve your overall credit score.

This is a general rule of thumb that states that you need to have at least two active credit accounts with a good payment history of at least two years and with a minimum credit limit of $2,000 for each account, before creditors are willing to consider you for any new loan applications.



MODULE 9

Do You Know How To Dispute Your Credit Report?

Although we mentioned way back in Module 1 that your credit report does not really belong to you in the first place, you do however have the right to dispute any information on your report that you believe is wrong. Errors do happen from time to time, and if not corrected, they could result in you unfairly receiving a lower credit score than what you rightfully deserve.

Hence, it's important that you take the time to go through and check your own credit report at least once a year, to ensure that all the information provided in the report is correct and accurate.

Some examples of common credit report errors include:

- Incorrect personal information
- Incorrect payment status, including late payments that were not actually late
- Consumer proposals showing up as a bankruptcy
- Identity theft (created by hackers)
- Duplicate accounts

In Canada, credit bureaus are obligated by law to verify the accuracy of the information on your credit report. So, if you dispute it, they'll look into it and settle it for you, completely free of charge.

Now, depending on which credit bureau that has recorded inaccurate information, you can initiate a dispute either online through their website contact form or traditional mail.

However, keep in mind that your credit report from one bureau may be different from another. So, if more than one bureau has inaccurate information about you in their report, you'll need to file a dispute separately with that particular bureau.

One good point to note is that filing any dispute will have no impact whatsoever on your overall credit score.

(A) STEPS TO TAKE WHEN DISPUTING YOUR CREDIT REPORT

Step 1: Support Your Case

You'll first need to provide supporting documents to back up your claim. These may include bank account statements, valid personal identification, receipts and proof of address. You'll only need to send out photocopies of these documents, not the originals.

Step 2: Contact The Specific Credit Bureau

Both Equifax Canada and TransUnion Canada have forms for correcting credit report errors and updating information.

Before they can proceed to change any information on your report, they'll need to spend time investigating your claim, including doing a check with the various creditors.

Step 3: Contact The Creditor

You may be able to speed up the process by contacting the creditor yourself and informing them about the error. Ask them to verify their own records and provide the credit bureau with the latest updated information.

Step 4: Escalate Your Course

If, at the end of the day, you're not satisfied with the final outcome of the investigation, you can subsequently escalate your case further by requesting to speak with someone at a higher level at the credit bureau or at your own financial institution. All federally regulated financial institutions in Canada are required by law to have a complaint-handling procedure to help resolve such disputes between consumers and their financial institutions. Also, you can use the following search tool below to search for the complaint-handling procedure of your own financial institution.

THE COMPLAINT-HANDLING PROCESS
This link that will direct you on the next steps on filing a formal complaint:

https://itools-ioutils.fcac-acfc.gc.ca/CHP-PTP/Complain-outilder-eng.aspx

Step 5: Add A Consumer Statement

If the credit bureau subsequently confirms that the information is accurate, but you're still not satisfied, you can include an additional consumer statement on your credit report itself, explaining your position, which is entirely free of charge.

Creditors and other authorized parties who subsequently review your credit report may look at and consider your consumer statement, before they make a decision on whether or not to give or extend credit to you. If the situation arises, you can also choose to make a complaint against the credit bureau itself by submitting a complaint directly to the bureau. If you feel that a particular credit bureau has not treated you properly, you may also escalate the issue further and complain in writing to your own provincial or territorial consumer affairs office.

**Note: The federal government DOES NOT regulate credit bureaus.*

CONSUMER AFFAIRS IF ISSUE IS NOT RESOLVED WITH CREDIT BUREAUS

If you're not satisfied with the outcome of your complaint to your credit bureau, this link will direct you towards the next steps on how to handle your complaint and who you will be dealing with moving forward depending on which part of Canada you reside in: https://www.ic.gc.ca/eic/site/Oca-bc.nsf/eng/ca02982.html

(B) WHAT YOU NEED TO PROVIDE

- Your Social Insurance Number (SIN)
- Your full name
- Your date of birth
- Your phone number
- Your current employment information
- Your current address
- Your previous address (if you've been living at your current address for less than two years)
- The name of the financial institution associated with the item you want to dispute (you should get the correct name from your credit report)
- The account number of the item you wish to dispute
- The reason why you wish to dispute the item
- Documentation that supports your dispute (which depends on what type of dispute you are making and the credit bureau you're working with)

(C) WHAT TO EXPECT DURING THE DISPUTE PROCESS

Depending on which credit bureau you're working with and how you submitted your dispute, you can expect the process to be completed within 30 days.

Once you've filled out the necessary forms and provided all the information the credit bureau needs, the bureau will then proceed to verify the information that you've disputed.

In general, you can expect the following steps to take place:

> First, the credit bureau will double check their own information that they have on file.

> Next, if this does not resolve the issue, they will contact the various creditors that provided such information.

> Then, if the creditors verify that the information you provided is correct, the credit bureau will update your credit report.

> Finally, if the creditors confirm that the information your credit bureau has is correct, no changes will be made at all to your credit report.

Once the disputed information has been settled, you'll subsequently receive an official notification from the credit bureau informing you of the results of your dispute.

At your request, the credit bureaus can also send an updated copy of your credit report to any creditor who recently received a copy. In some provinces, the credit bureau may also be required to send a revised copy of your report to anyone else who has recently requested it.



MODULE 10

Debunking Common Credit Myths

In modules 7 & 8, we covered some of the things that can hurt your credit score, as well as ways you can rebuild your score if you end up with bad credit. At the same time however, there are a number of commonly held myths out there about credit, which can influence your own decision-making and cause you to potentially make costly mistakes.

So, in this final module, we'll be debunking 15 common credit myths out there that are untrue, and revealing the actual facts, so have your pen and paper ready to go!

#1 CHECKING YOUR CREDIT REPORT WILL LOWER YOUR SCORE

This first myth isn't really true. Checking your own credit report will not affect your credit score in any way, regardless of which credit bureau you use to retrieve your report.

Whenever you apply for new credit, a new loan, or a different type of credit account, the creditor will carry out what's called a hard inquiry to check your credit history, and it's such inquiries that may affect your overall credit score in the long run.

One or two hard inquiries will not negatively impact your credit in the long term but it will still bring down your score a few notches so be very picky and strategic when you're signing for credit applications.

#2 CLOSING CREDIT CARDS AND OTHER CREDIT ACCOUNTS INCREASES MY CREDIT SCORE

This sounds logical, but it's actually not true. Closing credit cards and credit accounts that you don't or seldom use, do not increase your credit score, even if you've paid off any debt in full, or shown a good payment history. In fact, it can decrease your credit score instead, which decreases the amount of credit available to you.

The idea here is credit utilization, which refers to the amount of credit you use compared to the amount of credit that's available to you. Creditors are more interested in how well you manage your credit accounts, so they would like to see that you have a lot of credit available, but are using relatively little of it.

So, you should never close a credit card account, but instead try to keep them active as long as possible. If you must close an account however, then close one that's newer, rather than a long-term account.

#3 PAYING OFF COLLECTIONS RAISES YOUR CREDIT SCORE

Many people are surprised that this commonly held myth is actually false. When a collection account is reported on your report, your score will indeed take a major hit. But, even if you manage to pay it off and settle it, the negative account will not be deleted until after six years.

As in this case, a collection is still considered a collection regardless of whether it's paid or not. Unless the collection is removed from your credit report entirely, it will continue to lower your overall score.

So if you want to have any collection accounts deleted from your credit report, then you need to arrange with any of the credit bureaus and surface this to them.

#4 WHEN YOU GET MARRIED, YOUR CREDIT WILL AUTOMATICALLY BECOME JOINT WITH YOUR SPOUSE

The only people that will have an account listed on their credit report are the people listed on that account. Just because you get married does not automatically mean that you're suddenly adding your partner onto your loans and credit cards. You would need to call up your creditors and arrange to add them to your own account.

#5 DIVORCE TAKES AWAY THE FORMER SPOUSE'S BAD CREDIT HABITS

This is not necessarily true. You can contact your creditors and ask them to convert your joint accounts into individual accounts in the case of a divorce, but accounts of divorcees won't automatically split after the divorce is finalized.

This means that even if you get divorced, your accounts still remain joint, and your former spouse's bad credit habits will continue to affect your credit. You will both have to reapply to see if you can qualify for the loan to be in your individual name.

At the same time, any joint accounts that have been closed may continue to be reflected on your credit report as well.

#6 A BETTER JOB MEANS YOU WILL HAVE A BETTER SCORE

While credit bureaus often have information on your most recent employer, it has no effect on your overall credit score. Credit bureaus do not have access to your salary or yearly income to factor them into your score.

#7 ONE LATE PAYMENT WON'T HURT YOUR SCORE THAT MUCH

Your payment history is the biggest determining factor in your overall credit score, and even a single late payment can lower your score by a large amount. So you should always ensure you make payments on time, every time.

#8 PAYING OFF NEGATIVE DEBT REMOVES IT FROM MY CREDIT REPORT

This unfortunately is not the case. Your credit report reflects your entire credit history, which includes both positive and negative accounts.

This means that any late or missed payments, collection accounts, bankruptcies or any other form of negative debt will remain on your credit report anywhere from 6 to 21 years, depending on the type of debt credit, even after it has been paid off.

#9 PAYING THE MINIMUM AMOUNT WILL KEEP MY SCORE UP

Many creditors look at how much you owe compared to how much debt you have available. Carrying a great amount of debt and making the minimum payment every month may not necessarily improve your credit score in the long run.

#10 HIGHER SALARY OR EXTRA SOURCES OF INCOME WILL RESULT IN HIGHER CREDIT SCORES

Credit scores are not influenced by your salary or any extra sources of income that you may have, as income is not used in any way to calculate your credit score. You may make a lot of money, but that doesn't necessarily mean you will have good credit. Credit scores reflect how well you manage to pay your bills on time, and not how much money you have available to pay your bills.

#11 CO-SIGNING ANY LOANS DOESN'T AFFECT YOUR CREDIT

When you co-sign on a loan, you also have the responsibility for that debt as well. So, if the other party misses a payment, or is unable to make regular monthly payments for whatever reason, your credit score may also be affected just like theirs, especially if the loan has a missed payment.

#12 ONLY CERTAIN TYPES OF UNPAID BILLS THAT SHOW UP ON MY CREDIT REPORT CAN AFFECT MY CREDIT SCORE

The types of debts that show up on your credit report are at the sole discretion of the various creditors. If any creditor reports both the paid and unpaid debts to the credit bureaus, then these will show up on your credit report and may affect your credit score in the long run.

#13 SINCE I DON'T HAVE ANY CREDIT CARDS OR CREDIT CARD DEBT, IT MEANS I HAVE A GOOD CREDIT SCORE

Not having any credit cards doesn't mean you have a high credit score because there's no history to prove you can manage credit. On the contrary, having credit cards and properly managing them plays a significant role in determining your overall credit score.

So, it's important that you develop a good credit history, which includes establishing credit accounts and paying off debt on time. Creditors want to see that you have and can manage credit cards effectively. When creditors see that you do not have any credit cards, they will likely view you as a higher risk than those who have credit cards. Hence, it's wiser to have at least one credit card as part of your overall financial management strategy.

#14 ASSET ACCOUNTS SUCH AS CHECKING, SAVINGS, AND INVESTMENT ACCOUNTS WILL AFFECT MY CREDIT SCORE

Income, checking accounts, savings accounts and investment accounts are not reported to the credit bureaus at all. They do not affect your credit score in any way.

#15 YOU ONLY NEED TO CHECK YOUR CREDIT REPORT IF YOU KNOW YOU HAVE CREDIT PROBLEMS OR DON'T PAY YOUR BILLS ON TIME

Last but not least, this is a myth that many people have when it comes to their own credit reports.

It's a good habit to be proactive to check your credit report at least three times per year, as it's common for errors to show up on your credit report every now and then. The only way to know what these errors are is to monitor your credit report, and dispute them with the respective credit bureaus as soon as possible.



Conclusion

We've finally come to the end of this 10-part, modular book on credit, and we hope that you've learnt lots of useful and practical information that you can start implementing right away to your own situation.

Now, for areas such as reviewing your credit report or improving your overall credit score, we understand you might need some further help and guidance with these, especially if you're doing such things for the first time.

If that's the case, then not to worry, we'll be happy to help you out.

Depending on your own specific needs and goals, we'll be happy to help and guide you further in one or more of the following areas below:

> Reviewing your current credit report (and assisting you with any disputes if errors are found on your report)

> Offering customized advice and recommendations on how you can improve and rebuild your own credit score (including recommendations on what sort of products and services you can consider investing in to rebuild your score)

> Assisting you to obtain approval for loans and/or home mortgages with the best rates in town

Just email us at info@creditlift.ca or call us directly at 236-233-0353 for a FREE, no-obligation chat, and we'll be happy to help you in any way we can!

NOTE: The following annexes contain detailed information from both the Equifax and TransUnion websites. The two websites are the primary sources in research below.

ANNEX A:
BRIEF INFO ABOUT CANADA'S EQUIFAX AND TRANSUNION

The following annex below provides some brief background information about the two main credit bureaus that are currently operating in Canada - Equifax and TransUnion.

EQUIFAX

Equifax is headquartered in Atlanta, Georgia and it employs approximately 7,000 people in 15 countries throughout North America, Latin America and Europe. Its Canadian operations are headquartered in Toronto, Ontario.

Equifax was founded in 1899 in Atlanta, Georgia as the Retail Credit Company, and by 1920 had offices throughout the US and Canada. By the 1960s, the Retail Credit Company was one of America's largest credit bureaus, holding files on millions of American and Canadian citizens. Although they continued to carry out credit reporting, the majority of their business subsequently shifted to the creation of reports for insurance companies, whenever individuals applied for new insurance policies such as life, auto, fire and medical insurance.

For most of its existence, Equifax has operated primarily in the
business-to-business sector, selling consumer credit and insurance reports, and related analytics to businesses from a wide range of industries. In 1999, it also began offering credit fraud and identity theft prevention products to consumers.

More detailed information about Equifax can be found on its website at www.equifax.ca

TRANSUNION

As for TransUnion, the company initially started out as a railroad leasing company in 1968. Then, in 1969, it acquired the Credit Bureau of Cook County, followed by other additional acquisitions over the years. Later however, in 2010, Transunion itself was acquired by Goldman Sachs, a multinational investment banking firm.

TransUnion draws their information from the TransUnion database, which maintains credit histories on approximately 500 million consumers and businesses worldwide. The database is updated, audited, and monitored on a regular basis, and as a result has the comprehensive information about the credit history of any particular person or business.

Operating out of Burlington, Ontario, TransUnion Canada provides the same types of products and services as its main competitor, Equifax Canada.

More detailed information about TransUnion can be found on its website at www.transunion.ca

Equifax was founded in 1899 in Atlanta, Georgia as the Retail Credit Company, and by 1920 had offices throughout the US and Canada. By the 1960s, the Retail Credit Company was one of America's largest credit bureaus, holding files on millions of American and Canadian citizens. Although they continued to carry out credit reporting, the majority of their business subsequently shifted to the creation of reports for insurance companies, whenever individuals applied for new insurance policies such as life, auto, fire and medical insurance.

For most of its existence, Equifax has operated primarily in the business-to-business sector, selling consumer credit and insurance reports, and related analytics to businesses from a wide range of industries. In 1999, it also began offering credit fraud and identity theft prevention products to consumers.

More detailed information about Equifax can be found on its website at www.equifax.ca

ANNEX B:
TRADELINE CODES USED IN EQUIFAX AND TRANSUNION CREDIT REPORTS

When viewing a tradeline in your credit report, it's important to be able to understand what the letter codes mean and what they're telling you.

We've outlined below the list of codes that are used to rate the tradelines for both Equifax and TransUnion credit reports.

O *Open account (30 days or 90 days). This indicates that the account has just been opened and the borrower hasn't even made his or her first payment yet, so it cannot be rated.*

R *Revolving or option (open-end account). An example of this would be a credit card such as a Visa, Mastercard, department store card, etc. The word revolving refers to the fact that as the borrower makes a payment, that amount is again available as part of the credit limit. For example, if you have a credit card with a $5,000 limit and you owe $4,000 and you make a payment of $4,000, that amount is again available to you to borrow.*

I *Installment (fixed number of payments). An example of this would be a car loan, personal loan, etc. This type of credit has equal payments that will eventually fully repay the loan. Unlike a credit card when the borrower makes a payment that amount is not available to be re-borrowed.*

C *Line of Credit*

M *Mortgage*

ANNEX C:
CODES USED IN EQUIFAX CREDIT REPORTS

Below is the list of specific codes that are used in Equifax credit reports, which you can refer to whenever you encounter them in your own report. The highlighted terms are typically the ones that a mortgage agent will most frequently encounter.

A Spousal account

ACC Account number

AGE Age of subject

AKA Also known as

B Both

BAL Balance

BDS Birth date - Subject

BKRPT Bankruptcy

BRN Creditor's name and/or address

BUS Business

BUS Business industry code

CA Current address

CASE NO. Case number

CDC Consumer debt counseling

CF Co-subject's former employment

CHKAC Chequing account

CRCLD Court consolidation

CRT Update by in-house operator

D Divorced

DAPA Debtor assistance pool account

DEF Defendant

DEPS Dependents

DIS Dispute following resolution

DLA Date of last activity

DN Death notice

DVFD Divorce filed

DVFL Divorce final

EC Spouse's current employment

EF Subject's former employment

EMP Date employed

ES Employment-subject

E2 Subject's second former Employment

FA Former address

FAD File activity

FB Foreign bureau

FN File number or former name (depends on line)

FORCL Foreclosure

FS Date file was established

GARN Garnishment

H/C High Credit

I Installment (account/individual)

ID Identification information

IND Individual

INQS Inquiries

IN VOL Involuntary

INVER Indirectly verified

J Joint

JUDG Judgment

LEFT Date left employment

LIAB Liabilities (amount)

LWR Lawyer

M Married

MAR Marital status

MATURE Date of maturity

MR Months reviewed

N/RES Non-responsibility notice

NSF Non-sufficient funds

NV Not Verified

O Own or open account

OPD Orderly payment of debt

OPND Date Opened

PD Date paid

P/D Past due amount

PR/BK Proposal under bankruptcy

PR/OI Public records or other information

R Revolving account

RPTD Date reported

RT Current rating (i.e R1, I1, etc.)

S Single

SAVAC Savings account

SECLN Secured loan

SINCE Date file was established

SPECL Special notice item

SSC Social insurance/spouse

SSS Social insurance/subject

STJD Satisfied judgment

STS System-to-system customer

TRMS Terms (payment amount)

U Unknown

UN Unique file number

UPCL Unpaid collection

VER Date verified

VLDEP Voluntary deposit

VOL Voluntary

W Widow, widower

XX Automatic combine

ANNEX D: *CODES USED IN TRANSUNION CREDIT REPORTS*

Below is the list of specific codes used in TransUnion credit reports, which you can refer to whenever you encounter them in your own report.

ECOA (Equal Credit Opportunity Act) inquiry and account designators

A	Authorized user of shared account
C	Joint contractual liability
I	Individual account for sole use of customer
M	Account for which subject is liable but co-signer has liability if the maker defaults
P	Participant in shared account which cannot be distinguished as C or A
S	Account for which subject is co-signer and becomes liable if maker defaults
T	Relationship with account terminated
U	Undesignated
X	Deceased

Type of account

O	Open Account (30, 60 or 90 days)
R	Revolving or Option
I	Installment
M	Mortgage
C	Check credit (line of credit)

Date indicators

A	Automated
C	Closed
F	Repossessed/Written off/Collection
M	Manually frozen
P	Paid out
R	Reported
V	Verified

MOP (Current Manner of Payment)

01	Pays as agreed
02	30–59 days past the due date
03	60–89 days past the due date
04	90–119 days past the due date
05	120 days or more past the due date
07	Paying or paid under Wage Earner Plan or similar arrangement
08	Repossession
8A	Voluntary repossession
8P	Paying or paid account with MOP 08
09	Charged off to bad debt
9B	Collection account
9P	Paying or paid account with MOP 09 or 9B
UR	Unrated

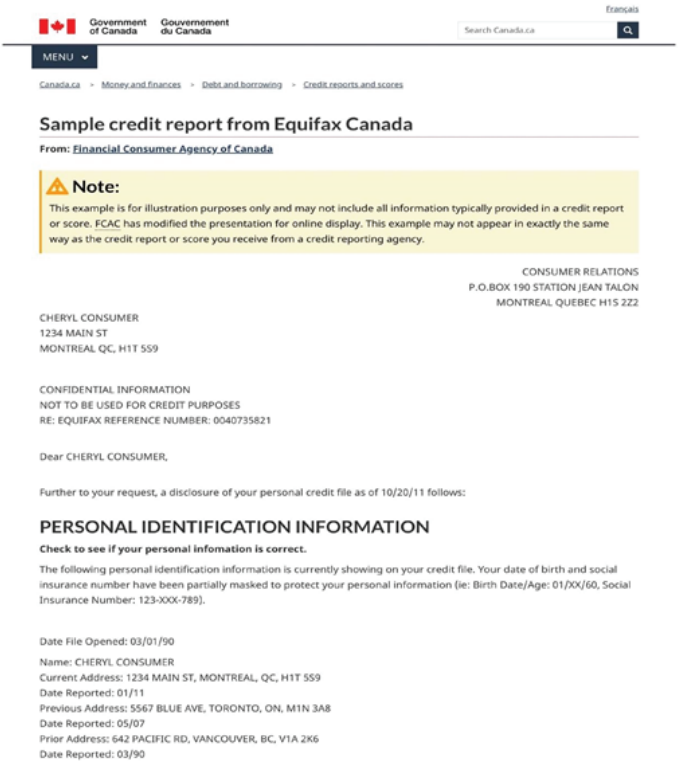
KOB (Kind of Business Classifications)

A	Automotive
B	Banks and Savings and Loan Institutions
C	Clothing
D	Department, Variety and Other Retail
E	Educational Organizations and Employment Services Companies
F	Finance, Personal
G	Groceries
H	Home Furnishings
I	Insurance
J	Jewelry, Cameras and Computers
K	Contractors
L	Lumber, Building Material and Hardware
M	Medical and Related Health
N	Credit Card and Travel/Entertainment Companies
O	Oil Companies
P	Personal Services Other Than Medical
Q	Credit Unions and Finance Companies Other Than Personal Finance Companies

R	Real Estate and Public Accommodations
S	Sporting Goods
T	Farm and Garden Supplies
U	Utilities and Fuel
V	Government
W	Wholesale
X	Advertising
Y	Collection
Z	Miscellaneous

ANNEX E:
SAMPLE OF EQUIFAX CREDIT REPORT

https://www.canada.ca/en/financial-consumer-agency/services/credit-reports-score/sample-credit-report-equifax.html



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Canada.ca > Money and finances > Debt and borrowing > Credit reports and scores

Sample credit report from Equifax Canada

From: Financial Consumer Agency of Canada

Note:

This example is for illustration purposes only and may not include all information typically provided in a credit report or score. FCAC has modified the presentation for online display. This example may not appear in exactly the same way as the credit report or score you receive from a credit reporting agency.

CONSUMER RELATIONS
P.O.BOX 190 STATION JEAN TALON
MONTREAL QUEBEC H1S 2Z2

CHERYL CONSUMER
1234 MAIN ST
MONTREAL QC, H1T 5S9

CONFIDENTIAL INFORMATION
NOT TO BE USED FOR CREDIT PURPOSES
RE: EQUIFAX REFERENCE NUMBER: 0040735821

Dear CHERYL CONSUMER,

Further to your request, a disclosure of your personal credit file as of 10/20/11 follows:

PERSONAL IDENTIFICATION INFORMATION

Check to see if your personal infomation is correct.

The following personal identification information is currently showing on your credit file. Your date of birth and social insurance number have been partially masked to protect your personal information (ie: Birth Date/Age: 01/XX/60, Social Insurance Number: 123-XXX-789).

Date File Opened: 03/01/90

Name: CHERYL CONSUMER
Current Address: 1234 MAIN ST, MONTREAL, QC, H1T 5S9
Date Reported: 01/11
Previous Address: 5567 BLUE AVE, TORONTO, ON, M1N 3A8
Date Reported: 05/07
Prior Address: 642 PACIFIC RD, VANCOUVER, BC, V1A 2K6
Date Reported: 03/90

Marital Status: Married

Current Employment: CEO, ABC LTD
Date Employed: 12/07
Date Verified: 05/10

Previous Employment: SENIOR EXECUTIVE, ORANGE INC
Date Employed: 09/90
Date Left: 03/95

Prior Employment: BUSINESS ANALYST, BIG BLUE GROUP

Other Income:
Date Reported: 11/10
Source: FINANCIAL MARKETS
Amount: $90,000

Birth Date/Age: 1980/XX/10
The Date of Birth/Age was first reported on 2010/01/01.

Social Insurance Number: 267-XXX-666
The Social Insurance Number was first reported on 2010/01/01.

Telephone: 555-555-5555 EXTN: 8080, TYPE: RESIDENTIAL/HOME,
The Telephone Number was first reported on 2010/12/07 and was last received on 2011/10/20.

Telephone: 999-999-9999 EXTN: , TYPE: BUSINESS,
The Telephone Number was first reported on 2011/01/15 and was last received on 2011/07/09.

Driver's License: A123456789010
EXPIRY DATE: 2016/08/01 PROVINCE: QC
The Driver's License Number was first reported on 2011/05/19. Our records show, that you have provided proof in the form of a hard copy confirming that this piece of personal identification data belongs to you.

Passport Number: 123456789ABC0005555
EXPIRY DATE: 2016/09/01 COUNTRY: CAN
The Passport Number was first reported on 2011/02/10. Our records show, that you have provided proof in the form of a hard copy confirming that this piece of personal identification data belongs to you.

CREDIT INQUIRIES ON YOUR FILE

An unusual increase in the number of inquiries can have a negative impact on your credit score.

Following is a list of Equifax members who have received a copy of your credit file for credit granting or other permissible purposes. Addresses are available by calling Equifax at 1-555-555-5555.

DATE	REQUESTORS NAME	TELEPHONE NUMBER
08/07/11	BQE BANK	(555) 555-5555
[illegible]	[illegible]	[illegible]

05/13/11	ABC INSURANCE	(555) 555-5555
06/27/10	STORE XYZ	(555) 555-5555
05/14/10	FURNITURE SKY	(555) 555-5555
04/10/10	INTLUSA	401BB99999 US BANK

The following inquiries are for your information only and are not displayed to others. They include requests from authorized parties to update their records regarding your existing account with them.

DATE	REQUESTORS NAME	TELEPHONE NUMBER
10/20/11	CHERYL CONSUMER	(NOT DISPLAYED)
01/22/11	STORE XYZ	(NOT DISPLAYED)
01/22/11	STORE XYZ	(NOT DISPLAYED)

Negative information can only be kept on your credit report for a certain length of time which depends on the province or territory you live in.

CONSUMER INTERVIEWS AND OTHER SERVICES

A request was made from Consumer Service (555) 555-5555 in 10/11 to note your file with the following information: Lost or Stolen Wallet or Identification.

CREDIT HISTORY AND/OR BANKING INFORMATION

The following information was reported to us by the organizations listed below. Information is received every 30 days from most credit grantors. All account numbers with your creditors have been masked to protect your personal account information and only the last three digits will be displayed (i.e: xxx...123).
* This item is not displayed to all credit grantors.

BQE LIFE (555) 555-5555 last reported to us in 2011/10/09 rating your mortgage account as **M1**, MEANING PAID AS AGREED AND UP TO DATE. At that time the reported balance of your account was $625,999. Your account number is XXX...210. The account was opened in 2006/08/02. The highest credit amount on the account to date is $750,755. The payment amount is $2,500 with a monthly payment frequency.

Payment Profile of Account:

The account has been 2 payment periods past due 0 times.
The account has been 3 payment periods past due 0 times.
The account has been 4 or more payment periods past due 0 times.

From 2010/12/03 to 2011/01/02 there has been 17 reportings for the mortgage account with a monthly frequency and all reportings were paid as agreed.

STORE XYZ last reported to us in 2011/10/05. Your account number is XXX...468. The account was opened in 2007/03/13. The last activity,which could be a payment, purchase or cash advance on this account was 2011/09/03. Account status: A LOST OR STOLEN CARD.

Payment Profile of Account:

The account has been 2 payment periods past due 0 times.
The account has been 3 payment periods past due 0 times.
The account has been 4 or more payment periods past due 0 times.

SKY FURNITURE last reported to us in 2011/10/09 rating your installment account as I9, MEANING A BAD DEBT, COLLECTION ACCOUNT OR UNABLE TO LOCATE. At the time the reported balance of your account was $1,109. Your account number is XXX...123. The account was opened in 2007/11/29. The account was first delinquent on 2009/05/03. The last activity, which could be payment, purchase or cash advance on this account was 2011/08/02. The highest credit amount on the account to date is $2,000. The payment amount is $167 with a monthly payment frequency. Additional comments: Closed by credit grantor.

Payment Profile of Account:

The account has been 2 payment periods past due 0 times.
The account has been 3 payment periods past due 0 times.
The account has been 4 or more payment periods past due 0 times.

From 2011/10/09 to 2011/04/07 there has been 5 reportings for the installment account with a monthly payment frequency and was reported delinquent 5 times as follows:

2011/10/09:9, 2011/07/21:5, 2011/06/03:4, 2011/05/09:3, 2011/04/07:2.
All other reportings were paid as agreed.

BQE LIFE (555) 555-5555 last reported to us in 2011/10/05 rating your revolving account as **R1**, MEANING PAID AS AGREED AND UP TO DATE. At that time the reported balance of your account was $58,500. Your account number is XXX...89. The account was opened in 2002/05/10. The last activity, which could be payment, purchase or cash advance on this account was 2011/09/02. The credit limit is $60,000. The highest credit amount on the account to date is $59,450. The payment amount is $1,100 with a monthly payment frequency.

Payment Profile of Account:

The account has been 2 payment periods past due 2 times.
The account has been 3 payment periods past due 1 time.
The account has been 4 or more payment periods past due 0 times.

From 2010/12/04 to 2011/01/05 there has been 11 reportings for the revolving account with a monthly frequency and was reported delinquent 3 times as follows:
2011/09/12:2, 2011/08/24:2, 2011/07/30:3.
All other reportings were paid as agreed.

BQE BANK (555) 555-5555 last reported to us in 08/11. At that time, the amount shown in your account was 3FIGM. Your account number is 222444666888. Your account was opened in 03/08. This report was provided for your checking account. The bank reports NSF cheques shown as 2 NSF CHEQUES.

PUBLIC RECORDS AND OTHER INFORMATION

The following information was reported to your file on the date indicated.

A collection was reported in 06/07 by ABC COLLECTION AGENCY in the amount of $550. Balance outstanding: $350. Creditor industry classification: BANKING. Collection Status: Unknown. Reference: ABC BANK. Date of last Payment: 04/07. Collection agency reference number: 999999.

A judgment was filed in 01/07 in C QUE MTL. Plaintiff and/or case number: ACME CO 9999123456789012345. Defendant / Other info: SUBJECT. The status is reported as Satisfied. Date satisfied: 02/10. Information verified in 08/08. Name of Lawyer: MCOURT & MCOURT.

A voluntary bankruptcy was filed in 03/06 in FED COURT. Case number and/or Trustee: 123454567 MCOURT & MCOURT. Liabilities: $80,000. Assets: $23,500. Item classification: Individual. The information is reported on the subject only. Date Discharged 12/2008.

A report was received in 10/10 by LAKE STORE for returned cheques ($999) DOLLARS CHEQUE NUMBER 123456789). Reason: NSF was due to financial issues.

A secured loan/Chattel mortgage was filed in 08/08 in Ministry. Company name and/or amount: 555512345 DCE INC

A secured loan/chattel mortgage was filed in 08/08 in Ministry. Company name and/or amount: 333312345 DCE INC 780,000 DOLLARS. Creditor industry classification BANK.

CONSUMER STATEMENT

Your personal statement, as provided to us in 10/11, is as follows:

**** WARNING ****ALERT TO VERIFY CONSUMER'S IDENTITY - PLEASE CONTACT CONSUMER AT (444)-555-5555 BEFORE EXTENDING CREDIT

Source: Equifax Canada

Other examples of credit reports and credit scores

- Sample credit score from Equifax Canada
- Sample credit report from TransUnion Canada
- Sample credit score from TransUnion Canada

Related links

- Understanding your credit report
- Improving your credit score
- Checking for errors in your credit report
- How long information stays on your credit report
- Credit report and score basics

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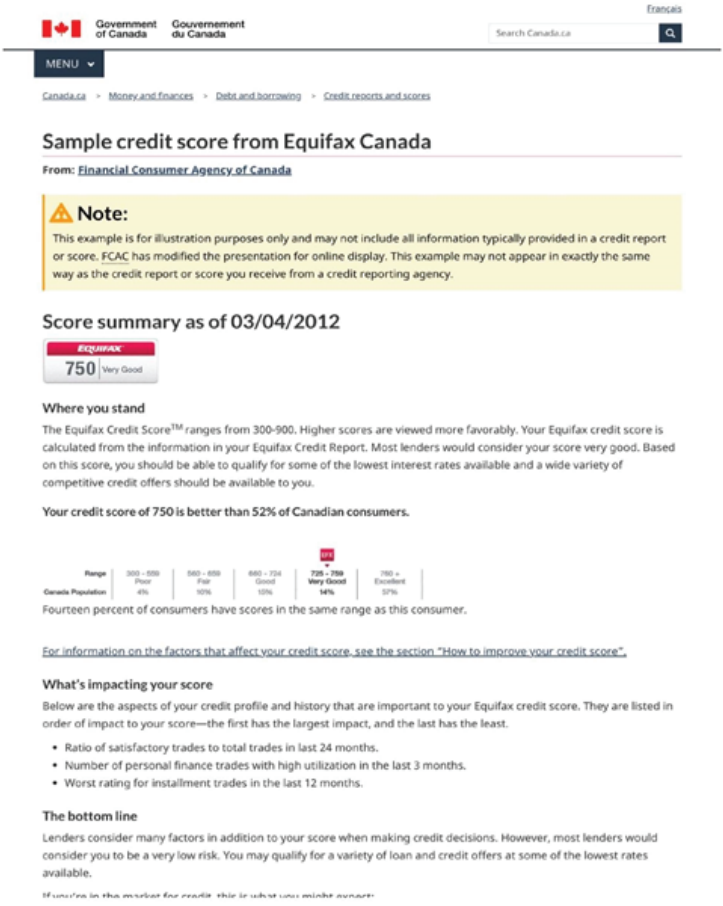
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ANNEX F:
SAMPLE OF EQUIFAX CREDIT SCORE

https://www.canada.ca/en/financial-consumer-agency/services/credit-reports-score/sam ple-credit-score-equifax.html



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Sample credit score from Equifax Canada

From: Financial Consumer Agency of Canada

Note:

This example is for illustration purposes only and may not include all information typically provided in a credit report or score. FCAC has modified the presentation for online display. This example may not appear in exactly the same way as the credit report or score you receive from a credit reporting agency.

Score summary as of 03/04/2012

EQUIFAX

750 Very Good

Where you stand

The Equifax Credit Score™ ranges from 300-900. Higher scores are viewed more favorably. Your Equifax credit score is calculated from the information in your Equifax Credit Report. Most lenders would consider your score very good. Based on this score, you should be able to qualify for some of the lowest interest rates available and a wide variety of competitive credit offers should be available to you.

Your credit score of 750 is better than 52% of Canadian consumers.

Range	300 - 559	560 - 659	660 - 724	725 - 759	760 +
	Poor	Fair	Good	Very Good	Excellent
Canada Population	4%	10%	15%	14%	57%

Fourteen percent of consumers have scores in the same range as this consumer.

For information on the factors that affect your credit score, see the section "How to improve your credit score".

What's impacting your score

Below are the aspects of your credit profile and history that are important to your Equifax credit score. They are listed in order of impact to your score—the first has the largest impact, and the last has the least.

- Ratio of satisfactory trades to total trades in last 24 months.
- Number of personal finance trades with high utilization in the last 3 months.
- Worst rating for installment trades in the last 12 months.

The bottom line

Lenders consider many factors in addition to your score when making credit decisions. However, most lenders would consider you to be a very low risk. You may qualify for a variety of loan and credit offers at some of the lowest rates available.

If you're in the market for credit, this is what you might expect:

If you're in the market for credit, this is what you might expect:

- You may be able to obtain high credit limits in your credit card.
- Many lenders may offer you their most attractive interest rates and offers.
- Many lenders may offer you special incentives and rewards that are geared to their most valuable customers.

It is important to understand that your credit score is not the only factor that lenders evaluate when making credit decisions. Different lenders set their own policies and tolerance for risk, and may consider other elements, such as your income, when analyzing your creditworthiness for a particular loan.

Equifax makes no representations, warranties or guarantees regarding your Equifax Credit Score™ ("ECS") and your ability to obtain credit or any other benefit. Your ECS may be only one of many items used by an Equifax customer to determine your eligibility for credit or any other benefit. Equifax does not make, and is not responsible for decisions made by its customers. All customers are required to abide by applicable credit reporting and privacy laws when accessing and using credit information. Equifax® and Equifax Credit Score™ are trademarks of Equifax Canada Inc.
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Source: Equifax Canada

Other examples of credit reports and credit scores

- Sample credit report from Equifax Canada
- Sample credit score from TransUnion Canada
- Sample credit report from TransUnion Canada

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- Understanding your credit report
- Improving your credit score
- Checking for errors in your credit report
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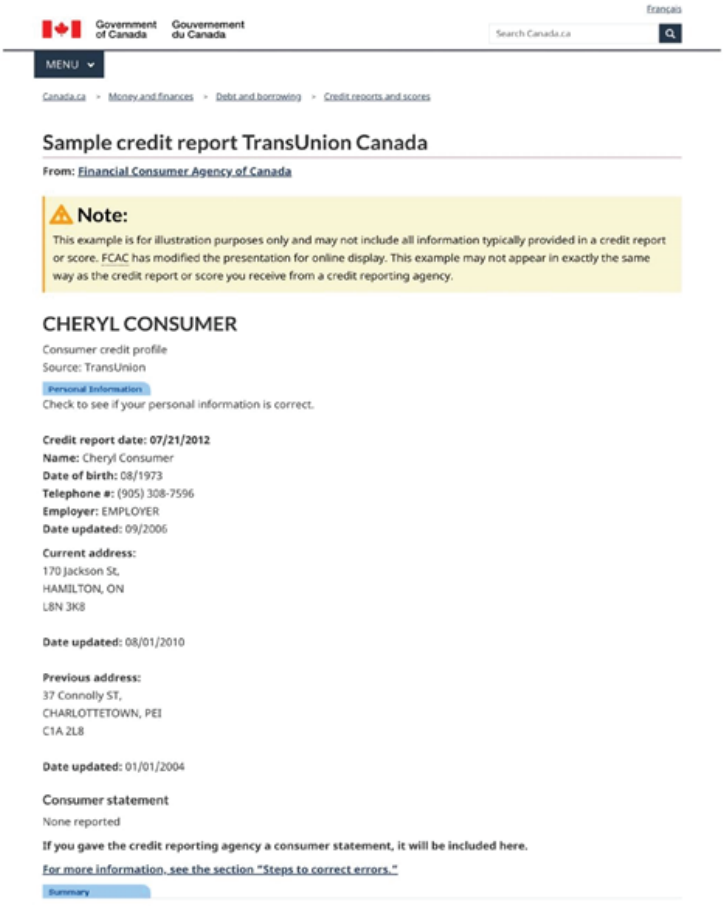
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ANNEX G:
SAMPLE OF TRANSUNION CREDIT REPORT

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Sample credit report TransUnion Canada

From: Financial Consumer Agency of Canada

Note:

This example is for illustration purposes only and may not include all information typically provided in a credit report or score. FCAC has modified the presentation for online display. This example may not appear in exactly the same way as the credit report or score you receive from a credit reporting agency.

CHERYL CONSUMER

Consumer credit profile
Source: TransUnion

Personal Information

Check to see if your personal information is correct.

Credit report date: 07/21/2012
Name: Cheryl Consumer
Date of birth: 08/1973
Telephone #: (905) 308-7596
Employer: EMPLOYER
Date updated: 09/2006

Current address:
170 Jackson St,
HAMILTON, ON
L8N 3K8

Date updated: 08/01/2010

Previous address:
37 Connolly ST,
CHARLOTTETOWN, PEI
C1A 2L8

Date updated: 01/01/2004

Consumer statement

None reported

If you gave the credit reporting agency a consumer statement, it will be included here.

For more information, see the section "Steps to correct errors."

Summary

Total accounts:	5	**Balances:**	4430
Open accounts:	5	**Payments:**	110
Closed accounts:	0	**Public records:**	0
Delinquent:	0	**Inquiries (2 years):**	3
Derogatory:	0		

Account History

At-a-glance viewing of your payment history



This legend explains the symbols used to describe your payment history for your accounts below.

TD/GM VISA

The series of "OK" symbols for these accounts shows you made all your payments on time during the past two years.

Check for errors and accounts that are not yours.

Account #:
Condition: Open
Balance: $1210

Type: Revolving account
Pay status: Paid as agreed
Payment: $0 Monthly (due every month)

Opened: 11/2001
Reported: 06/09/2012
Responsibility: Individual account

Two year payment history:



Sears Canada Bank PL

Account #: *****6789
Condition: Open
Balance: $125

Type: Revolving account
Pay status: Paid as agreed
Payment: $0 Monthly (due every month)

Opened: 11/2001
Reported: 06/09/2012
Responsibility: Individual account

Two year payment history:



Source: TransUnion Canada

Other examples of credit reports and credit scores

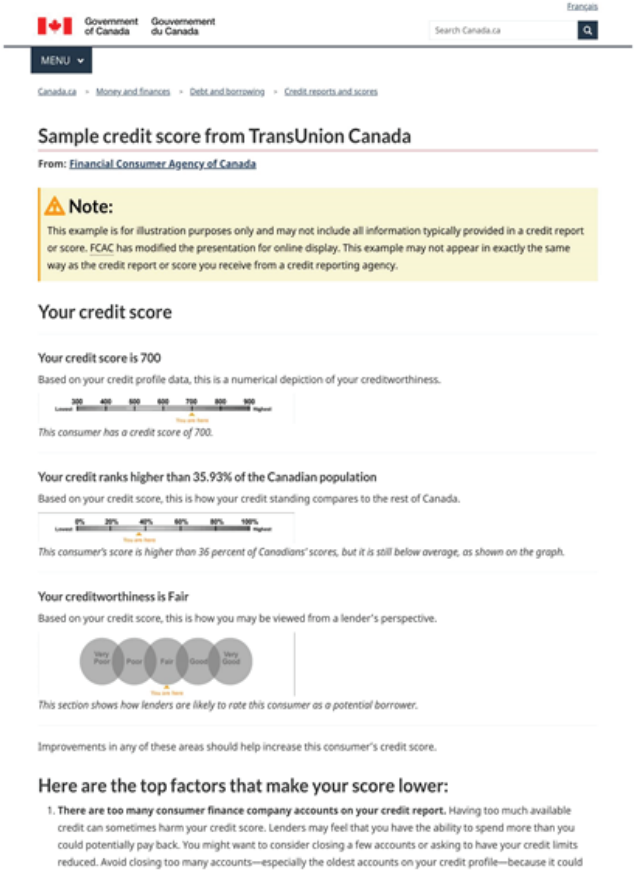
- Sample credit score from TransUnion Canada
- Sample credit report from Equifax Canada
- Sample credit score from Equifax Canada

Related links

- Understanding your credit report
- Improving your credit score
- Checking for errors in your credit report
- How long information stays on your credit report
- Credit report and score basics

ANNEX H:
SAMPLE OF TRANSUNION CREDIT SCORE

https://www.canada.ca/en/financial-consumer-agency/services/credit-reports-score/sam ple-credit-score-transunion.html



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Sample credit score from TransUnion Canada

From: Financial Consumer Agency of Canada

Note:

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Your credit score

Your credit score is 700

Based on your credit profile data, this is a numerical depiction of your creditworthiness.

300 400 500 600 700 800 900

Lowest Highest

You are here

This consumer has a credit score of 700.

Your credit ranks higher than 35.93% of the Canadian population

Based on your credit score, this is how your credit standing compares to the rest of Canada.

0% 20% 40% 60% 80% 100%

Lowest Highest

You are here

This consumer's score is higher than 36 percent of Canadians' scores, but it is still below average, as shown on the graph.

Your creditworthiness is Fair

Based on your credit score, this is how you may be viewed from a lender's perspective.

Very Poor | Poor | Fair | Good | Very Good

You are here

This section shows how lenders are likely to rate this consumer as a potential borrower.

Improvements in any of these areas should help increase this consumer's credit score.

Here are the top factors that make your score lower:

1. **There are too many consumer finance company accounts on your credit report.** Having too much available credit can sometimes harm your credit score. Lenders may feel that you have the ability to spend more than you could potentially pay back. You might want to consider closing a few accounts or asking to have your credit limits reduced. Avoid closing too many accounts—especially the oldest accounts on your credit profile—because it could

harm your credit score.

2. **Your account balances are too high.** High levels of debt can signal to potential lenders that you are spending more than you can afford. It is a good idea to use your credit cards regularly but remember to keep your balances below 35 percent of your available credit limits. If you have balances above 35–50 percent, you could see your credit score start to drop.
3. **There is not enough recent revolving account information on your credit report.** Using your credit accounts regularly is an important part of building healthy credit. Lenders will be able to better evaluate your creditworthiness if there is more data about your payment and spending behaviour on your credit report. Using a credit card to make a few purchases each month may help improve your credit score.
4. **Your loan balances are too high in comparison with your loan amounts.** High levels of debt can signal to potential lenders that you are spending more than you can afford. It is a good idea to use your credit cards regularly but remember to keep your balances below 35 percent of your available credit limits. If you have balances above 35–50 percent, you could see your credit score start to drop.

Source: TransUnion Canada

Other examples of credit reports and credit scores

- Sample credit report from TransUnion Canada
- Sample credit score from Equifax Canada
- Sample credit report from Equifax Canada

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