

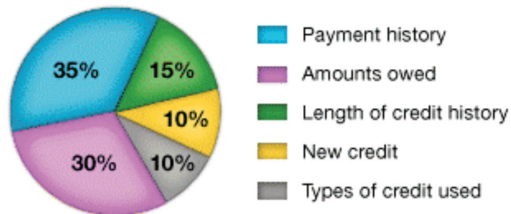


The Mortgage Centre

We work for **you**, not the lenders.

IMPROVING YOUR CREDIT RATING

Below is a chart to show the factors that make up a credit score, the classification of each factor, and some tips for keeping a good score or improving a low one.



These percentages are based on the importance of the 5 categories for the general population. For particular groups – people who have not been using credit long - the importance of these categories may be somewhat different.

Below are specific details of what is measured in compiling your credit score.

Payment History:

- Account payment information on specific types of accounts: credit cards, retail accounts, installment loans, finance company accounts, mortgage, etc.
- Presence of adverse public records: bankruptcy, judgments, suits, liens, wage attachments, collection items, and delinquent or past due items
- Severity of delinquency or how long the balance has been past due
- The amount past due on delinquent accounts or collection items
- The time that has passed since past due items, adverse public records, or collection items
- The number of past due items on file
- The number of accounts paid as agreed

Amounts Owed:

- Number of accounts with balances and amount owing on specific types of accounts
- Lack of a specific type of balance, in some cases
- Proportion of credit lines used to balances owing
- Proportion of instalment loan amounts still owing or the proportion of balance to original loan amount

Length of Credit History:

- Time since accounts opened, by specific type of account
- Time since account activity

New Credit:

- Number of recently opened accounts, and proportion of accounts that are recently opened, by type of account
- Number of recent credit inquiries
- Time since recent account opening(s), by type of account
- Time since credit inquiry(s)
- Re-establishment of positive credit history following past payment problems

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Types of Credit Used:

- Number of various types of accounts (credit cards, retail accounts, installment loans, mortgage, consumer finance accounts, etc.) A credit score takes into consideration all these categories of information, not just one or two.
- A credit score takes into consideration all these categories of information, not just one or two.
- No one piece of information or factor alone will determine your score. The importance of any factor depends on the overall information in your credit report. For some people, a given factor may be more important than for someone else with a different credit history. In addition, as the information in your credit report changes, so does the importance of any factor in determining your credit score. Thus, it's impossible to say exactly how important any single factor is in determining your score - even the levels of importance shown here are for the general population, and will be different for different credit profiles.
- What's important is the mix of information, which varies from person to person, and for any one person over time. Your credit score only looks at information in your credit report. However, lenders look at many things when making a credit decision including your income, how long you have worked at your present job and the kind of credit you are requesting.
- Your score considers both positive and negative information in your credit report. Late payments will lower your score, but establishing or re-establishing a good track record of making payments on time will raise your credit score.

Here are just a few tips that can help put you in a better position when applying for credit.

- Do you have past due balances that have been neglected? If they are showing up on your credit report and you want to purchase a home, make sure you bring them up to current status as soon as possible.
- Do you have outstanding debt that you can afford to pay off right now? Try to get these accounts down to a zero balance, or at least a lower balance. If your cash on hand doesn't allow you to do this, try to distribute the debt amongst other open credit cards. You can also consider opening a new line of credit and transferring part of the balance off a card that is close to being "maxed out." If you can get the resulting balances below 50% of the available credit, you're on the road to improving your credit score considerably in most cases.
- Do not close existing credit card accounts, even if you don't want to deal with the company any more... Believe it or not, the credit history is a good thing to have!
- When married couples keep separate credit card accounts, some or all of the balances can be transferred to one spouse's list of accounts. This gives the other spouse an opportunity to increase their credit score and designate him or herself as the sole borrower on the mortgage loan. Ownership of the home can remain in both names!
- See if your credit provider will increase your available lines of credit. This can, in turn, reduce the overall debt ratio, but only do this if your credit card company can do that without a hard credit inquiry.
- Do you have past dues and charge-offs within the last two years? Pay them off now, if you can! Past dues older than two years will have little to no impact on your credit score if they are paid, but can possibly bring the score down, which is something we don't want to do... Focus on that 2-year time frame.
- Do you see errors in your report? Request the credit bureau delete any outstanding debt that is incorrectly charged to you or things that should have been removed that you have already paid. They have an obligation to reconcile this within 30 days. If you see items on your report that are less than two years old and you have the money to pay it off now, mark the back of your payment check with the following notation: "Accepting this check is evidence that the transaction is complete and this charge will be deleted from my credit record." If necessary, you can use this cancelled check as proof of the transaction in the event the outstanding debt is not removed promptly and interferes with the closing of your loan.