

How to Improve your Credit

1. **Make bill payments on time, every time!** Particularly after a bankruptcy, lenders have very little acceptance for missed payments on any debt reported to the credit bureau.. To avoid late payments pay your bills as soon as you receive your statement. Waiting until the due date almost certainly guarantees that some payments will be late.
2. **Pay all outstanding collections and judgments.** Paying a collection or judgment does not mean that you give up the right to dispute a charge. You are always better off to have paid a debt first and then fight it to avoid a collection or judgment appearing on your credit file and reducing your score.
3. **Keep credit card balances under 80% of the credit limit.** People are often surprised to hear that they can have poor credit even if they've never missed a payment; it can happen if you carry large balances on your credit cards. For example, if you have a \$1,000 limit on a credit card do not carry a balance of more than \$800. Ideally you want to carry no balance at all. The worst thing you can do is go over the limit (and yes the credit card company will allow this). If this happens your score can drop dramatically.
4. **Limit the number of credit bureau inquiries annually.** If you allow a creditor to pull your credit bureau, in most cases each credit pull will reduce your score by up to 10 points.
5. **Start or reestablish your credit by obtaining a secured credit card.** If you are having problems getting approved for a credit card then consider getting a SECURED credit card. These cards will be granted to anyone since the borrower provides a deposit (typically \$300 - \$1,000) during the use of the card. After 6 – 9 months of use, you should then contact the credit card company and see if they'll increase your credit limit and reimburse your deposit. Use the card once a month and pay it off promptly to ensure on-going, clean history. Without on-going credit, your credit score will not change.
6. **Do not co-sign debts.** If you co-sign a debt then you are also 100% responsible for that debt. In addition, any future loan applications (like a mortgage) must include this debt payment which could disqualify you. Also keep in mind that any missed payments by the person you co-signed for does appear on your credit bureau.
7. **Past Bankruptcies.** If you've been bankrupt, then most lenders will require that you wait 2 years after the discharge date to apply for a mortgage. They also require a minimum of 1 year re-established credit and will not tolerate any missed payments. If you have had two bankruptcies then it is very difficult to obtain a mortgage without at least a 25% downpayment.
8. **Allow time for changes to occur on your credit.** If you make improvements as described above then you should also understand that your credit score may not improve for 60 – 120 days. This is because different lenders report to the credit agencies on different schedules.

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