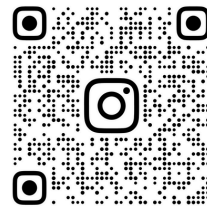




# THE CREDIT SCORE



RONYBELTRANREALTOR

## GUIDE

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## INTRODUCTION

# Overview of the credit score guide



Welcome to the credit score guide — your go-to resource for navigating the ins and outs of the credit importance. This comprehensive guide is designed to empower you with the information needed to improve and maintain a healthy credit score.

From understanding and embracing the right financial habits, you'll find valuable insights, responsibilities and the myriad of opportunities this will open for your financial horizon.

I believe that a well-informed and engaged individual is key to success, and this Guide is your roadmap to a successful credit journey.

## INTRODUCTION

# How to Fix Your Credit Score

## Why is this important?

Improving your credit score takes time, effort, and consistent financial management.

Having a bad credit score can significantly impact your financial and personal life.

In the following pages, i will provide you with some key consequences when not properly taking care of your credit score and how to fix it. Think of it as important as your credit or debit card ,



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In the world of business,  
the only constant is  
change. Embrace it, adapt  
to it, and thrive in it.



# BAD CREDIT SCORE



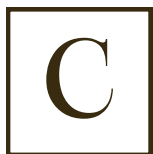
## Challenges with Employment

Some employers check credit reports during the hiring process, especially for jobs involving financial responsibilities. Poor credit might raise concerns about your reliability or ability to manage money



## Increased Insurance Premiums

Some insurance providers use credit scores to calculate premiums. A lower score can result in higher costs for auto or home insurance.



## Higher Interest Rates

Poor credit increases the cost of borrowing because lenders charge higher interest rates to offset the risk.



## Trouble Renting a Home

Many landlords check credit reports as part of the rental application process. A poor credit score might result in denial of rental applications or requests for larger deposits.



## Difficulty Getting Approved for Loans or Credit Cards

Lenders are less likely to approve applications if they perceive you as a high-risk borrower. If approved, you'll face higher interest rates and stricter terms.

# BAD CREDIT SCORE

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## Difficulty Getting a Mortgage

Bad credit may prevent you from qualifying for a mortgage from traditional lenders. You might have to rely on alternative lenders with higher rates or provide a larger down payment.

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## Limited Access to Utilities or Services

Utility companies (e.g., electricity, water, internet) often perform credit checks. A poor credit score may result in higher security deposits or prepayment requirements.

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## Difficulty Leasing or Buying a Car

Financing for a vehicle may require higher interest rates or larger down payments. Leasing might not be an option at all with bad credit.

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## Limited Business Opportunities

Entrepreneurs with bad credit may struggle to secure business loans or lines of credit. Investors or partners might also hesitate to collaborate due to financial concerns.

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## Strain on Personal Relationships

In the end financial stress caused by bad credit can lead to tension in relationships with family, partners, or friends. It may also affect joint financial goals like buying a home together.

# What Is a Credit Score?

## 1. UNDERSTAND THE CREDIT SCORE

- Is a three-digit number ranging from 300 to 900 that reflects your creditworthiness.
- Higher scores indicate better credit and financial reliability.

Major Credit Reporting Agencies:

- Equifax
- TransUnion

You can request a free credit report annually from these agencies to understand your current credit standing or create an account in their webpages to access your reports.

## 2. CHECK YOUR REPORT FOR ERRORS

Errors on your credit report can lower your score. Common errors include:

- Incorrect personal information.
- Accounts listed that don't belong to you.
- Incorrect balances or payment statuses.

How to Fix Errors:

- Obtain your free credit report from Equifax or TransUnion.
- For Equifax you could use [<https://my.equifax.ca/consumer-registration/?lang=en>](<https://my.equifax.ca/consumer-registration/?lang=en>)
- Identify any inaccuracies.
- Dispute errors by contacting the credit bureau and providing supporting documentation.

### 3. PAY YOUR BILLS ON TIME

Why It Matters:

- Payment history accounts for 35% of your credit score.

Tips:

- Set up reminders or automatic payments to ensure bills are paid on time.
- Prioritize paying overdue bills to stop further negative impacts.

### 4. REDUCE YOUR CREDIT UTILIZATION

What Is Credit Utilization?

- The percentage of your available credit that you're using.
- Aim to keep your utilization below 70% or less.

Example:

If your credit limit is \ \$10,000, try to keep your balance under \ \$7,000.

Tips:

- Pay down outstanding balances.
- Consider requesting a credit limit increase, but avoid using the additional credit.

### 5. AVOID APPLYING FOR TOO MUCH NEW CREDIT

Why It Matters:

- Frequent credit applications result in "hard inquiries," which can temporarily lower your score.

Tips:

- Only apply for credit when necessary.
- Space out credit applications by at least six months.

## 6. KEEP OLD CREDIT ACCOUNTS OPEN

Why It Matters:

- The length of your credit history impacts your score.

Tips:

- Avoid closing old accounts, especially those in good standing.
- If you don't use an old card, consider making occasional small purchases and paying them off to keep the account active.

## 7. DIVERSIFY YOUR CREDIT MIX

Why It Matters:

- A healthy mix of credit types (e.g., credit cards, loans, lines of credit) demonstrates your ability to manage different forms of credit.

Tips:

- Avoid opening unnecessary accounts, but maintain a balanced credit profile.

## 8. PAY OFF COLLECTIONS OR DEBTS

Why It Matters:

- Unpaid debts in collections can severely impact your credit score.

Tips:

- Contact creditors to negotiate repayment plans or settlements.
- Pay off collections as soon as possible to minimize damage to your score.



## 9. MONITOR YOUR CREDIT REGULARLY

Why It Matters:

- Regular monitoring allows you to track your progress and catch any new errors or issues quickly.

Tools:

- Use credit monitoring services from Equifax or TransUnion.
- Many banks offer free credit score updates as part of their services.

## 10. BE PATIENT AND CONSISTENT

Why It Matters:

- Credit score improvement takes time, especially if you're recovering from major financial setbacks like bankruptcy.

Tips:

- Focus on building good habits.
- Celebrate small improvements over time.

### Additional Resources

Government of Canada Resources: Visit [Canada.ca](https://www.canada.ca) for financial literacy tools and advice.

Credit Counseling: Seek help from a licensed credit counselor if you're struggling with debt management.

**By following these steps and maintaining discipline, you can repair and improve your credit score, opening the door to better financial opportunities in the future.**

