

Understanding Your Rating

A credit rating reveals a person's past credit history and is a key indicator used by financial institutions to determine if someone is credit worthy. Your personal credit file contains information such as your name, address, social insurance number, age, employment history, creditors, payment history, as well as where you have applied for credit before.

Below is a chart explaining how your credit rating is determined:

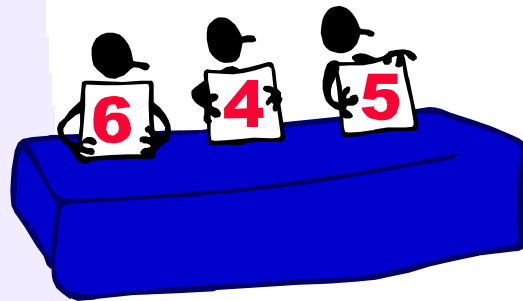
Terms: O=Open Account R=Revolving I=Installment

Usual Manner of Payment	O	R	I
Too new to rate; approved but not used	0	0	0
Pays within 30 days of billing; pays account as agreed	1	1	1
Pays in more than 30 days, but not more than 60 days, not more than one payment past due	2	2	2
Pays in more than 60 days, but not more than 90 days or two payments past due	3	3	3
Pays in more than 90 days, but not more than 120 days	4	4	4
Account is at least 120 days overdue but not yet rated "9"	5	5	5
Making regular payments under a consolidation order	7	7	7
Repossession(voluntary return of merchandise by consumer)	8	8	8
Bad debt; placed in collections	9	9	9

Each creditor you have is listed separately with their own rating.
Information recorded on your credit report remains there for six years.

Credit Scoring: Creditors will employ a scoring system when trying to determine whether or not a person is credit worthy. The type of scoring system used often varies from creditor to creditor. Some of the information used for evaluation may include...

- previous credit history
- number of years on file
- age of the applicant
- marital status
- how long at current address
- debt to income ratio
- number of recent credit inquiries



For strong credit:

- * pay your bills on time
- * maintain a lower debt to income ratio
- * only have one or two credit cards
- * try to keep a zero balance on your credit cards

It is a good idea to get a copy of your credit file periodically (1-2 years) in order to verify its accuracy and to make sure it does not include any errors. Your credit report can be obtained online immediately for a fee or you can send away for a free copy that will be mailed to you. Follow the links on either of these websites for a free copy of your credit bureau report:

www.equifax.ca or www.transunion.ca