



MARK STEVENS
Just Call Mark! 604-306-5478
MARCH 2011 NEWSLETTER



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CREDIT SCORES!!



WHAT YOU *DON'T* KNOW CAN HURT YOU....A LOT!!

The mortgage broker with whom I am doing the First-Time Home Buyers seminar series, Rebecca Awram, presented the topic of credit scores as one of her sessions. As the hour wore on, I began to feel less and less comfortable, for as she mentioned the credit no-no's, I was checking off in my mind, "Yup, I do that, and I do that, and I do that! Yikes!" I also found out that blemishes on your credit score don't come off easily and can hurt your chances of getting loans and mortgages. :(

WHAT IS YOUR CREDIT SCORE?

It's a number between 300 and 850, with the higher the score, the better risk you are to lenders. A score above 730 is in the excellent category. 680 - 729 is good. 600 to 679 is average and below 600 means that you are a poor credit risk. 680 and above is what you need to strive for. It is calculated using complicated algorithms, taking your credit history and assessing it to come up with a prediction of your future credit behavior. That is, what is your likelihood of paying off your loans and doing it on time? Conversely, what are the chances that you will default on your payments. It's all in the number.

What can hurt your credit score? Let me count the ways...

Obvious things like:

- Not paying your bills on time *or* skipping payments altogether
- Getting behind on loan payments
- Bankruptcies (duh!), collections, repossessions, etc.



Not so obvious are the following:

- Paying the minimum amount on your credit card each month.
- Having high balances on your credit card. As a rule of thumb, keep your credit card balance at 75% or less than your limit. Higher than that will count against you. This applies even if you pay it off each month.
- Obviously, high on-going balances with minimum payments will hurt you.
- Having several credit cards, even if the balances are all at zero. With that much credit available to you, lenders know that you have the ability to over-extend yourself, even if you are not doing it.
- Multiple inquiries into your credit, can hurt your credit score.
- Interestingly enough, delinquent mortgage payments do not get reported to the credit bureau. Lines of credit do.

HOW DO YOU IMPROVE YOUR CREDIT SCORE?



- Talk to a professional in the finance industry, such as a mortgage broker, mortgage specialist, loans officer, etc. and have them go over your credit report with you. They can help you make the right decisions in getting your credit score back in the "good" category.
 - Pay your credit card balances off every month.
 - If you can't do that, pay more than the minimum payment. It demonstrates that you are trying to reduce that debt.
 - Keep credit card balances below 75% of the limit. If you continually max your card out, but pay it off every month, ask to have the credit limit raised, so that you can keep it under the 75%. (No, don't raise it and then max it out again!)
 - Reduce the overall amount of credit available to you. If a lender sees that you have a \$300,000 line of credit with another institution, even if the balance is zero, they may not want to lend you money, as you could potentially run up both debts.
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HOW DO I CHECK MY CREDIT SCORE?



There are three credit-reporting agencies: Equifax Canada, TransUnion Canada, and Experian. You can check out the products they offer on their websites. Two offer free reports but they may not give you all of the information that you need or may take a long time to process. If you want an instant report, you can purchase it at the prices quoted on each website (eg. at Equifax Canada, it is \$15.50 for a single report). If you want on-going updates on your credit report, you can pay a monthly subscription.

If you have any further questions about credit reports, please call me at 604-306-5478 and I will do what I can to get you headed in the right direction.

Our first "First-Time Home Buyers Seminars Series" for 2011 is now complete. Watch for the next one, coming in April!

A huge "Thank You" to these local businesses for generously sponsoring our seminars.

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FROM OUR MORTGAGE SPECIALIST:

BARB McCAUGHERTY



Whether you're buying your first home or have a mortgage you'd like to "Switch In" to RBC Royal Bank, our special rate offers allow you to take advantage of low rates and provide security for the long term. We have great sale rates on 6 month, 4, 5, 7 and 10-year terms!

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For more information about these and other mortgage options, contact Barb at: **604-761-7565**
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