

CREDIT QUESTIONS?



Tip 1

DID YOU KNOW?

After you file bankruptcy it is essential you invest in a secured credit card.

Credit re-establishment only starts when you have new credit after the bankruptcy.

Lenders look mostly at new credit as well as existing credit carried over from bankruptcy.

Re-establishment of credit with your secured credit card and up to 12 months reporting to the credit bureau along with no late payments and no over limit balances... will qualify you for other credit cards that will be non-secured. However, lenders have the right to refuse any credit application until the bankruptcy or Consumer Proposal drops from the credit bureau.

IT REALLY IS AMAZING WHAT A DIFFERENCE 12 MONTHS CAN MAKE WITH RE-ESTABLISHED CREDIT.

However, it is strongly recommended **not** doing business with the financial institution that was part of your bankruptcy until 7 years from date filed, and the bankruptcy drops off the credit bureau.

It is highly recommended not to apply for credit until 12 months of re-established Credit has passed.

NOW YOU KNOW!

Tip 2

DID YOU KNOW?

Most mortgages **do not report** to the credit bureau.

Most Credit Unions **do not report** to the credit bureau other than credit cards offered through Credit Union Central. However, banks **do report** credit regarding bank loans, credit cards or revolving credit such as lines of credit.

A Beacon Score of 600 or higher can get you satisfactory interest rates after bankruptcy discharge. Without re-established credit your only source is double digit interest rates.

However, even with credit re-establishment some lenders may decline your application until your bankruptcy or Consumer Proposal drops off the credit bureau.

DON'T BE SUBJECT TO HIGH DOUBLE DIGIT INTEREST RATES!

Invest in your secured credit card and qualify for satisfactory and reasonable interest rates by rebuilding your credit after bankruptcy discharge.

BUY AND PAY WITH YOUR SECURED CREDIT CARD!

No one knows it's a secured credit card. It looks like a regular credit card and works like a regular credit card. Make regular payments on your credit card and pay more than minimum payments to build the credit score that will entitle you to satisfactory and reasonable interest rates.

NEVER MAX YOUR CREDIT LIMIT!

NOW YOU KNOW!

Tip 3

DID YOU KNOW?

Applying for credit immediately after Bankruptcy or Consumer Proposal discharge is **not** the way to handle credit re-establishment. The more credit inquires after Bankruptcy or Consumer Proposal discharge represents you to be **a credit seeker.**

LENDERS FROWN AT THIS!

Stay away from all credit applications other than **a secured credit card or refinancing of your present mortgage** to help re-establish your credit and get the credit score you need to get on with life and obtain single digit interest rates to accompany your starting over. You should not even consider purchasing a new home until **24 months after re-established credit and prepare for up to 15% down payment.** Bankruptcy or Consumer Proposal should be a one-time event in your life. We all make mistakes and we should learn from these mistakes.

REMEMBER! MAKE NO MISTAKE... CREDIT RE-ESTABLISHMENT IS A GOOD MISTAKE.

NOW YOU KNOW!

Tip 4

DID YOU KNOW?

In today's world it is not uncommon for people to find themselves in financial difficulties due to **over-spending, unstable employment, personal health issues, separation and divorce.**

However, it is common that people feel they have no solution to their financial difficulty.

REMEMBER, THERE IS A SOLUTION TO EVERY FINANCIAL DIFFICULTY!

In most cases where debt ratio exceeds 40%, most financial institutions will not consolidate debt unless security is provided, such as a mortgage.

Even then it maybe questioned.

When expenses surpass monthly income, there is a problem! **Bankruptcy or Consumer Proposal** through a licensed trustee is the real choice. Today, Bankruptcy or Consumer Proposal is nothing to be ashamed of. A part of life that will become history and hopefully never repeat itself. However, starting over becomes clear and simple for first time bankruptcies once discharged, as long as you purchase a secured credit card.

THE ROAD TO CREDIT RE-BUILDING BEGINS.

This credit card will give you the credit score you need to once again qualify for other credit cards other than those included in Bankruptcy or Consumer Proposal all within a short period of time... **and** Good lending interest rates from lenders other than those included in Bankruptcy or Consumer Proposal all within years of re-established credit.

STARTING OVER IS EASIER THAN EVER.

NOW YOU KNOW!

Tip 5

DID YOU KNOW?

While many people believe you have to carry a balance on credit cards to build your credit score.

THIS NOTION IS COMPLETELY UNTRUE!

Paying off a credit card balance each month is one of the best ways to build your credit score.

It not only shows lenders that you can handle your credit responsibly...

It also allows you to have a good feeling about yourself being financially able to pay your debts.

This avenue also looks good on your credit report, when applying for larger loans such as vehicles and mortgages.

TAKE CARE OF YOUR CREDIT AND IT WILL TAKE CARE OF YOU!

NOW YOU KNOW!

Tip 6

DID YOU KNOW?

Having **NO CREDIT** is just like having **BAD CREDIT**.

To get credit you must have credit or when applying for credit the credit grantor takes a chance in extending credit. Credit grantors will not lend credit unless credit is established.

Character is not important today in obtaining credit... however, **credit score** and **credit history** are.

To get a credit score you need a secure credit card that reports regularly to the credit bureau.

It takes 12 months to produce a history to give a true credit score.

DURING THIS PERIOD AS ALWAYS THERE SHOULD BE:

- No Over Limit Balances
- No Late Payments
- Pay More Than Minimum Payment
- Never Max Your Limit

By Following These Points Of Interest You Will Prove To Lenders You Are Responsible In Handling Credit.

TAKE CARE OF YOUR CREDIT AND IT WILL LOOK AFTER YOU!

NOW YOU KNOW!

Tip 7

DID YOU KNOW?

If you have filed Bankruptcy and are experiencing financial problems once again... your way out should be through Consumer Proposal:

NOT A SECOND BANKRUPTCY!

In a Consumer Proposal after first time Bankruptcy the credit bureau reports one Bankruptcy and one Consumer Proposal. With a first time Bankruptcy and first time Consumer Proposal it is easier to bounce back to obtain credit.

You will still require a secured credit card to build a good credit score of 600 or over. However you will obtain credit within a short period of time of reporting to the credit bureau providing your secured credit card shows no late payments or over limit balances.

The only lenders who may consider **not granting credit** would be creditors who were part of the first Bankruptcy.

Tip 8

DID YOU KNOW?

Taking the big step in life, is when you file **Bankruptcy** or **Consumer Proposal**.

The most important factor after **Bankruptcy** or **Consumer Proposal** is buying your ticket to credit rebuilding. It all happens through a secured credit card from Horizon Plus.

The most important issue with the aftermath of **Bankruptcy** or **Consumer Proposal** is credit score.

Credit grantors lend money and give credit on the basis of your credit score. When you file **Bankruptcy** or **Consumer Proposal** you have a low credit score or no credit score to entitle you to the privilege of having credit.

True credit scores take approximately 12 months reporting to the credit bureau.

ALWAYS REMEMBER:

Never Max Your Credit Limit

Never Carry Over Limit Balances

Never Make Late Payments

THESE 3 POINTS WILL ALWAYS KEEP YOU ON THE ROAD TO GOOD CREDIT REBUILDING.

NOW YOU KNOW!

Tip 9

DID YOU KNOW?

Credit card accounts look good on your credit report but only if you use them responsibly.

With good credit, a score of 600 or over can get you **good** interest rates with credit cards.

One **Mastercard** and one **Visa** is really all you need to maintain a good credit score.

The more debt you carry represents a higher debt ratio, along with reducing your credit score which plays a major role in determining lending approval.

A good habit is paying your credit card debt off monthly.

AHH... EASIER SAID THAN DONE!

True, however if you cannot pay off your credit card debt monthly then carry balances that are reduced by **large weekly payments** and do not use the card until the balance is cleared. This method of not adding debt until debt is cleared is also a great way to build your credit score.

TAKE CARE OF YOUR CREDIT AND IT WILL TAKE CARE OF YOU.

NOW YOU KNOW!

Tip 10

DID YOU KNOW?

YOU CAN OBTAIN CREDIT WITH STUDENT LOANS IN DEFAULT!

A secured credit card will add to your credit report and credit score as good credit reporting and offset the bad credit reporting from student loans.

However, you are responsible to pay your student loans and if you don't Canada Student Loans may take legal action.

REVIEW YOUR OPTIONS!

Try to settle with Student Loan or collections as a settlement payout by using your mortgage to refinance the amount owed to Student Loan.

If you have no mortgage and a satisfactory income then ask Student Loan or their collections to set up monthly payments. If these payments are high then prove your income and expenses to satisfy a lower monthly payment. Collection agencies will work with you in trying to get the debt resolved. Remember, once you set a payment schedule you must stick with it because this payment is reporting in your favour to the credit bureau and will help build your score.

If All Else Fails... your last option is bankruptcy providing you have been out of education for at least 7 years. Visit a **trustee in bankruptcy** that specializes in student loans.

NOW YOU KNOW!

Tip 11

DID YOU KNOW?

LATE PAYMENTS WILL HURT YOUR CREDIT!

Lenders **decline** credit everyday because of consistent late payments. This behaviour will also affect your credit score.

Lenders do not tolerate late payments after bankruptcy or consumer proposal.

Pay your debts on time especially credit that reports to the credit bureau.

A score of 600 or over entitles you to good interest rates.

Keep that in mind when being late for your next payment.

Late payments happens to all of us, so keep in mind one or two late payments within one year on revolving credit such as credit cards is all you should show in lateness.

Late payments are subject to late payment fees that add on to your current balance that also affects your current interest rate.

AVOID LATE PAYMENTS AND CREDIT PENALTIES WILL AVOID YOU!

NOW YOU KNOW!

Tip 12

DID YOU KNOW?

“NSF” MEANS NON-SUFFICIENT FUNDS!

NSF CHEQUES CAN HURT YOUR CREDIT SCORE!

You should never write cheques unless the money is in your account to cover that cheque the day the cheque is written.

Charges for NSF cheques will apply.

If a cheque goes bad the financial institution has the right to place that cheque in collections which will show on your credit report and affect your credit score.

The financial institution also has the right to revoke all chequing privileges and close the account.

Once a collection is placed against you at the credit bureau for NSF cheques it may also prevent other financial institutions from extending a chequing account to you. Instead of writing cheques use debit or credit card if the option is available.

CREDIT IS A PRIVILEGE... USE IT WISELY!

NOW YOU KNOW!

Tip 13

DID YOU KNOW?

CREDIT AFTER BANKRUPTCY DOES WORK!

Credit after Bankruptcy is observed closer than someone who has never had credit issues.

Lenders watch to see if a similar pattern will not repeat itself.

Late payments and over limit balances are not tolerated. It is essential to carry a good payment pattern always, and most importantly until your bankruptcy removes itself from the credit report.

Secured credit cards are designed to rebuild your credit score so you can move on, to non-secured credit cards.

Twelve months of using your secured credit card will qualify you for a non-secured credit card provided the lender you are applying to was not part of your Bankruptcy. If for some reason all lenders were part of your Bankruptcy, your secured credit card will be your best friend until your bankruptcy drops from the credit report seven years from the date filed. At that time you can apply for non-secured credit cards.

NOW YOU KNOW!

Tip 14

DID YOU KNOW?

DOES DEBT SCARE YOU?

Debt can make you feel scared. However, there are avenues to consolidate debt as a **debt consolidation loan** from the equity in your mortgage or a non-secured loan.

If you have been refused a **debt consolidation loan** through your financial institution help is available.

WE MAY BE ABLE TO HELP!

REMEMBER, THERE IS A SOLUTION TO EVERY FINANCIAL PROBLEM!

If all else fails there is Consumer Proposal or Bankruptcy which may sound bad, **but is really not.**

Sometimes it is easier to start over than commit to a payment schedule that you may not be able to afford.

A Consumer Proposal can be paid off **twelve months** in the proposal with your mortgage, provided enough equity exists.

You can even obtain secured credit cards to help rebuild your credit score.

It Really Is That Easy!

Immediately from the date the consumer proposal is paid to the trustee the Consumer Proposal will remove itself from the credit bureau in 36 months.

IT WOULD BE LIKE YOU NEVER HAD A CREDIT PROBLEM!

NOW YOU KNOW!

Tip 15

DID YOU KNOW?

BEACON SCORES CAN CHANGE DAILY!

A Beacon Score can be lowered for the following reasons:

Increase Balance From Month To Month • Maxed Limits • Increased Credit Inquiries • Overlimit Balances • Late Payments

It is easier to have three credit cards with a limit of \$1000 each and a balance of \$350 per card, than one card with a limit of \$1200 and a balance of \$1100.

Cards with a balance of \$350 each will score better than the card with a \$1200 limit and a balance of \$1100.

CREDIT CARD BALANCES SHOULD NEVER EXCEED 35% OF THE CREDIT CARD LIMIT.

Credit cards that reduce monthly balances without increasing balances provide a healthy score.

If possible, pay your balance off within 30 days to make sure you get the best possible Beacon Score.

Even better pay it off weekly if you can.

EASIER SAID THAN DONE! HOWEVER, A HABIT WORTH MAKING.

A Beacon Score of 600 or higher is considered a healthy score.

NOW YOU KNOW!

Tip 16

DID YOU KNOW?

HAVING SOMETHING REPOSSESSED CAN HURT YOUR CREDIT.

Having something repossessed can hurt your credit badly — no matter if you returned the item because you could not meet the payment requirement. In any case, you are looking at 6 years of this derogatory remark on your credit report — closing doors for lending.

However, if the repossession is included in a Bankruptcy or Consumer Proposal it becomes easier after discharge because any new credit will offset the Bankruptcy or Consumer Proposal in a normal way, as a secured credit card will help to re-establish your credit. This repossession is included with the other creditors in your Bankruptcy or Consumer Proposal compared to one bad issue on your credit report preventing you from getting credit for a period of six years, once credit re-establishment has commenced after discharge. Credit will find its way back to you providing no late payments or over limit balances exists and reports to the credit bureau.

Always Keep In Mind, creditors that were part of your Bankruptcy or Consumer Proposal will likely not grant credit to you till the Bankruptcy or Consumer Proposal has dropped off your credit report. The rule is 6 years from discharge for Bankruptcy (provided payments are completed) and 3 years from discharge for Consumer Proposal (provided payments are completed).

NOW YOU KNOW!