

Repair Your Credit

The latest financial environment of today has led to tighter credit demands for borrowers. This paired with the increased unemployment rates have been taking their toll on many Canadians. Naturally, many individuals do not fit neatly into the financing boxes of conventional financial institutions as easily as they may have only a year ago.

Perhaps the best solution may be to get in contact with your mortgage broker to help determine if your particular situation requires a quick repair or if another solution will be necessary for credit recovery. Some people will face a lengthier and more tedious road to fixing their credit; however, this is a vital task for all of your long term financial endeavors. In either case, you will find solutions to every issue.

The role of the mortgage expert is to help those clients who are credit challenged, helping them with the details of repairing their credit. They can give advice to clients the right way to improve their situations via various different methods. If the situation presents itself to be beyond the expertise of a mortgage professional, they can recommend other specialists such as bankruptcy trustees and credit consultants. Every situation is different and there is an option that will best suit your needs.

If you have a workable credit score and you have some home equity built up in your property, you might be able to remortgage your mortgage and use that capital to pay off high interest credit card debt. You will greatly free up more cash flow each month by eliminating this debt.

The interest rates happen to be at an all-time low, in the current financing environment. Right now is an outstanding time to refinance your mortgage while saving you conceivably thousands of dollars each year. This will allow you to pay more money every month towards the principal balance on your mortgage, instead of the interest. This process will help you establish equity faster.

Here are 5 easy steps to help you attain a rapid boost to your credit score :

- 1) Cut credit cards. The best way to improve your credit score is to cut your credit cards so that you are only utilizing 30% of your limits. Credit cards and revolving credit appears to have a greater influence on credit scores as opposed to lines of credit, car loans among others.
- 2) Limit the use of credit cards. Your credit score can be damaged by racking up huge balances only to pay them down in month-to-month installments. It can impact your credit score to have a large balance due at the end of the month. It is wise to know that credit formulas do not take into consideration the fact that you might have paid the balance off within the next month.
- 3) Check credit limits. Additionally, if your lender is actually slower at reporting monthly transactions, this might have a massive impact on how other lenders may potentially see your file. Because old bills can resurface and come back to haunt you, be certain that debts are paid in full and everything is up to date.

Surprisingly enough, certain financial institutions do not even state your maximum limits; consequently, the credit bureau is left only to use the balance that is accessible. This can create a problem for you if you are regularly charging the same amount each month, for example \$1000-\$1500, as it may show to the credit-scoring organizations that you are maxing out your credit cards on a consistent basis.

The best option for you is to reduce your balances in advance of the closing of the statement period.

- 4) Always keep old cards. Mature cards will often offer you better credit. The issuers of your older credit cards may stop updating your accounts and your cards will not carry any weight in the credit formulation. Even though you have had the credit cards for some time, they might not be as valuable. It is wise to make use of these cards occasionally and pay off the balance each month.
- 5) Don't let errors build up. Keeping up-to-date with your credit score is crucial. If you see any problems or situations being recorded that could hurt your score, always dispute them. For example, if a cellular phone bill is not correct and the company declines to correct it, you can get in touch with the credit agency and make them aware of this situation.

If you have consistently missed your payments however, you may have put yourself in a situation where improving your credit score or getting refinancing is not an possibility for you. Every scenario is different and dependent upon the extent of yours, as well as the factors why you fell past due, such as illness, divorce, job loss etc. would be taken into consideration and discussed with your mortgage professional. It is advisable to discuss the details of your situation candidly so that they can deal with any questions or concerns, as well as recommend you to other professionals to help you get your borrowing situation back on track.