

## THE MORTGAGE CORNER

### **“Your Credit Rating”**

One of the most important financial assets you can have is a good credit rating. Being able to borrow money when you need to is very important to your overall financial picture.

People may think they'll never need to borrow money again, so they don't worry about it. But a poor credit rating can come back to bite you when you least expect it.

All financial institutions as well as trade credit providers remit your payment history to central gathering places, to create individual credit rating profiles for each customer. Two of the largest gatherers of this information are Equifax and Transunion. Every time you apply for a loan, credit card, or cell phone account, the provider will access your payment history by ordering a “credit check”.

One of the most common credit mistakes that people make is not making their minimum monthly payments on their credit cards, or not making the payment by the due date. People may have had additional expenses in a particular month, so they skip the minimum payment and intend to make two payments in the following month. This is not a good idea – always make the minimum payment and use the card for a purchase of the same amount, if you need to. Of course the ideal situation when using high-interest credit cards is to pay the balance in full each month.

There is a lot of awareness in the media about your “credit score”. Popups on the internet often invite people to “click here to find your credit score instantly”. Just a warning to be careful who you give your personal information to – which is what they'll need to give you the information you want. Safe sites to go to, to order a copy of your credit history are [Equifax.com](http://Equifax.com) or [Transunion.ca](http://Transunion.ca).

If you have had credit problems in the past, you may wish to buy a property, but worry you won't qualify to borrow because of a problem credit rating. This is not always the case – you may still be able to qualify for a mortgage, but you may need to pay a higher rate of interest, or you may need to put more cash down. Certain lenders specialize in helping people who have had credit problems in the past. Speaking to a mortgage broker is a good way to find out if you can qualify to buy a property and check out your credit rating at the same time.

Midwestern Mortgage