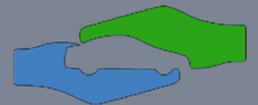


# **A Guide to Repairing and Rebuilding Your Credit Score**

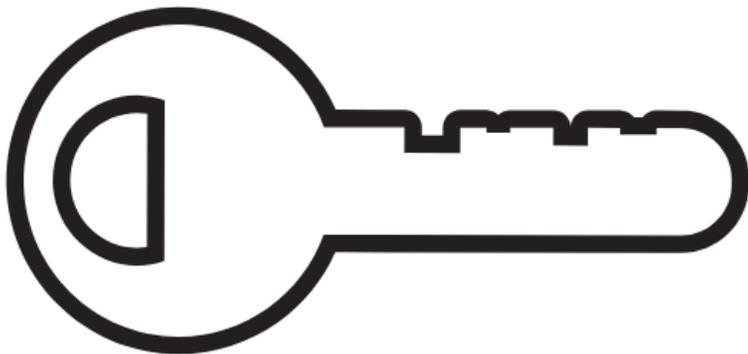
Created By Legacy Auto Credit



LEGACY AUTO CREDIT

# Who We Are

Legacy Auto Credit offers simple car loans to people who have no credit or less than perfect credit. Our service involves numerous banks plus our in-house financing, which means you're getting a one-stop solution. Plus, we provide the resources you need to understand and rebuild credit. Once your credit is rebuilt we can also help you with prime credit financing. With all the information in hand, you can get a car loan from a trustworthy source and improve your credit score at the same time. We want to make sure everyone, no matter their credit score, can buy a Legacy vehicle.



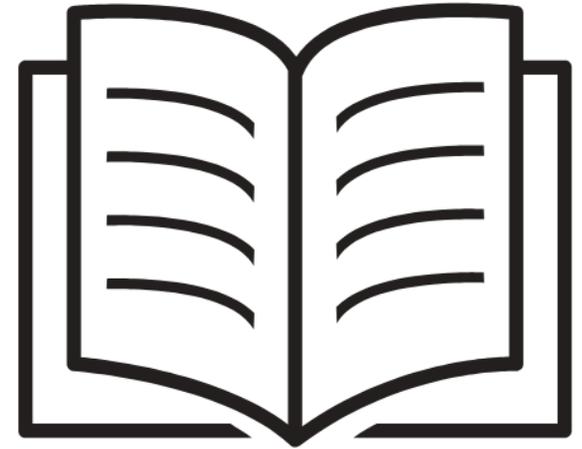
# Why We Wrote This Guide

If you don't know what your credit score is, you're not alone. Responsible people end up with low scores without noticing- it's not an uncommon problem in Canada. Over half of Canadians have never checked their credit score, and about 1/4 of Canadians have an average to low ranking credit score. Figuring out how your credit score works, who manages your credit, and how you can improve it can be confusing, so it's no wonder so many Canadians go without the information they need.

Think of your credit history and credit score as a profile telling others how dependable you are when borrowing money. Insurers, employers, landlords, utility companies, and other lenders use your credit score to gauge how predictable or risky their investment in you will be.

Without the right credit score, you may be turned down for the loan you asked for, or you may be tempted into too-good-to-be-true offers from untrustworthy sources. Your low credit score shouldn't be taken advantage of by any company trying to put you in a worse situation. Car loans don't have to be stressful. Legacy Auto Credit is a credible source that will enable you to make smart choices when it comes to your car loan.

Getting around is an important part of your day. Whether you're driving kids to daycare, moving materials to and from work, or getting to your new office away from home, the right vehicle can make a big difference. When you're not in a position to pay for a vehicle in full up front, a lease is a great option. It can even help boost your credit score.



# What You Can Gain From This Guide

Low credit scores can make it difficult to get a reasonable loan. The lower your credit score is, the higher your interest rates and payments tend to be. Though your credit history cannot be changed, there are ways you can improve your credit score in the future. Paying your bills on time isn't the only factor impacting your credit score. That's a common misconception. There are several other reasons why credit bureaus - the agencies who gather your credit history - are ranking you low. If you ever forgot to pay a cell phone bill on time, it probably lowered your credit score. If you have never taken out a loan before, you may not even have a credit score at all. It's important to understand what credit scores are, why you have a certain credit score, and how you can improve it, so you can get an affordable car loan while avoiding scams.

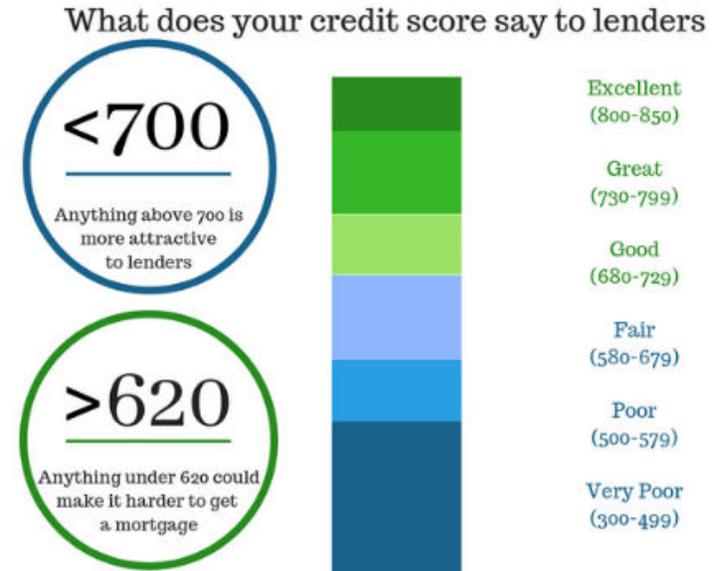


One in four Canadians have less than perfect credit score

# Understanding Your Credit History and Score

## What does a credit score look like?

Credit scores in Canada are marked on a scale from 350 to 900. Scores between 600 and 800 are considered average. Scores below 550 are considered extreme risk, and scores 800 and above is excellent. The more points you have on your credit score, the less risky you look to a lender, and the better off you'll be. For example, if a person decides to take out a loan on a car with a credit score of 720, the down payment and interest rate would typically be half, of the cost for a person with a credit score of 590.



# Understanding Your Credit History and Score



## Where can I find my credit report?

You can order your credit report for free once a year from one of two credit bureaus: Equifax Canada (where it's called a "credit file disclosure") or TransUnion Canada (where it's called a "consumer disclosure") When you apply for your credit history, it's called an inquiry. Your credit score will be called a FICO score, which stands for Fair Isaac Corporation, the group that invented it. The process involves filling out forms online, providing two pieces of ID, giving your SIN and credit card number and receiving the report by mail. It's important to get your credit history from one of these trustworthy sources. Unfortunately, there are organizations out there that will claim to provide free services, and then steal your personal information. Protect yourself from fraud and unexpected offers.



## What is a credit bureau?

Contrary to how it may seem, credit bureaus are not regulated by the government. However, legislation called the Fair Credit Reporting Act is in place to oversee credit bureau activity. Remember credit bureaus are publicly traded, for-profit business working with banks and credit issuers to record your credit activity. It exists to help lenders, so your personal information, at the end of the day, is your responsibility. It's in your best interest to make sure what credit bureaus record is correct. As well, make sure you check both credit bureaus- your lender might send information to one credit bureau, and not the other.

# Understanding Your Credit History and Score

## What is on my credit report?

Before you start evaluating your report, it's important to understand how it's formatted. On your report, you'll find your personal information, credit information, banking information, public records, collection information, consumer statements, and credit report inquiries. The bureau receives this information from your lenders every time you apply for credit or monthly as your creditors report your payment history.



## What Letters Mean in a Rating on a Credit Report

<b>I - Installment Credit</b>	You borrow money for a specific period of time	For Example a Car Loan
<b>O - Open Status Credit</b>	You can borrow money up to a certian limit	For Example a Cell Phone
<b>R - Revolving or Recurring Credit</b>	You can borrow money up to a limit and payments vary depending on balance of account certian limit	For Example a Credit Card
<b>M - Mortgage Loan</b>	Mortgage information may be included on your credit report	For Example a Mortgage

# Understanding Your Credit History and Score

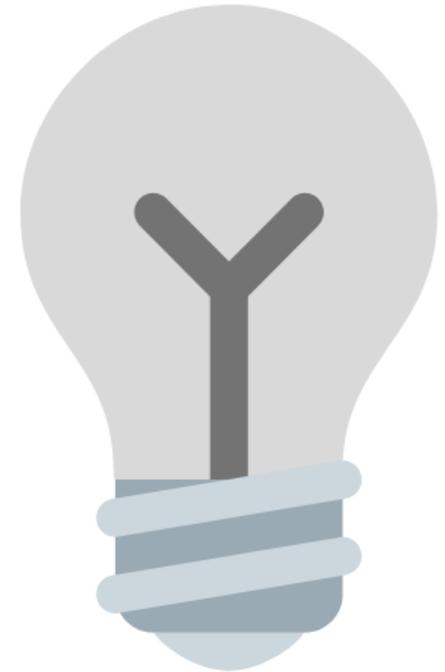
## What Numbers Mean on a Credit Report

<b>0</b>	Too new to rate, Approved, but not yet used	<b>7</b>	Making regular payments using one of the following debt management options <ul style="list-style-type: none"><li>• a consolidation order</li><li>• orderly payment of debts</li><li>• consumer proposal</li><li>• debt management program with a credit counselling agency</li></ul>
<b>1</b>	Paid within 30 days of billing Pays as agreed	<b>8</b>	Repossession
<b>2</b>	Late payment: 31 to 59 days late	<b>9</b>	Written off as a "bad debit" Sent to collection agency Bankrupt
<b>3</b>	Late payment: 60 to 89 days late		
<b>4</b>	Late payment: 90 to 119 days late		
<b>5</b>	Late payment: more the 120 days late, but not yet rated a "9"		
<b>6</b>	This code is not used		

# Understanding Your Credit History and Score

## What should I watch out for in my credit history?

Research indicates 20% of people have found errors in their credit report. It's important to look through your credit report closely. If you find anything wrong, you can fill out a dispute letter and send it to the bureau you received your report from. Once you have sent the dispute letter, wait a while and then follow up to make sure your letter was received. Negative information on your credit history lasts for 7 years. Make sure your report is correct. If you run into any problems getting your dispute resolved, you can call the Financial Consumer Agency of Canada ([www.fcac.gc.ca](http://www.fcac.gc.ca)) to get some help. They can point you to other options to make sure your errors get fixed.



## Why is my credit score low.

Lenders want to know they can depend on you. Where you are living, how long you have been employed, and what kind of loans you've taken out are a reflection of how you manage your finances. While not all the reasons for credit scores are disclosed by credit bureaus, there are some commonly known factors. In the next section, we'll go into more detail on what the guidelines are, and how you can follow them to improve your credit score.

# Improving Your Credit Score

Before we explain some steps you can take to improve your score, it's important to know what credit bureaus consider most important. Paying your bills on time is a large part, but there are a few other things you should be aware of:



## 1) Payment history makes up 35% of your credit score

Do you pay your bills on time? How many bills have you missed? Paying your expenses early is generally a good thing.

## 2) Credit utilization makes up 30% of your credit score

What is the ratio of your credit limit to balance? If you have a \$3,000 limit and a \$2,000 balance that means you have a 67% utilization score. The higher the utilization, the lower your credit score will be. If you are using more than 35 to 50% of your available credit, it may negatively affect your score.

## 3) Length of credit history makes up 15% of your credit score

How long have you had a credit card? How long have you been building credit? It's better to have credit for longer. Don't close accounts that have good payment history.

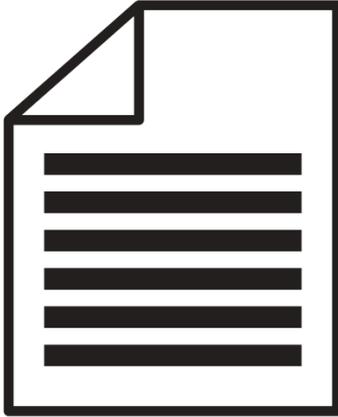
## 4) New loans and credit applications make up 10% of your credit score

How many credit inquiries have you made? How many loans have you applied for? The more you've applied for, the lower your credit score will be.

## 5) Varied types of credit make up 10% of your credit score

Do you have revolving credit (Visa, MasterCard, or retail store card), non-revolving credit (American Express, Diners Club), or installment (Loans)? If you have different types of credit then your credit score will be higher.

# Improving Your Credit Score



## How does bankruptcy affect my credit score?

Even if you've been discharged from bankruptcy the Credit Bureau will keep this information on record for 7 years. If you go bankrupt for the second time, this information stands on your credit history for 14 years. Getting out of bankruptcy can take a long time. To help you re-establish your credit, start saving money, pay all your bills on time and potentially look into getting a secured credit card.



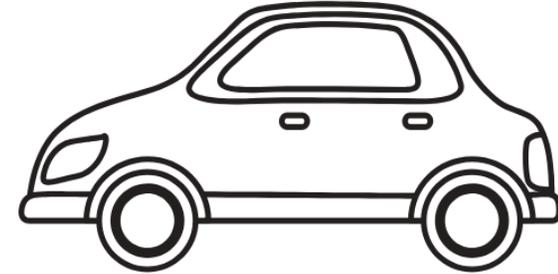
## Are there quicker ways to fix my credit score?

Unfortunately, there are no quick fixes to this problem. If you come across any ads or promotions for "fast auto loans upfront" or a "guaranteed loans strategy," be careful. There are discreditable companies offering car loans and financing options. Try to be patient. It may seem frustrating at first, but remember your situation doesn't have to be permanent. If you work on improving your credit practices, you'll see your score change overtime.

# Getting the Vehicle and Credit Score You Need

Believe it or not, taking out a loan on a vehicle can help you improve your credit score.

Remember you can raise your score with a variety of credit types. A car can be a great option if you don't have installment credit on your credit history. On top of this, compared to mortgages and other high-interest loans, car loans are lower cost and the payment times are shorter. This means you'll have a better chance of boosting your credit with less stress. Taking out a car loan to boost credit is most effective if you plan ahead and practice the following habits:



## 1) Save cash to make a down payment

The larger your down payment, the less your loan and monthly payments will likely be.

## 2) Select a car within your budget

Avoid putting yourself in a situation where you can't meet a payment on time because you choose a car too expensive for your lifestyle.

## 3) Make your monthly payments on time

Remember this makes up 35% of your credit score. Create a schedule in your agenda, make notes on your fridge - whatever you need to stay organized.

## 4) Pay more than the minimum required each month

Giving more than you're expected to show you're responsible.

## 5) Reach below 30% owing as soon as possible

The quicker you reach your goal, the quicker your credit score will go up.

## 6) Apply for a payment period of 3 to 4 years

The quicker you reach your goal, the quicker your credit score will go up.

## 7) Avoid grace periods

Although you may be given extensions on payments, taking them won't help your credit score..



# Worksheet to Get You Started

Getting your credit information organized can be complicated. To save you time, we've created worksheets to help you identify errors and dispute any errors you find on your credit report.

## Sample Dispute Letter

### Joe M Wordsworth

Account number	Address	Credit Bureau Name	Date
DOB number	Province, Canada	P.O. Box number	(Month/Date/Year)
	Province, Canada		

Dear Equifax;

I am writing to request an investigation of the following information appearing on my Equifax consumer report.

### Dispute 1

- Account Number
- Dates associated with item disputed: Month/Date/Year
- Explanation of item disputed: The account with Bank Name or Company in question is showing as settled for less than full value, but I paid full amount owed. Please update to show it paid in full.

### Enclosures

- Copy of credit report with report number
- Last billing statement from Bank Name or Company
- Payoff statement from Bank Name or Company

Thank you for your assistance.

Sincerely,

Joe M Wordsworth



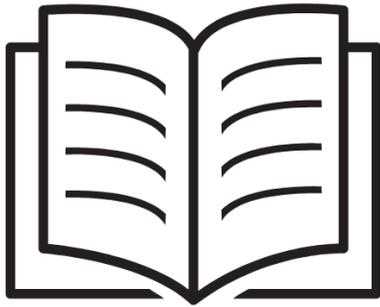
# Worksheet to Get You Started

## Credit Report Error Checklist

- Name is correct
- SIN number is correct
- Current and previous addresses, phone number is correct.
- Marital status is correct
- Employment history is correct
- Personal information section is correct
- Public record information section is correct
- Each item under the credit/trade account is still open
- Current balances are correct
- Authorized user or joint user account is correct
- Zero balances for debts discharged and paid in full
- Co-signer is correct
- Accounts closed are correct
- Accounts are not listed more than once
- Old negative information is not listed



# Working With Legacy Auto Credit



## Are You Ready To Apply ?

We hope this guide has provided you with useful information and practical tips that help you feel more informed and confident as you shop for a new vehicle.

We would love to help you find that new vehicle.



## Apply for your car loan

Applying for a clear loan shouldn't be stressful. We only ask for the information we need and finishing your application takes less than 15 minutes.

Get started now.



### **What Our Customers Are Saying:**

"I was just starting a consumer proposal. I thought there was no way I'd get approved for a car. I got in touch with Vic he was amazing and so helpful. A week later I'm in my new car and it was something I really wanted. Interest rate is good to for someone in my situation. I would highly recommend. "

-Rochelle P

