

20930—115th Avenue  
Maple Ridge, B.C. V2X  
3M5  
Tel: 604-467-6449  
Fax: 604-467-6409  
Email: Armada@telus.net

### What Exactly is a Credit File?

Your credit file is created when you first borrow money or apply for credit.

On a regular basis, companies that lend money or issues credit to you - including banks, finance companies, credit unions, retailers - send specific factual information related to the financial transaction with you to credit reporting agencies.

The credit reporting agencies organize and store this information so that it can be referred to in the future, with your consent. It contains all the information that a credit reporting agency has received from companies that have extended credit to you.

For example, it might include... (continued)

# Spring Newsletter 2003

## Mortgage Renewals

### Frequently Asked Questions

*I used a mortgage broker to find the best deal for me when I purchased my home. My term is up this summer. Why should I bother going back to my mortgage broker when I know it was the best mortgage available just 3 years ago?*

New products and new lenders become available all the time. Also, your personal financial situation may have improved so you may qualify for a better rate.

*My bank has been so good to me that I hate the thought of switching lenders. Isn't loyalty important?*

We love loyal customers! When we provide excellence in customer service we not only have return customers but also referrals from that customer. Going to a broker does not necessarily mean that you will be encouraged to switch lenders. Even if you do switch banks for your mortgage, you can still keep your chequeing and savings accounts wherever you'd like.

*What happens if I don't bother to do anything when my mortgage comes up for renewal?*

Most lenders have a clause in the renewal documenta-

tion that if you do not sign the renewal they can renew you for a specified period.

*If I switch lenders for my renewal will I have to re-mortgage my home and go through all of the same legal expenses?*

If you are doing a simple switch there is usually minimal or no legal charge. If you are refinancing (asking for additional funds) you may incur legal expenses.

*Why should I use a broker instead of checking around for rates myself?*

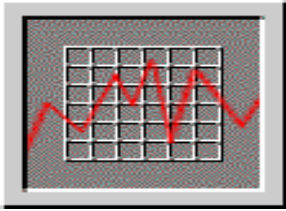
There are three major reasons to use a broker. When using a broker you only have to answer all of the application questions once instead of using your valuable time answering the same questions at multiple institutions. Secondly, brokers have access to many more institutions and products not available to the public. Thirdly, and perhaps most importantly, each lender will run a credit check on you. Multiple credit checks within a short time can lower your credit rating, actually making it more difficult to obtain the best rate. A broker runs one

credit check and provides that information to any institutions who deal with your mortgage. Letting a broker work for you saves time, money and unnecessary credit checks.

*I have done a lot of upgrading to my home and now owe some money to contractors. Can I get additional funds when I renew my mortgage?*

If you wish to do a debt consolidation, the mortgage renewal is a good time to consider such a step. The amount you can receive above and beyond the renewal amount depends on the value of your home and your credit history.





# Interest Rate Update

## What is happening?

In the last newsletter we recommended leaving your mortgages at the variable rate unless the rate went below a 5% five year rate.

Interest rates have dropped to a low near 5%, rose to about 5.6%, fell again to 5.1% and now are starting to fall again from a recent rise to 5.7%.

The U.S. Federal Reserve has held interest rates steady after suggesting that they may drop them. Canadian Gov't stats show that inflation has risen slightly; the Canadian economy is performing better than other G7 countries. If inflation continues to rise, the Bank of Canada will continue increasing our rates in an effort to control inflation. However, since Canada does 42% of its' GDP with the U.S.A. we tend to

follow the economic activity and trends south of the border.

Will interest rates continue to climb or will they fall again? If economic activity tapers off after the war is over, rates may dip one more time— the E.U is forecasting further economic drops in output. It is too early to predict a rising 'trend'. However, there is now enough certainty in what may NOT happen to encourage those in a variable rate mortgages to consider locking-in.

Do not immediately rush off and lock-in your mortgage. Foreign investors are buying Canadian bonds pushing down interest rates, this activity may last 3-4 months depending on the performance of our economy, which will give us more time to gauge any changes.



### THE LIGHTER SIDE



#### The letter to dad:

Dear Dad,  
 \$chool i\$ really great. I am making lot\$ of friend\$ and \$tudying very hard. With all my \$tuff, I \$imply can't think of anything I need, \$o if you would ike, you can ju\$t \$end me a card, a\$ I would love to hear from you.  
 Love,  
 Your \$on.

#### The Reply:

Dear Son,  
 I kNOW that astroNomy, ecoNomics, and oceaNOgraphy are eNOugh to keep even an hoNOr student busy. Do NOT forget that the pursuit of kNOWledge is a NOble task, and you can never study eNOugh.  
 Love,  
 Dad



### Credit files continued from the front page.

...a listing of your credit cards or lines of credit, along with a history of whether or not you have paid on time or declared bankruptcy, that fact will also appear. If you did not pay a bill and your account was sent to a collection agency that will show on the file.

In summary, your credit file is a report of your financial history and performance with credit grantors. It is a good idea to check with the credit bureau every few years to ensure your credit history is accurate. If your social insurance number, credit cards etc have been stolen, it is important to report this information to your credit card company, financial institution and the credit bureau. Your credit history is your life story to any company looking to lend you money, finance a purchase, lease a vehicle etc. Being aware of the information in your credit file is a prudent step to avoid any surprises in your life.

(Source: Equifax Canada—Consumer Information Centre. [Http://www.equifax.com](http://www.equifax.com))