

# It all begins with a good credit report



CHRISTINA HADDAD  
**CMHC**

**W**hen you apply for a mortgage, banks and other lenders will look at your credit report to assess how well you pay your bills and debts.

A good credit report and credit score are important factors in determining whether or not you will be approved for a mortgage.

A credit report is a detailed summary of your credit history, employment history and personal financial information on file.

Your credit score is a number — on a scale from 300 (lowest) to 900 (highest) — included in the report that illustrates your financial health at a specific point in

time. This is one of the factors mortgage professionals consider in qualifying you for a mortgage.

It's a good idea to obtain a copy of your credit report and ensure it is complete and accurate before you talk to a mortgage professional.

For a copy of your report and to find out your credit score, contact both of Canada's two credit-reporting agencies: Equifax Canada at [www.equifax.ca](http://www.equifax.ca) and TransUnion Canada at [www.transunion.ca](http://www.transunion.ca).

These agencies will provide you with an online copy of your credit report for a small fee. You can also obtain a free copy of your

credit report by mail.

If you find any errors in your report, notify the credit-reporting agency and the organization responsible for the inaccuracy immediately. You should carefully check the reports from both agencies.

There are a number of things you can do to improve your credit score, starting with always paying your bills in full and on time.

If you cannot pay the full amount, pay at least the required minimum shown on your monthly statement. Pay off your debts (such as loans, credit cards, lines of credit, etc.) as quickly as possible.

Never go over the limit on your credit cards, and try to keep your balances well below the limits. Reducing the number of credit card or loan applications you make can also improve your credit score.

Once your credit score has improved, you can work with your mortgage professional to obtain a mortgage that works

for you.

To find out more about credit scores and reports, visit the Financial Consumer Agency of Canada website and download or request a free copy of their guide, Understanding Your Credit Report and Credit Score.

This guide provides practical, straightforward information on how to obtain and understand your credit report and score, as well as how to build and maintain a good credit history.

For more information about other aspects of homebuying and planning and managing your mortgage, Canada Mortgage and Housing Corporation (CMHC) has helpful information available online at [www.cmhc.ca](http://www.cmhc.ca).

— *Christina Haddad is the Regional Vice-President, Ontario at Canada Mortgage and Housing Corporation. For inquiries call 416-218-3362 or e-mail [obc\\_communications\\_and\\_marketing@cmhc.ca](mailto:obc_communications_and_marketing@cmhc.ca).*



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# Generate extra monthly income from your home



LISA EVANS  
**EIEIHOME.COM**

**D**id you know there's an unused space in your home that may hold the key to generating monthly income and improving your equity? Turning your basement into an income suite is a great option for many homeowners, including cash-strapped first time homebuyers, as well as retired empty nesters who have more space than they need to live in.

eieihome.com spoke with Remon Hanoun, President and CEO of HomeReno Direct, a renovation company specializing in bathroom, kitchen and basement renovations, about how to turn your basement into an income generator.

**Follow the law.** Municipal bylaws state that basement suites must have a separate entrance and a second fire exit — typically a window.

Windows must occupy 10 percent of the total living space. If you have a bedroom in the unit, the bedroom must have a window that makes up five percent of the total square footage of the room. This is for safety reasons, to allow an individual to escape through the window in the event of an emergency, such as a fire. If possible, Hanoun recommends larger windows since these will help let in more natural light, creating the feeling of being on the main floor rather than down in a basement.

**Cut down on noise.** Noise transference is a primary concern for homeowners who are considering making a basement suite. To cut down on noise, Hanoun recommends insulating the basement ceiling with noise reduction insulation. "It's not a big cost to incur, and it's a big plus for the comfort of you and your tenant," he says.

**Consider your tenant's wish list.** At minimum, your rental suite will need a kitchen and a three-piece bathroom, but there are other considerations that could improve the attractiveness of your unit, such as separate laundry and backyard access. "It's great to give them access to the backyard so they can barbeque in the summer," says Hanoun, adding this might increase the amount of rent you could receive from your unit.

**Interview potential tenants.** "When renting a basement, you're living in close proximity with your tenants," says Hanoun. To ensure you get along with your tenant, Hanoun recommends



meeting prospective tenants face to face to get a feel for them. In addition to getting a credit check, asking references about the prospective tenant's personality will also help you determine if you want this person to live in

your home.

Make the most of your basement by turning it into a money-making property. Contact the basement suite experts at HomeReno Direct at [www.homerenodirect.com](http://www.homerenodirect.com), or call 1-844-819-RENO.

— *Visit [eieihome.com](http://eieihome.com) for more of Hanoun's basement renovation advice, including "Take your basement from dark and dingy to a qualified living area," read contractor reviews and find local service professionals.*

