

NEWCOMERS

to Canada

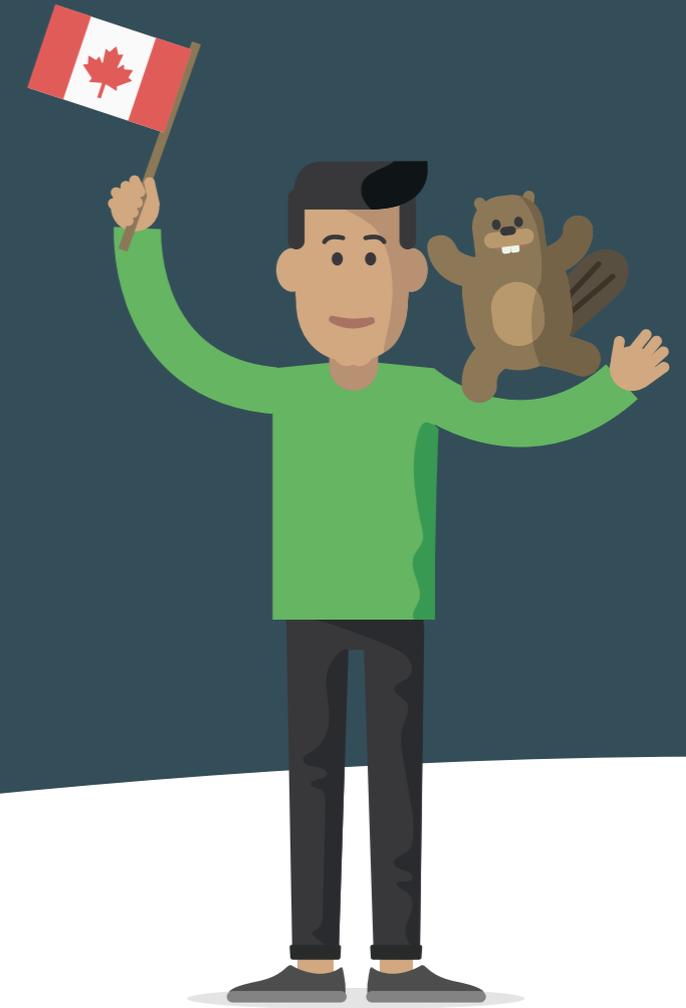
A GUIDE TO ESTABLISHING CREDIT HISTORY



If you're new to Canada, welcome!

You've chosen a beautiful country rich in diversity, culture, and community as your new home!

While living in Canada has countless benefits, it can be challenging if you are struggling with poor credit. This guide walks you through three easy steps that can help you build a positive credit score as quickly as possible.



3 INTRODUCTION

4 **STEP ONE:**
Learn about credit

10 **STEP TWO:**
Build credit responsibly

15 **STEP THREE:**
Monitor your credit score

INTRODUCTION

Moving to a new country is exciting, but can come with challenges — like navigating a new financial system. As a newcomer to Canada, you may discover differences between the Canadian financial system and the system you're used to. One such difference is the importance of establishing a credit history.

Without it, you may not qualify for a mortgage, bank, car or student loans. And even if you do qualify, you can get saddled with excessively high interest rates due to a low credit score.

FACT: The credit history you've built in another country doesn't apply toward your Canadian credit history. That's why building your credit history and credit score in Canada is so important.

Testimonial

This business truly cares about its clients. The customer service is always quick to return calls or emails. If you are looking to rebuild your credit or start from scratch, Refresh can help you get where you need to be



- Phil J



STEP ONE:

Learn about credit

As a new immigrant, building a credit history should be one of your top priorities prior to applying for credit products in Canada.

What is credit?

Simply put, credit is an agreement between a lender and a borrower where the borrower receives something of value now, and agrees to repay the lender at a later date—generally with interest.



Your credit report is a history of your payments over time.

This report reflects your historical ability to repay money that you've borrowed. It's represented by a number between 300-900, known as your credit score



If you have **“good credit”** lenders can see that you pay your debts and are likely to keep doing so. This makes you a **low risk** borrower, giving lenders the confidence that they'll be paid back, in full, including fees.



If you have no credit history, the credit bureaus cannot identify if you are a high or low risk borrower. This means they will likely turn you down when you apply for a lending product. If you do get approved, it will probably come at the cost of high interest rates (known as sub-prime) and low credit limits. A subprime interest rate can end up costing you a lot more money in interest over time.



Your credit score matters when you want to borrow money.

Lenders use your credit score to decide whether or not to lend you money. If approved, the lender gives you cash, and you agree to pay them back, plus interest, within a specific timeframe.



If you forget to make payments or just skip them altogether and you already owe lenders, you will have **“bad credit”**. This makes you a **very high risk borrower**, and lenders will likely turn you down for lending products.

What do the numbers mean?

300
559
Very Poor

You will have a very difficult time being approved for any kind of loan. Even if you do find a lender, your interest rates could be as high as 50%.

560
659
Poor

You're probably only eligible for secured products. If you do get approved, expect an interest rate as high as 30%.

660
724
Fair

You may be approved for credit, and you may be offered a decent interest rate - possibly below 20%. If you invest the time and effort into building your credit score now, you'll save a lot of money in the future.

725
759
Good

You're almost certain to be approved for credit, and you can probably expect an interest rate of around 10%. If you want to unlock an even better interest rate, you can spend a short period of time improving your credit so you can get the best terms.

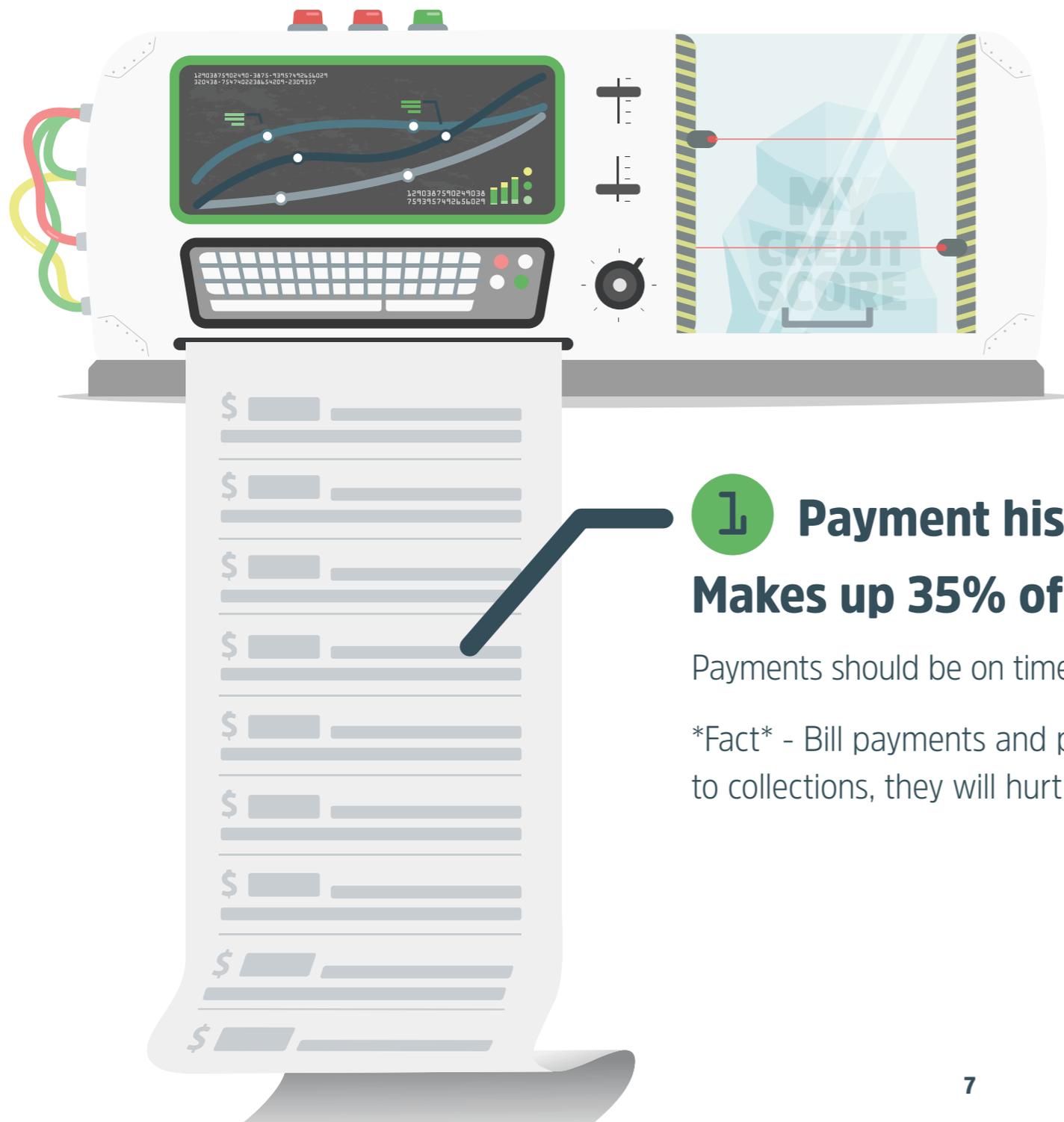
760
900
Excellent

Congratulations! You have one of the best credit scores possible. You're guaranteed the lowest rates available on any credit product, and as long as you can afford the monthly payments, you'll be approved for almost any loan you want.

What makes up a credit score?

Your credit score is a number between 300 and 900, representing your complete history of lending. Your score is generated by a computer program that reviews your credit report and converts that information into a score.

So what exactly is used to determine that score?



1 Payment history Makes up 35% of your score

Payments should be on time and in full. Anything else will negatively affect your score.

Fact - Bill payments and parking tickets don't help your credit score, but if they go to collections, they will hurt your score.

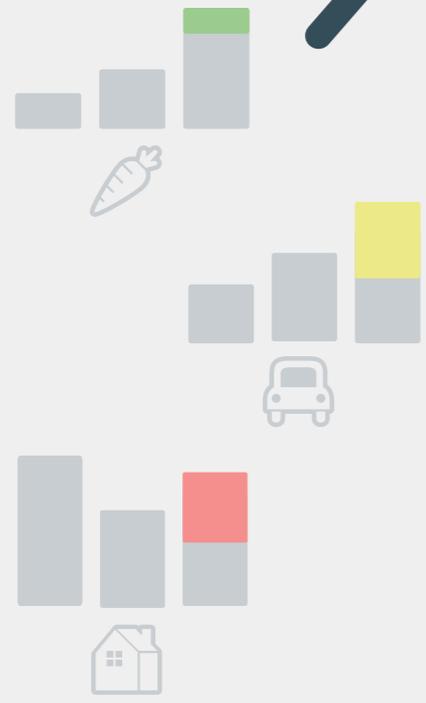
Testimonial

The financial service products are excellent for new immigrants, low-income earners and small business owners. Loans, savings and credit building all in one solution is a perfect fit to help with financial goals and stability.



- Soraya H

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2 Utilization ratio

Makes up 30% of your score

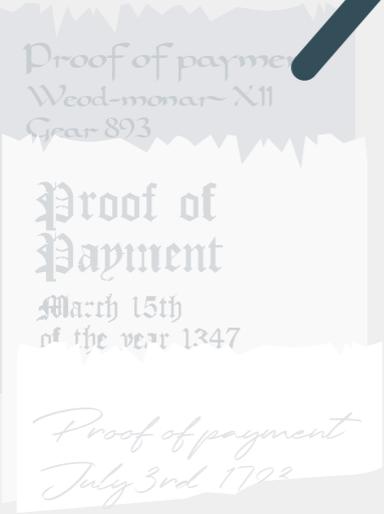
Your credit usage percentage is the total amount of credit you have to your name divided by how much of it you have used.

Tip: For the best impact on your credit score, bring your credit usage below 30-35%.

Did you know...

Closing credit accounts can increase your credit usage percentage without you spending a dime! For example, if you have 2 credit cards, each with a \$5,000 limit, and you have a balance of \$2,500 on one, your credit usage percentage is 25%. If you close the account that is not in use, your credit usage percentage instantly shoots up to 50%!

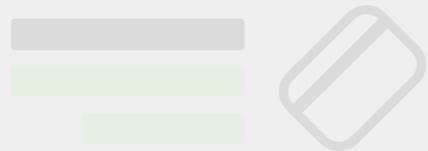
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3 Length of credit

Makes up 15% of your score

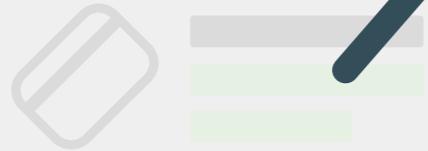
If you've been making steady payments (on-time and in-full) towards a loan for several years, it indicates that you are a responsible borrower, and your score will reflect that. It's a good idea to start building credit as soon as possible, and not wait until the moment you need to borrow.



4 Types of credit

Makes up 10% of your score

Believe it or not, having 7 credit cards is not the best way to build credit! Credit cards are revolving credit. You want a revolving trade line and an installment line, such as a loan with a fixed repayment amount each month. This combination will have the biggest impact on your score.



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5 Credit inquiries

Makes up 10% of your score

Every time someone does a 'hard check' on your credit, your score takes a hit because it "looks" like you're desperate to find a credit source. Limit hard credit inquiries, especially if you are declined after the first one. Hard credit inquiries include:

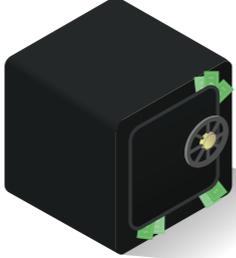
- Cash loans
- Credit cards
- Cell phones
- Electricity bills
- Car loans



Now that you know what goes into your credit score, you can focus on improvements.

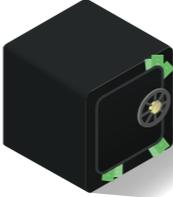
STEP TWO:
Build credit

There are a variety of credit products available to help you establish credit history in Canada. The right products used properly, can help build a solid credit history in 6-12 months (although lenders usually like to see 18-24 months of good credit history before approving a loan). **Three of the simplest ways to build credit are:**

1. 
a Credit Builder Loan

2. 
a Secured Card

3. 
both!

	 Credit Builder Loan	 Secured Card
Lowest interest rate	✓	
Helps me save money?	✓	
No cash upfront?	✓	
A 'set it and forget it' solution	✓	
Approval with no credit check?	✓	✓ *
Build credit on daily purchases?		✓
Available at 	✓	✓
Report to both credit bureaus	✓	✓



There are two major differences between a credit builder loan and a secured credit card:

- A credit builder loan is a form of **installment credit** which means you borrow a certain amount of money, and you pay the whole amount back in equal installments.
- Credit cards (AKA. **Revolving Credit**) mean you have access to a set amount of credit, but how much you use, and therefore owe each month, changes.

* No credit check applies only to Refresh Financial's secured card



The 'Do both' scenarios

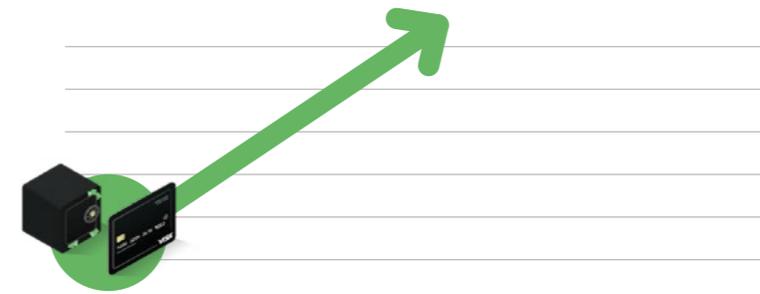
Looking to fast-track your credit building goals? By getting the credit builder loan **and** the secured card, you are giving yourself the best chance to get ahead.



Option 1

Take a credit builder loan now, and get the secured card later.

- ✓ You will eventually have two trade lines, which shows other lenders that you can manage both.
- ✓ No need to come up with a deposit! You can use the savings you build with the loan as a deposit on your card!

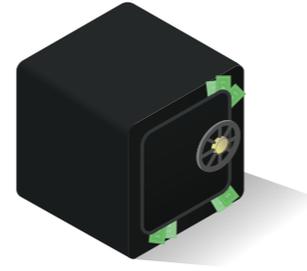


Option 2

Take both a credit builder loan, and the secured card now.

- ✓ Two trade lines right away means you're doing everything you can to build your credit.
- ✓ Combines the best of both products – you get spending flexibility while saving money.

Benefits of a Credit Builder Loan



Building your credit score is easier than you think.

A Credit Builder Loan will cost a lot less than you expect and could very well save you money in the long run. Discover the benefits, perks and outcomes you'll experience with a Refresh Financial Credit Builder Loan.



The Refresh Financial Secured Card*

The Refresh Financial Secured Card has some of the lowest fees and interest on the market and will give your credit building a boost!



Annual fee	\$12.95/year
Monthly fee	\$3/month
Interest rate	17.99%
Approval without credit check?	✓
\$100 referral program¹	✓
Report to both credit bureaus	✓

¹\$100 for every person that signs up for a Credit Builder Loan.

Testimonial

I just want to say thank you for your amazing program. After 10 months with Refresh, my credit score jumped from 414 to 715 and I got approved for a \$2,500 credit card from my bank. Refresh is amazing!



- Andrew

59% of Canadian don't know what their credit score is and 38% of Canadians don't even know how to check their credit score.



*This card is owned and issued by Digital Commerce Bank pursuant to license by Visa International. Use of the card is governed by the agreement under which it is issued. The Visa Brand is a registered trademark of Visa International. All credit and approvals are provided by Refresh Card Solutions Inc. Digital Commerce Bank provides no credit or loans. All funding and lending for this program is provided by Refresh Card Solutions Inc.

STEP THREE:

Monitor your credit score



You can quickly get your current credit score free of charge, from Refresh Financial. For a complete credit check, visit either the TransUnion or Equifax websites for one free credit check.

What should I look for in my credit report?

- You shouldn't have any negative items like missed or late payments, and it's a good idea to keep an eye out for them in case of errors.
- Look for any signs of fraudulent activity.
- Ensure all your personal information is correct.
- Look at the mix of credit you have showing on your credit report and what your credit usage percentage is. (Remember, it's best to keep your credit usage percentage below 30-35%).

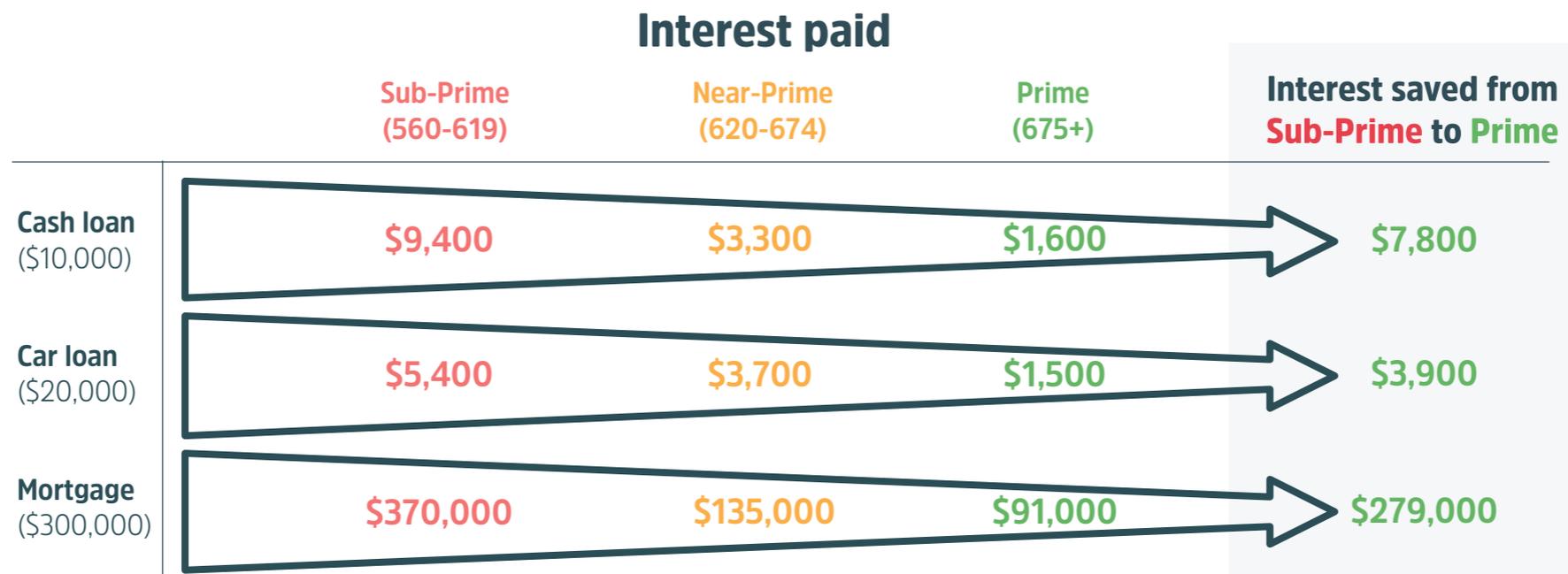
Testimonial

I was looking for a credit card and my financial adviser said I could increase my credit score a lot faster by going with Refresh. I agreed, and it has proven to be a good way to increase my credit score.



- Allan G

Check out how much you could save on interest payments with a better credit score



Start building your credit in 4 easy steps (It just takes 10 minutes)



1. APPLY ONLINE at refreshfinancial.ca or call 1 800 746 4840 to speak to a Relationship Manager today



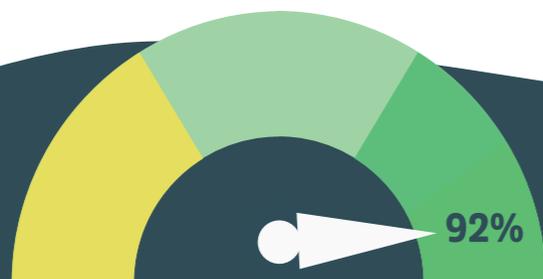
2. SIGN and submit your loan agreement, verify your ID, and confirm your banking details, all online!



3. START MAKING PAYMENTS



4. WATCH YOUR CREDIT AND YOUR SAVINGS SOAR!



92% of Refresh clients agree that the Refresh loan is a great program that has helped build their credit.

Since 2013, Refresh has helped over



Canadians build or rebuild their credit score with our suite of credit-building solutions.