

I've experienced *Debt Challenges*



What are the mortgage impacts of previously entering **Bankruptcy or Consumer Proposal?**

IMPACT ON CREDIT SCORE

In British Columbia, bankruptcies remain as a public record on a credit bureau for **6 years** after the date of completion and consumer proposals for **3 years**. Please note, this information is specific to BC and varies province to province

Public records account for 10% of a credit score, however this may not be the only factor having a negative impact. Learn more about how credit scores are calculated [HERE](#) on our website.

It is not uncommon for reporting errors to drag a score down; fixing these errors can have a significant, positive impact very quickly. Perhaps an account involved in a consumer proposal or bankruptcy is incorrectly reporting a balance owing, or has not been properly cleaned up after discharge. We can assist in fixing such issues through an Equifax Investigation.

If there are significant credit concerns following a bankruptcy or consumer proposal, or many errors requiring resolution, our trusted partners can help. Click [HERE](#) for more information.

KEY TAKEAWAYS

- Life happens, a bankruptcy or consumer proposal does not rule out ever qualifying for a mortgage again
- Know how long you've been discharged - most lenders require at least 2 years of being discharged
- Establish fresh, clean credit post discharge
- Consider obtaining a secured credit card to start rebuilding credit
- Ensure all payments are made in full and on time

IMPACT ON MORTGAGE FINANCING

A bankruptcy or consumer proposal in the past does not rule out all mortgage options; however, options may be limited. There are specific criteria most 'A' lenders require:

- ✓ **2 Re-established Tradelines** - opened **after** a bankruptcy or consumer proposal has been discharged (e.g. credit cards, lines of credit, or secured loans).
 - Ensure the credit limit is **more than \$2,500** and has a **clean re-payment history** (no late/missed payments) for **24 months after discharge**.
 - If down payment is more than 20% or there is a strong family co-signer, lenders may accept a minimum of 1 re-established account with a clean re-payment history for 12 months after discharge.
- ✓ **Bankruptcy or Consumer Proposal Documents** - that outlines and confirms what was included.
 - Some lenders require that there was no real estate involvement.
- ✓ **Reason for Bankruptcy or Consumer Proposal** (e.g. business failure, marital split, etc.).
- ✓ **Down Payment Funds** - sourced from personal resources with 90 days history (i.e. own savings, confirmed via 3 months bank statements).
 - Some lenders will allow down payment funds gifted from family.

There may also be 'B' lender or private lending options if the above criteria are not met; however, these options come at higher costs and often require higher minimum down payments.

Please reach out for more information on what options may be available to you.

*OAC, E&O



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Book an initial chat here!