Gold Lion
Mortgages Inc.

A GOLD LION GUIDE

The Credit Rebuilding Mortgage Guide

How Albertans with bruised credit get approved today — and rebuild toward the best rates tomorrow

When the bank says no, we find a way.

(587) 740-0048
goldlionmortgages.com

If your credit has taken a hit, you have probably wondered whether owning a home is even possible right now. Maybe a stretch of missed payments, a collection you did not see coming, or one hard year set you back. Here is what we tell every client who sits down with us at Gold Lion Mortgages: a bruised credit score is a chapter, not the whole story — and there is almost always a path forward.

This guide explains how lenders actually read your credit, the three ways people with damaged credit still get a mortgage, exactly what helps your score recover, and how a broker builds a plan to get you in now and move you toward better rates later. No judgment. Just the map.

1 First, how lenders actually read your credit

Your credit score is a three-digit number — in Canada, usually between 300 and 900 — that sums up how you have handled borrowing. But the number is only the headline. Lenders look deeper than that.

What they are really trying to answer is simple: how likely are you to pay this mortgage on time? To decide, they look at:

- **How recent the problems are.** A late payment from three years ago carries far less weight than one from last month. Recent history matters most.
- **The pattern, not just one event.** A single missed payment during a divorce or a job loss reads very differently from a long habit of paying late.
- **Whether there is an explanation.** A one-time event with a clear story — an illness, a separation, a business setback — can often be worked around, especially once you have recovered.
- **What is still outstanding.** Open collections, unpaid judgments, or amounts owing to the CRA are bigger red flags than an old, settled issue.

A bruised score is a moment in time, not a life sentence. Lenders care most about what your last 12 months look like — and that is something you can change.

2 The three paths to a mortgage with bruised credit

Just like every other kind of tricky file, there is no single door. There are three, and the right one depends on how deep the damage is and how fresh it is.

Path 1 — The A-lender path (banks and credit unions)

If your score is recovering and the issue was a one-time event you can explain, the prime path may still be open — with the most competitive rates and standard terms.

A-lenders have the tightest credit requirements, but they are not robots. A strong down payment, steady income, and a clear written explanation for a past hiccup can sometimes carry a file that the raw number alone would not. If you are close, it is worth a look before assuming you are shut out.

Path 2 — The B-lender path (alternative lenders)

This is the path most people with bruised credit do not know exists, and it is often the perfect fit.

B-lenders are built for exactly this situation:

- Many will **consider scores below 600**, where the banks stop.
- They look at your **whole story** — your income, your down payment, why the credit slipped, and what you have done since — not just the score.
- They can allow **more flexible debt ratios** than a bank, which gives a strong earner more room to qualify.

In exchange for that flexibility, a B-lender usually comes with a somewhat higher rate and a lender or broker fee. For most credit-challenged clients, it is the bridge that gets them into the home — typically a one- to two-year stop while your credit heals, with a plan to move to an A-lender at renewal.

Path 3 — Private lending (the bridge)

When credit is deeply damaged, collections are still open, or the timeline is too tight to wait, private lenders are the safety net.

Private lenders are **equity-focused** — the deal is driven by the property and your down payment, not your score. That means you will generally need a larger down payment (typically in the range of 20–25% or more), and the rate and fees are higher.

Private is almost never the destination. It is a short-term bridge — get the deal done now, rebuild for a year or two, then refinance into better terms.

3 What actually hurts your credit — and what doesn't

A lot of credit "common knowledge" is wrong. Here is what genuinely moves your score.

Hurts your score:

1. **Missed or late payments.** The single biggest factor. Even one 30-day-late mark stings, and recent ones sting most.
2. **High balances.** Maxing out cards — using most of your available limit — signals stress, even if you pay on time.
3. **Collections and judgments.** An account sent to collections, or an unpaid judgment, is a serious hit.
4. **Applying for too much, too fast.** Several hard checks in a short window can drop your score and look anxious to a lender.
5. **A thin file.** Little to no credit history means the lender has nothing to judge — which can be as tough as bad history.

Does not hurt your score:

- Checking your own credit report — that is a "soft" pull, so do it often.
- Carrying no balance — you do not need to carry debt to build credit; you just need to use credit and pay it off.
- Closing a brand-new card you never use — though closing an old one can hurt, which is next.

4 The credit rebuild plan

This is the part you control. Work through these and your score will climb — often faster than you would expect, because recent behaviour counts most.

- [ ] **Pay every bill on time, every time.** Set up automatic minimum payments so nothing slips. This is the single most important habit.
- [ ] **Get your balances down.** Aim to use less than 30% of each card's limit — under 10% is even better. Paying down a maxed card is the fastest score booster there is.
- [ ] **Keep your oldest cards open.** Length of history helps you — keep old accounts active with a small recurring charge instead of closing them.
- [ ] **Keep a healthy mix.** A card plus a small installment loan (even a car loan) shows you can handle different types of credit.
- [ ] **Stop applying before you apply.** In the 6–12 months before a mortgage, avoid new credit cards, car loans, and "buy now, pay later" plans.
- [ ] **Dispute errors.** Pull your report from Equifax and TransUnion and challenge anything wrong — errors are common and can quietly cost you points.
- [ ] **Rebuild a thin file.** No history? A secured credit card or a small credit-builder loan starts the clock.
- [ ] **Clear what is outstanding.** Settle open collections and any CRA amounts, and keep the proof.

Give it time, but not too much. Because lenders weigh your recent months most heavily, even six months of clean, on-time history can meaningfully change what you qualify for.

5 Your document checklist

When you are ready to talk, having these ready lets us move fast:

- Government-issued photo ID
- Last 90 days of bank statements showing your down payment and savings
- Proof of your down payment source — savings, the sale of an asset, or a gift
- Proof of income — pay stubs and a job letter, or, if self-employed, your NOAs and returns

- A short written explanation of any past credit event, plus proof that collections or arrears have been cleared
- We pull your credit with your permission — you do not need to provide it

6 How Gold Lion finds the right fit

Here is what a single bank cannot do. A bank can only offer its own product. When your score does not fit its box, the answer is no — and the conversation ends there.

We work differently. We look at your full picture — your credit, your income, your down payment, and your timeline — and we know which lenders read bruised-credit files with an open mind and which do not. Then we match you to the one most likely to approve you on the best terms your situation allows, across A-lenders, B-lenders, and private.

And we think past today. If a B-lender or private solution is the right move now, we build the plan to rebuild your credit and graduate you to better terms down the road. You are not just getting a mortgage — you are getting a comeback strategy.

Bruised credit is not the end of the road. It just needs the right hands on the file.

7 Let's find your path

If your credit has taken a hit and you are wondering what is possible, let's talk. A quick, judgment-free conversation will tell us which of the three paths fits you today — and exactly what to line up to get there.

Let's find your path.

Have a question after reading this, or just want to talk it through? A quick conversation usually clears things up fast — no pressure, no obligation.

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Surinderpal Singh · Mortgage Broker

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