



MORTGAGE PRE-APPROVAL



Getting A Pre-Approved Mortgage

If you are looking for a new home, be sure you are pre-approved. With a mortgage pre-approval, a licensed mortgage professional can do a more complete verification prior to sending you shopping for a home, and with that done, the dollar figure you are going shopping with is actually what you can spend. The mortgage professional that you work with to get pre-approved will let you know for certain what you can afford based on lender and insurer criteria, and what your payments on a specific mortgage will be.

At Royal LePage Triland Realty, our in-house mortgage professionals can lock-in an interest rate for you for anywhere from 60 - 120 days while you shop for your perfect home. By locking in an interest rate, you are guaranteed to get a mortgage for at least that rate or better. If interest rates drop, your locked-in rate will drop as well. However, if the interest rates go up, your locked-in interest rate will not, ensuring you get the best rate throughout the mortgage pre-approval process.

In order to get pre-approved for a mortgage, a mortgage professional requires a short list of information that will allow them to determine your buying power. A mortgage professional will explain to you the benefits of shorter or longer mortgage terms, the latest programs available, which mortgage products they believe will most likely meet your needs the best, plus they will review all of the other costs involved with purchasing a home.

Getting pre-approved for a mortgage is something every potential home buyer should do before going shopping for a new home. A pre-approval will give you the confidence of knowing that financing is available, and it can put you in a very positive negotiation position against other home buyers who aren't pre-approved.

Mortgage Broker vs Financial Institution

Mortgage Broker: Using a Mortgage Broker may be your best option. They can provide you with the most favourable Mortgage available in the market place today with terms, conditions and interest rates to best suit your needs. Mortgage Brokers are not limited to one Lender or Financial Institution, they have access to all of them.

Financial Institution: Your Lending Options are Limited with a Financial Institution. They can only offer you their product and interest rates based on their lending policies.

Before You Start House Hunting:

- Establish how much cash (or downpayment) is needed and how much you can afford to carry in monthly payments.
- Hidden Costs: Approximate costs are \$3000.00, an amount over and above the above noted cash down payment. These costs could include items such as the Building Inspection, Other Inspections, Appraisal Fees, Mortgage
- Insurance, CMHC Fees, Legal Fees, Transfer Tax, Title Insurance, Taxes, etc.
- There is no use looking at homes that are out of your afforded price range. It will only frustrate you and waste your time. It also confuses your knowledge building process as it may interfere with you making that right decision. You need to compare Apples with Apples, not Apples with Oranges.

Documents Needed for Mortgage Approval:

- Notice of Assessment from previous taxation year
- Letter from Employer confirming annual income and length of employ
- T4 Slips and/or Income Tax Returns
- Verification of Down Payment- copy of bonds, investment certificates, bank books.
- A copy of the real estate listing of the property with exterior photo. If the home is still to be built, the mortgage lender will need to see the architect's or builder's plans and details on lot size and location.
- A copy of the accepted offer to purchase or the building contract, if this document has been prepared.

Conventional or High Ratio

A **Conventional** mortgage requires a down payment of 20% or more. No insurance premium.

A **High Ratio** mortgage requires a down payment between 5% and 20%. Must have CMHC insurance for the Lender.

Remember to stick to your budget– you still want to be able to go out for dinner and a movie every so often!