

Mortgage Myths!

Is it Best to use the big Banks or a personal Mortgage Broker?_

*Many people who need a mortgage are unaware of what a mortgage broker is or what benefits a mortgage broker can offer his or her clients. In this article **Martinique Walker**, a highly experienced mortgage broker, dispels the most common myths about what a mortgage broker is and is not - and what a mortgage broker can do for you!*

Myth No. 1 - BANKS ARE FREE WHILE MORTGAGE BROKERS CHARGE FEES OR COMMISSION.

In most cases, the client does not have to pay the mortgage broker a commission or any fee at all. Usually, the broker is paid his or her fee directly by the lender. Only in the most difficult situations, where the complexity of obtaining a mortgage is quite substantial, will the broker charge the client a modest fee.

Myth No. 2 - YOU REALLY DON'T NEED A MORTGAGE BROKER

When you employ the services of a mortgage broker, what you get is service, service, service! The broker works on *your* behalf. You can just relax and let the broker investigate the entire mortgage market to find the best mortgage for you at the best possible rate, with the best possible terms.

The broker checks your credit, completes the complicated mortgage application forms, makes the phone calls to the lenders, and fields all follow-up inquiries and requests for additional information from the lenders. But most importantly, the broker is there to present you in the best possible light to the lenders in order to obtain the most advantageous terms for your mortgage financing.

For clients busy with home and work commitments, a mortgage broker will take on all the challenges of finding the right mortgage financing, so that you don't have to.

Myth No. 3 - MORTGAGE BROKERS CAN ONLY HELP CLIENTS WHO HAVE POOR CREDIT, ARE SELF-EMPLOYED OR WHO ARE NEW TO THE COUNTRY

Everybody, regardless of income and credit status, is entitled to the best possible mortgage at the best possible rate. It is true that mortgage brokers are best positioned by reason of their education, experience, and business contacts to find mortgage financing for the credit-challenged and for those for whom proof of income is difficult. However, mortgage brokers do much more than turn

challenges into happy endings for those on whom the banks have turned their backs.

Having gold-plated credit does not mean that the banks will offer their best rate. In fact, there is no guarantee that the banks or trust companies are even capable of offering the best available mortgage rate or terms at any particular time.

Mortgage brokers have access to *all* lenders across Canada: banks, credit unions, and all other public, institutional, and private lenders. This enables brokers to stay on top of all the mortgage products available in the marketplace and to have their finger on the pulse of what is in fact a very competitive business.

Myth No. 4 - MORTGAGE BROKERS DRIVE UP THE COST OF OBTAINING A MORTGAGE

In fact, the opposite is true. When a mortgage broker acts on your behalf, the broker obtains only *one* credit bureau report, and then shops that one report around to all the lenders that the broker feels are most likely to approve the mortgage application, and particularly to those institutions that offer the best rates.

If you were to try and obtain the best mortgage on your own, by applying at various different lending institutions, each lending institution would have to obtain its own credit bureau report. And, every time a credit bureau report is obtained by anyone, the person's credit "score" goes down. Often, multiple credit bureau reports can end up disqualifying you from consideration by many lenders due to a reduced credit "score".

Many lenders determine whether or not to offer mortgage financing solely or primarily on an applicant's credit "score". Many times during my career, I have had someone come to me in distress because the process of "mortgage shopping" had taken its toll on what had started out as a healthy credit "score". In some cases, this process had so damaged the credit "score" that we were forced to look at non-conventional mortgages at slightly higher interest rates.

Myth No. 5 – ONLY BANKS AND TRUST COMPANIES CAN OFFER THE BEST MORTGAGE PRODUCTS

The public needs to know is that there is a whole world of lenders out there that are not in the "mainstream". These lenders understand the difficulty of qualifying for mortgages through regular banking institutions. And these lenders have new policies and new "products" that enable people to get mortgages when they are,

for instance, self-employed, bankrupt, new to the country, temporarily out of work. You name it.

Mortgage Brokers have a wide variety of lenders that want to provide mortgage financing for everything from commercial projects, to 3rd mortgages, to ½ interests in a property. (A ½ interest in a property *can* be mortgaged to provide the ½ owner with cash for their equity)

Myth No. 6 –BANKS AND TRUST COMPANIES ALWAYS OFFER THEIR BEST MORTGAGE RATES TO THE PUBLIC

All lenders, including most banks and credit unions, generally only offer their “posted” rates. However, there are much better rates of financing that can be obtained. Mortgage brokers, because of the volume of work they bring to these lending institutions, are always offered the lender’s very best rate.

CONCLUSION:

Mortgage Brokers stay in constant contact with *all* lenders in the marketplace. This ensures that your broker is always up to date with all of the various lenders’ mortgage “products” and best available rates. Your broker works closely with the underwriters to find a way to get every mortgage application accepted on terms that are the best available. Over the years, the broker builds a relationship of trust and confidence with these underwriters. This relationship is used to best advantage on behalf of the mortgage broker’s clients.

Remember, even with a straight forward mortgage application, where you have great credit and good job stability, you can benefit from using a mortgage broker because: a) you will know for sure that you are being offered the very best rate and the very best terms for your mortgage; b) you will save time and hassle by not having to personally go out looking for the best mortgage; c) your credit “score” will not be affected by searching out the best mortgage; and d) all of this service and peace of mind is offered, in the vast majority of cases, at absolutely no cost to you.

When you carefully consider all the facts, there really is no downside, and plenty of up-side, to employing the services of a mortgage broker the next time you need a mortgage or re-financing.