Pre Qualify in Minutes

House hunting can be an exciting time. It helps to know what you can afford prior to stepping foot on a property. It is FREE to find out if you qualify for a mortgage and there is no obligation. Find out and hold your approved rate for up to 120 days.

Getting a mortgage Pre-Approval is an important step in getting a mortgage for 2 main reasons:

a) The pre-approval gives you a realistic estimate of what size mortgage you can afford.

b) Secondly, the pre-approval will hold a specific rate for up to 120 days. This is great because it protects you from any sudden rate increases.

Pre-Approvals are:

a) FREE and No Obligation. Also, they are guaranteed to be the lowest interest rate for 120 Days with specific lenders.

b) For your privacy, all information is kept on secure servers.

c) Quick and Simple-there is a short form that only takes approximately 9 minutes to complete.

Based on the information given and all the supported documentation you provide, your mortgage pre-approval will be set into motion. It is vital to be up front and honest when filling out the detailed paperwork. This is the only way to work with the lender and become approved at the best terms and rates. Our job is to shop the mortgage lenders on your behalf. Mortgage brokers represent the client first! This is our promise to you. We will shop around and find you the best option for your individual case.

There are 5 significant factors that come into play when lenders are deciding if you qualify for a mortgage loan:

a) Your identity

b) Your income compared to your debts

c) Your credit history

d) Your employment history

e) The value of your property

It is easier to understand your individual weaknesses and strengths as a loan applicant, once you understand how a lender will judge your loan application.

The following features will be seen on a strong loan application:

a) A debt-to-income ratio no greater that 44%, the lower the ratio, the better.

b) A housing expense ratio no greater than 32%, which is now optional. Again, the lower the ratio the better.

c) The home buyer has good credit as verified by bills being paid on time. As well, the home buyer has proof of a steady income, ideally holding the same job for 2 years or more.

d) Lastly, it is important that the house is actually worth the price the buyer is purchasing it for.

Your Income

One of the first questions a lender will take into consideration is how much of your total income you will be spending on housing. This specific information will help the lender decide whether you can afford a home comfortably, or whether you are stretching yourself beyond your means.

If for example, the house payment represents a huge portion of your income, you are more likely to have trouble making these house payments, due to your other potential monthly expenses, including furniture, car etc. However, if the house payment is only a small portion of your income, the chances are you really able to afford the home.

The lender will look at your “gross income” when you are applying for a loan. This refers to all the money you earn before taxes. The gross income includes your dividends, overtime, commissions and any other sources. You must be able to show a steady history for these particular sources. For instance, numerous lenders will count income from a seasonal or part-time job as long as you can prove that you have had the job for a minimum of 2 years.

Another important factor your lender will take into consideration is to compare your housing expense currently to what the expenses will be if you purchase a home. The smaller the increase, the stronger your application will look.

Your Debts

Along with your income, a lender will also look at your debts. Typically, your debts include: credit cards, payments on loans, child support, vehicle loans as well as your house payment. Basically, any payments you make on a monthly basis will be taken into consideration. If you have a huge debt ratio, it may be an option to take equity from your home in order to consolidate your debt. This is a cost saving, viable option.

Your Employment History

Having a history of steady employment in any occupation definitely helps the qualification process. You don’t need to be wealthy to qualify for a mortgage. Lenders are generally more likely to lend funds to people who have worked for many years at the same job, or same kind of job. If however, you have only been at your current job a short while, this will not necessarily stop you from qualifying for the loan, as long as you can prove you have had regular income over the past year.

Usually, you will need to provide the lender with a letter from your employer that is signed. This is how the lender can check that your employment is legit. The letter will also state how much money you earn and how long you have worked for the company.

If you have been at your job less than 2 years, or if you are self-employed the lender may ask for additional information, such as federal income tax statements, concerning your work history and your income.

When reviewing your loan application, these are the kinds of questions a lender considers:

a) Have you been in the same occupation for at least 2 years? Have you been at the same job for at least 2 years?

b) How long do you intend to stay at your current job? Have you had any substantial gaps in your income over the past 2 years?

c) Is there a co-borrower? If yes, are they employed? If either you or the co-borrower lost your job, how long would you be able to make your mortgage payments?

Your Credit History

Obviously, having good credit is vital in the loan qualification process. Equally important is your ability to pay, as indicated by your income in comparison to your debts. A mortgage lender will look at your willingness to pay. This factor will be judged by your credit history. How well you have paid your debts and your other loans in the past will be paramount in this decision.

The lender will order a credit report from the credit bureau for you when you apply for a loan. It is a good idea to order a copy of your credit report prior to applying. This will show your record of payments on charge cards, loans and other similar debts. If you have never had a credit card or a loan, you can provide rent and utility bills receipts to show you have a consistent payment record.

Your Property's Value

Once you have decided on a home, the lender will want to ensure that the house is worth the price you plan to pay. The actual loan amount that the lender approves you for will be based on the property value. Usually an appraisal will be required. The value of the property is the lender’s best assurance that they can recover the money they lend to you, even if for some reason you stop making mortgage payments. If you stop making the loan payments the lender has the right to begin the foreclosure process; selling the home in order to pay off the loan. The lender wants to ensure that the property could be sold at a price that is worth the loan amount.

If you choose to sell your home before you finish paying off your mortgage, you will want a price that enables you to pay back the balance on the loan and hopefully make a profit as well. This is another reason why it is important to have a professional appraiser in to appraise your home.

Your Identity

A problem that is growing in Canada for both lenders and individuals is Identity Theft. In order to ensure no one out there is falsely using your identity to borrow money for purchasing a home, we require photo identification. We may need to ask you certain questions about your credit history in order to confirm the information that is on your personal record at the credit bureaus.