GLM
MORTGAGE GROUP

"We specialize in getting you a Fast *YES*
at the Sharpest rate...GUARANTEED"

– Geoff Lee

Suite 164
1001 West Broadway
Vancouver, BC V6H 4E4

t: 604.259.1203
f: 1.866.808.5015
e: geoff@geoffleemortgage.com

Visit us at
GeoffLeeMortgage.com

Dominion Lending Centres

So you’ve decided to get a mortgage? How does it work?

Your first step is to **Get Pre-approved!**

After considering what you can afford and filling out our completely confidential online **application**, GLM Mortgage Group can put a preapproval together for you. Based on income verification (the Client providing documents such as latest paystubs, job letters, etc.), GLM Mortgage will look at your financial situation and credit history and decide the maximum mortgage that you can afford. This process locks in current rates and will reserve them for up to 120 days. If rates go up in the following 120 days you are assured the “pre-approved” rate that you locked in at. If rates go down in the following 120 days, you can still take advantage of the lower rate.

Your Mortgage Specialist will ask for income verifying documents such as:

- Notices of Assessments – from the latest 2 years. These are the notices that Canada Revenue Agency send back to you after you’ve done your taxes in the spring.
- T4s – the notices your place of employment gives you in the spring.
- Letter of Employment
- Latest paystub
- Other documents that support Self Employed, also known as Business For Self (BFS), bank statements, etc.

Your second step is get a **Purchase Agreement**. Once you’ve found a home or property that you want to purchase you will, based on your preapproval, sign a purchase agreement. This will be sent to your Mortgage Specialist who will begin to put together the best mortgage package available to you by resourcing the over 90 Lenders available.

The third step is to **Get the Mortgage**!

The following are key considerations in the mortgage process.

Marital Status
Are you married? Single? Divorced? Or even just separated? Lenders want to know what your marital status is. In the case of someone who is separated or divorced you will likely be required to show proof of the separation or divorce in the form of a legal document.

Dependents
How many dependents do you have? Do you have spousal liability or parental obligation? You will likely be required to show documentation of the legal agreement that you have with all parties involved.

Residency
Are you a Canadian citizen living in Canada? Are you a new Canadian? Are you a non-resident buying property in Canada? Are you a permanent resident, landed immigrant or perhaps a foreigner wanting to buy investment property? You will need to show legal documentation that defines what your resident status is.

Types of Property Purchases
What kind of property are you interested in? A farm? An acreage? A property that hasn't been built yet? Different Lenders view different properties differently! Every Lender has their way of viewing a property and has standards appropriate to their views. This means that not all Lenders view properties in the same way. It is very important to know what options are out there for unique property purchases.

Amount of Properties
Usually, Lenders will not like their clients to own more than 4 properties at a time, including their primary residence. This is because there is a difference between residential mortgages and commercial mortgages. However, there are Lenders out there that will allow ownership of more than 4 properties at one time. It's just a matter of finding the ones who do!

Suite 164
1001 West Broadway
Vancouver, BC V6H 4E4
t: 604.259.1203
f: 1.866.808.5015
e: geoff@geoffleemortgage.com
Visit us at
GeoffLeeMortgage.com
Dominion Lending Centres

Income

This is the most important part of the mortgage process, showing what kind of income you have. Lenders need to see that you have ongoing income available. There are 2 ways to show income; employment and other income.

1. Employment
    a. Employed by an Employer – the Lender will want to know if you are new to your current job or if you are on probation. They will want to know how long you've been working at your present job and how long you have been working in your current industry. For example, if you a nurse, the Lender will want to know how long you've been working at your present work and how long, including your present job, you've working in the Health Care Industry. The Lender will want to see documents such as Letters of Employment and your latest paystub. The Lender may ask you for even more information if they deem that necessary.
    b. Self Employed or Business for Self (BFS) – With tighter guidelines from the Lenders these days, anyone who is self-employed are perceived as higher-risk applicants. Ironically, often times these applicants have successful businesses as lawyers, doctors, investors, etc. Generally speaking, entrepreneurs hate paperwork, have more complex income and have intricate business holdings. To support someone who has Business for Self, they need someone who will ask the right questions that will map out the applicant's finances so their deal is done efficiently and correctly.
       There are 2 ways to state income for someone who has Business for Self:
        1. Stated Income
            a. The business is either a Proprietorship or a Corporation
            b. The history of your business shows that your income is reasonable to your industry, even if you state a lower personal income to Canada Revenue Agency.
        2. Income Qualify
            a. If your personal income is high enough then your income is qualified through your Notices of Assessment.

2. Other Income – This includes income that is not generated though employment or self- employment. Income such as pensions (like Canada Pension Plan, Old Age Security, etc), and rental properties are examples of income that are not generated through employment.

Assets
Assets include the money that you currently have saved. For example, RRSP, TFSA, Life Insurance, are all forms of assets. Assets also include items that you own such as vehicles, leisure vehicles, and even household items. The accumulation of the worth of all these assets are called *net worth*. Lenders prefer clients with positive net worth. It is important to know what items you own that have value.

Liabilities
Liabilities include anything that require payment from you. Credit cards, car loans, lines of credit and mortgages are just a few types of liabilities that you may have. The Lender takes the liabilities that you have and compares it to the income that you make to decide what kind of payments you can afford toward a mortgage. This is called *debt servicing*. Usually this is stated as a percentage of your income. Lenders all have different standards or amounts that they will set as acceptable debt servicing. In other words, the Liabilities you have will be looked at differently from one Lender to the next.

Types of Mortgages
There are many different types of mortgages that you can get. The challenge is to find the one that best suits your situation. For instance, if you want to move in to a house that needs a significant amount of improvements you can apply for a Purchase Plus mortgage which gives allowance for renovation. Or perhaps you have an excellent interest rate and want to move your present mortgage to the new purchase, yet you need more money. Depending on the original mortgage, you can blend your mortgage to have your excellent interest rate and with any new money you need you would have to negotiate a new interest rate with the Lender. Or perhaps you would like to consolidate all your debts. There is a viable option for that as well. There are many types of mortgages. Using an experienced Mortgage Specialist will ensure you are aware of all your options.

Mortgage Payments
Amortization is the amount of time it will take to pay off your mortgage. There are options of paying off your mortgage in several increments such as 25 years, 30 years, or, rare as it is, 35 years. The longer your amortization is, the smaller your mortgage payment will be. Longer amortizations are actually a great way of paying your mortgage down faster. For instance, if your bi-weekly mortgage payment is $400 and you decide to make $500 bi-weekly payments, the additional $200 per month goes toward the principal of your mortgage, resulting in savings of thousands of dollars in interest as well as paying your mortgage off faster.

Down Payment

This is one of the most important parts of getting a mortgage. Before a Lender will finance your home you need to supply your own money upfront before you can qualify for a mortgage. You need to have a down payment saved. Or at least have the resources to create a down payment such as Lines of Credit, a gift from relatives, borrowed money from an employer and even unconventional ways such as credit cards. This is not an exhaustive list but shows that there are several possibilities to getting a down payment from places other than savings.

Your down payment will need to be at least 5% of the purchase price. If you can make your down payment over 20% of the purchase price you will save on insurance costs that are mandatory for any purchase with a down payment of less than 20%. This mandatory insurance can be as much as 3.15% of your purchase price. It all depends on the amount of down payment that you have. Mortgage Loan insurance will assume responsibility for the loan and pay the outstanding principal and interest if, for some reason, you default on your mortgage. This is mandatory in Canada. You can either pay for this insurance upfront, but most people add it on to the monthly mortgage payments.

Closing Costs

You will need to show that you can afford to pay closing costs (usually 1.5% of your requested mortgage). This is on top of your down payment and it includes costs for lawyer, title insurance, appraisals, etc. There is no cost for using a Mortgage Broker unless, in rare occasions, there are extraordinary circumstances that warrant a significant amount of extra work from your Mortgage Specialist.

Documents

We give you a concise list of what you need to provide. You have the option of giving us permission to obtain some of the documents from you such as bank statements and letters of employment. We will work with you to obtain all the necessary documentation that you need to obtain your mortgage. Our experience gives us the patience and understanding of how to move forward in obtaining documents and knowledge of what to look for. Our relationships with Lenders and our reputation pave the way to smooth negotiations.

Credit History
Your credit history (also known as a credit bureau) is very important in obtaining a mortgage. Lenders look at your credit history to see how much debt you have and how you have managed it. Examples of places that Lenders may look are credit cards, personal loans, and even documents such as utility bills.

Penalties
As much as 75% of mortgages are ended before their term is up. This can mean stiff penalties from the Lenders who all have their own formulas for calculating penalties. Generally, there are 2 types of penalties:

1. 3 months of interest
2. IRD (Interest Rate Differential). This means that the Lender takes into account the interest rate difference between the time you started the mortgage to the end of the contracted rate and then calculates the amount of interest that you would have paid if your mortgage had reached full term. The rate that the Lenders use differs Lender by Lender.

Removal of Subjects
After you've signed the Purchase Agreement or contract to buy the house you will notice that you will often hear the term SUBJECT TO FINANCE. This simply means that you've gotten final mortgage approval as long as your documentation, down payment, and closing costs are in place. If these are not in place then you will ask for an extension so that you can get these items organized. However, a good Mortgage Specialist will rarely ask for an extension for financing because they are organized and have all their documents in place and know what all the documentation contains.

Professionals
The mortgage process not only starts with a Real Estate Agent, there are other Professionals you will need to contact as well. Lawyers, Notaries, House Inspectors are just a few of the Professionals you will want to be in touch with. We will be able to help you with that as we have a vast resource of proven Professionals that we work with and would recommend.

So what do you do now?

You start by **applying now!** Once you fill out our completely confidential online application we will get back to you within 4 business hours to start the process of getting your mortgage in place. We will take the time to listen to your story so that we can best position your file to fit your mortgage needs and wants. Visit us at www.geoffleemortgage and fill out our secured online application today! *Want to talk to an expert first? Call us now at (604) 259-1203.*

Suite 164
1001 West Broadway
Vancouver, BC V6H 4E4
t: 604.259.1203
f: 1.866.808.5015
e: geoff@geoffleemortgage.com
Visit us at
GeoffLeeMortgage.com
Dominion Lending Centres