Pre-Qualify For A Mortgage in Minutes

Hunting for a new house can be an exciting time. It sure does help to know what you can afford prior to stepping foot on a property. Finding out if you quality for a mortgage is FREE and there is no obligation. Once you find out, your approved rate is good for up to 120 days.

Prior to getting a mortgage, getting a pre-approval for your mortgage is important for two main reasons:

â€¢ The pre-approval provides you with an estimated budget, based on the size of mortgage you are able to afford.

â€¢ The pre-approved rate is locked in for up to 120 days, which helps protect you from any sudden rate increases.
Pre-Approvals:

â€¢ The Pre-Approval is FREE with NO Obligations. This interest rate is guaranteed for up to 120 days with certain lenders.

â€¢ All your information is kept private on secure servers.

â€¢ There is a quick and simple short form that can be completed in approximately 9 minutes.

Your mortgage pre-approval will be set in motion, once all the information is given and all the supported documentation is provided. It is very important to be up front and honest when filling out the detailed paperwork. This is the only way to get the best rates and terms with the lender. Our job as brokers is to shop the mortgage lenders on your behalf. Our promise to you is that we represent the client first. We will shop around for the best mortgage option for your particular case.

Five important factors that come into play for lenders when deciding if you qualify for a mortgage:

a) Your identity
b) Your income compared to debts
c) Your credit history
d) Your history of employment
e) The property value

Once you understand how a lender will judge your loan application, it will be easier to understand your individual weaknesses and strengths as a loan applicant.

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

â€¢ Low debt-to-income ratio, no greater than 44%.

â€¢ Housing expense ratio of 32% or less. This is now optional, but the lower the ratio is better.

â€¢ Home-buyer has good credit as verified by paying their bills on time. The home-buyer will also need proof of a steady income, holding the same job for more than two years
or more.

â€¢ It is also key that the home is actually worth the price that the buyer is purchasing it for.

Your Income

The lender is going to be concerned about how much of your total income will be spent on housing. Lenders will use this specific information to help decide if you are able to afford this home or whether you will be stretched beyond your means.

For example, if the monthly payments on the house represent a larger portion of your actual income, you might be more likely to have troubles making payments on the house. This could be due to other monthly expenses including car payments, furniture payments and other debts. If the house payment does in fact make up only a small portion of your income, there is a really good chance you are really able to afford the home.

When you are applying for a loan, the lender will look at your â€œgross incomeâ€•. This is the income that you earn before taxes. Income will often include wages, commissions, dividends, and capital gains to name a few. You will need to show that there is a steady history for these particular sources of income. For example, the lender is more likely to count income that comes from a part time job if you have been at that same job for two years or more.

One other important factor that a lender will be concerned about is comparing your expenses for your new home purchase compared to the expenses that you currently have. If there is only a small increase, your application may look stronger.

Debts

The lender will at your current debts in addition to your income. Typical debts might include: credit cards, vehicle loans, other loan payments, child support payments, and your house payment. All monthly payments will be taken into consideration. If your debts are high or you have huge debt ratio, you might consider taking out some equity on your home to help consolidate your debt. This may be a viable, cost saving option.

Your Employment History

The qualification process is definitely helped if you are able to provide a history of steady employment. Being wealthy is not a pre-requisite. Lenders will be quite happy to lend to people who have worked at the same job for many years. If you have only been at your current job for a short while, this may not prevent you from qualifying for a mortgage loan, as long as you can provide a steady income over the past year or so.

You will likely need to provide the lender with a letter signed by your current employer, which is a signal to your lender that your current employment is legit. This letter should state how much money you are earning and how long you have worked for the company.

If you are self-employed or you have been at your job for less than two years, the lender might inquire about additional personal information. This might include more information on your work history, your current income levels, or might involve federal income tax statements.

These are the kinds of questions your lender will consider when reviewing your loan application:

â€¢ Have you had the same job for at least 2 years? Have you been in the same occupation for at least 2 years?

â€¢ Do you plan on staying with your current employer? Have there been any substantial gaps in your income levels during the past 2 years.

â€¢ Is there going to be co-borrower? If yes, is the co-borrower employed? How long would you or the co-borrower be able to make mortgage payments if either of you lost your job?

Your History of Credit

Having a good credit rating is obviously important in the process of loan qualification. Your ability to pay and willingness to pay are equally important. Your ability to pay is indicated by your income compared to your debts. Your willingness to pay may be judged by your credit history. If you have paid your debts and other loans will be paramount in this decision.

When you apply for a loan, the lender will order a credit report from the credit bureau. It might be a good idea to order a credit report before you begin the application process. This set of records will show a history of your loans, credit cards, charge cards, and other similar debts. You can provide rent and utility bills to show that you have a consistent payment record, if you have never had a credit card or a loan.

The Value of Your Property

The lender will want to ensure that the house is worth the price you plan to play, once you have decided on a home and applied for a mortgage loan. The loan amount that the lender will actually approve will be based on the propertyâ€™s value. The value that is attributed to the property is the lenderâ€™s best assurance that they will be able to recover the money, if for some reason you do not make your mortgage payments. The lender will want to ensure that the property could be sold at a price consistent with the actual loan amount. If you do stop making the loan payments, the lender has the right to begin the process of foreclosure; which will include selling the home to pay off the balance of the loan.

Another reason to have a professional appraiser come in and appraise your home is that you may wish to sell your home prior to you paying off your mortgage. You will want a price that will enable you to pay off the balance of the loan; hopefully at a profit as well.

Your Identity

Identity theft is a growing problem for both Canadian lenders and individuals alike. Photo identification will be required to help ensure that no one is out there trying to falsely use your identity to borrow money for purchasing a home. In order to further confirm that the information is on the credit bureaus personal record, we may need to ask you certain questions pertaining to your credit history.