



Mortgage Agents Offer Solid Advice in a Complex Market

With home prices up this year in nearly all major markets in Canada, getting the most for your housing dollar is important.

While consumers are spoiled for choice, comparing different mortgage types and interest rates on your own is a time consuming and rather intimidating task. Working on your own, you could apply to perhaps two or three financial institutions and select from their in-house mortgage offerings. And if you deal with a financial institution directly and your application is declined, you must start over from scratch with another institution.

A better approach is to talk to a mortgage agent, who can “shop” your application to an extensive line-up of lenders who offer a wide range of mortgage options, including some accessible only through an agent. Mortgage agents identify the mortgage that best suits their client’s individual needs and personal goals.

For example, if you are self-employed, chances are the income shown on your tax returns has been reduced by several legitimate tax “write-offs”. Historically, this situation left self-employed individuals at a disadvantage to those on salary when it came to the mortgage amount they could get approved. A mortgage agent has access to a large arsenal of mortgage products that will recognize “undeclared income” or allow declared income to be “grossed up.” These products will allow a self-employed borrower to qualify for a larger mortgage than has traditionally been available.

Even better, if you are self-employed and have had some credit issues, a mortgage agent can still arrange a mortgage without the standard proof of income.

For individuals who have had credit problems, it used to be one of two choices: 1) no mortgage available at all or 2) a mortgage with a significant down payment and double digit interest rates and significant fees. Today, mortgage agents have access to new lenders who offer mortgages to people with credit issues at single digit interest rates and reasonable fees. Also some of these lenders will lend with low or even no down payments.

There’s no doubt that consumers are becoming more savvy when it comes to financing real estate. More and more Canadians are turning to mortgage agents: one-third of first-time buyers used a mortgage agent to secure their mortgage. In the U.S., about 70 per cent of mortgages are negotiated by mortgage brokers.

For consumers, the services of a mortgage agent are free for the vast majority of mortgage deals.

With the emergence of mortgage agents as a source of mortgage choices and mortgage advice homebuyers are no longer tied to the traditional lenders.