

# Obtaining a Mortgage

Presenter: Heidi Kinar  
Conexus Credit Union



A Mortgage Presentation

By Heidi Kinar

# What is a mortgage?

- A mortgage is a large loan for a property.

# How do I get a mortgage?

- The process of getting a mortgage can be fast or slow, depending on your current situation and how ready you are.
- I will go through the process of getting a mortgage in the next few slides.

# Step 1 - Gathering information

- You will need to gather a few things in order to get a mortgage.
- A letter from your employer that states your start date, your wage and your guaranteed number of hours per week
- 2 recent paystubs

(If you are self employed or a casual employee then this will vary)

# Step 2 - Mortgage Preapproval

- In a meeting with a mortgage specialist you will provide your ID and the information that you have gathered.
- Other information that you will be asked for your is your address, previous address, previous employer and a list of your bank accounts, vehicles and debts.

# Step 3 – Credit Check

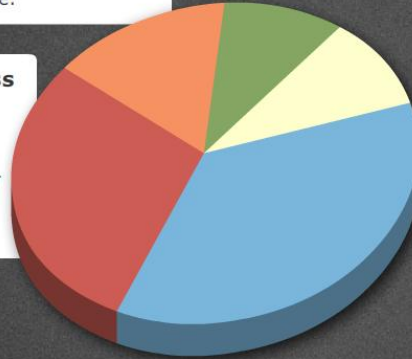
- As part of the preapproval process, your lender will do a credit check.
- In the credit check we are looking for information about how many credit accounts you hold, if your payments are made on time to those companies.
- We must also ensure that you don't have any outstanding collections.

# How is credit measured?

**35%** **Current Level of Indebtedness**  
If someone is at/near/over their limit(s), it severely drops their score. If all or one of your credit accounts is at 80% of credit limit, you will lose points. If you are at or over the limit, you will be losing approximately 20 points for each account.

**15%** **Amount of Time Credit Opened**  
The longer the credit is open the more it increases the credit score.

**10%** **Types of Credit**  
If someone has lots of revolving credit (more than 3 revolving accounts) they will lose points.



**10%** **Previous Credit Performance**  
Payments should always be made on time. One payment 30 days past the payment date could drop the score approximately 40 points.

**35%** **Pursuit of New Credit**  
Credit seekers will lose some points, but not very much. If someone has more than 6 inquiries in a year, they will lose approximately 7 points for each inquiry thereafter.  
**Note:** If someone shops for a mortgage within a 14 day time frame, the shopping around of inquiries only counts as ONE hit. This is the same if they are shopping around for the best rate on a car loan.



# Step 4 – Write a purchase agreement

- This is the sales agreement that will be signed by the seller and you, the buyer.
- Your purchase agreement will include information such as: the purchase price, the date that you take legal possession and a list of other items that will be included in the price such as kitchen appliances, blinds, etc.

# Step 5 – Approval and Signing

- Once your mortgage specialist has a copy of the purchase agreement, your application can be submitted for approval.
- After the final approval is obtained, you can meet with your mortgage specialist to decide on some of the mortgage details and sign the documents

# Step 6 – Utilities and Insurance

- Now that you have your approval and you know what day the house is legally yours, you will be required to get fire insurance for your home. Fire insurance is mandatory for all home owners with a mortgage.
- If the utilities are not already in your name then you will want to get this done also.

# Step 7 – Lawyer and Taxes

- The last thing that you get the mortgage is meet with the lawyer. The lawyer is going to ensure that the land title is transferred into your name. The fees for this service vary.
- The lawyer will require proof of fire insurance
- The lawyer will collect property taxes from you to pay back to the seller for the months that you will live there in that year.

# What if I am declined?

If you are not able to get a mortgage right now, your mortgage specialist will work with you to help you out!

Depending on the reason you were not able to the mortgage, we can give you a step by step solution to help you work towards a goal of home ownership.

# What is important on a mortgage application?

There are 4 main things that lenders are looking for on a mortgage application.

# 1 - Employment

Some of the things that we look for when we are verifying your employment are:

- How long you have been at your place of employment?
- Is it full-time, part-time, casual, contracted?
- Is your employment secure or seasonal?

## 2 - Income

When considering income, want to know:

- Are you paid hourly or salary?
- Is your income taxable or non-taxable?
- Is your position permanent or temporary?
- As well we will want to know about second sources of income, such as a part time job that you have had for 6 months or longer.



# 3 - Credit History

The credit report will include information about your previous addresses and employers, as well as show us if and of your monthly payments have been late on credit cards, loans or cell phone bills

- It is important to pay all bills on time, monthly
- It is important not to go over limits on credit cards and lines of credit

# 4 - Property Value

- In order to be successful in getting a mortgage it will be important that price you are paying for the property you are purchasing is at a fair market value or lower.
- The Canada Mortgage and Housing corporation ensures that your home is worth the price you are paying, before your mortgage is approved.

# Mortgage Terms

- Open vs. Closed
- Fixed vs. Variable
- Term
- Amortization
- Interest rates
- Payment options