Plex
Realty Corp. Brokerage

Tip Sheet – Evaluating Lenders

When you are considering lenders:

Don't focus solely on the interest rate.
A low rate is important, but too many up-front points and other fees can offset its importance. Weigh the importance of each element against each other.

Consider the length of the term of the mortgage.
If you intend to sell the property in a few years you may want to consider an adjustable-rate mortgage since you may be able to sell the house before the rate gets too high. If you plan to stay longer, a fixed-rate mortgage may be a more appropriate option, as your rate will remain fixed for the term of the loan. Or, if the interest rate is currently low but indications are that rates will be going up you may wish to lock in at the current price.

Get pre-approved for a mortgage before you start looking at properties.
This will make clear to you how much you can borrow, what price range you can afford and it will put you in a better position for negotiating a deal when the right opportunity presents itself.

To improve your chances of loan approval:

Provide all required information on the loan application.
The lender needs all this information to determine your creditworthiness. Make sure you have the documents you need ahead of time. See our Credit Checklist to find out what documents you should have ready.

Ensure the property value appraisal is done properly.
For a property purchase loan, an appraisal will be ordered by the lender to ensure the price for the home is reasonable. If the appraisal is too low, you can fight the report to prevent the transaction from falling through.

When you are ready to buy:

Review the final loan documents.
Ask questions to clarify anything you don’t understand and ensure there are no errors on the document before you sign. Once your signature is on the loan papers, you're committed to the terms of the lender for the length of the mortgage period.