

# AVOID THESE 10 COSTLY MORTGAGE MISTAKES

## 1. NOT REVIEWING YOUR CONDO DOCUMENTS

Buying a condo comes with much paperwork. Most purchasers don't understand all of the documentation, so it's important to consult your Real Estate lawyer. You have a ten-day cooling off period, so at least take the time to read through the previous year's condo association meeting minutes to be aware of any issues.

## 2. CHOOSE THE RIGHT PROFESSIONAL FOR YOU

It's essential to get proper advice from professionals about all of the products and services available to you before you commit. Your team consists of a Realtor, a mortgage professional, a lawyer and sometimes an accountant. Ask friends and family for referrals.

## 3. PAYING ATTENTION TO THE WRONG DETAILS

Borrowing a large amount, like a mortgage, is a big commitment. So, make sure you understand the documents you're signing. Take the time to go through all the details with your mortgage professional and make sure you have a thorough understanding of the commitment you're making.

## 4. IGNORING YOUR CREDIT

Having a good credit score and credit profile can get you for the best rates on everything from car loans, credit cards, and mortgages. If you've had some challenges, talk to a mortgage professional who can advise you on how to improve your credit score.

## 5. NOT GETTING PRE-APPROVED

There's nothing worse than putting in an offer on a home, then not qualifying for the financing. Avoid this by getting pre-approved.

## 6. DON'T THROW OUT YOUR IMPORTANT DOCUMENTS

If you plan on applying for financing soon, be prepared to provide documentation confirming the details you stated on your credit application – most important are income documents such as pay stubs, tax returns and Notice of Assessments. Also notable are the records showing credit clean-up.

## 7. AVOID EXCESSIVE TRANSFERRING BETWEEN BANK ACCOUNTS

Under the Canadian Anti-Money Laundering Act, you are asked to confirm that the down payment is from your own resources. To do that, you need to provide a 90-day history of the funds to show that they were not deposited all at once. Be aware if you are moving money between accounts, transaction histories from **ALL**

those accounts will be required. If you are unable to prove where large deposits came from, those funds **MAY NOT** be used towards your down payment.

## 8. OVER-ESTIMATING YOUR INCOME

Before you begin the process of applying for mortgage financing, make sure your mortgage professional knows exactly what work you do and how much you earn. This information is especially important when you are self-employed, work part-time or are paid bonuses.

## 9. LOW APPRAISAL VALUE

An appraisal may be required when purchasing a home or refinancing a mortgage. If the assessment does not support the purchase price or estimated value of the home, your mortgage approval could be reduced or withdrawn, or if you still want to proceed, a more substantial down payment may be required.

## 10. TIGHT TIME LINES

Getting a mortgage is a process that should not be rushed -- it's a big commitment. If possible, allow at least five to seven days for the financing condition to be removed from the Offer to Purchase. Since there are many parties involved in the mortgage process, make sure the closing date is at least 20 to 30 days from the date on the offer.



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