

How To Get The Lowest Rate

The game has changed, be in the know



GEMBA
Social Finance



Know How To Compare Lenders

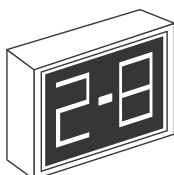


For any big financial decision, it makes sense to compare and shop. Unfortunately, most borrowers typically don't realize how easy rate shopping can be. You could call multiple lenders and do multiple credit checks on your own, but that can be expensive and your time is valuable, not to mention hurt your credit rating. Alternatively, find a trustworthy mortgage broker. In many cases borrowers have a bad habit of simply defaulting to the bank where they have an account. If you have large business/investments with the bank, they may offer you a great rate, but in many cases best rates are not offered to their existing client base. Have you ever been with a bank where they are having a promotion with giveaways of cash or TV's just for opening a bank account, but yet you have been with them for many years and have barely received a phone call? When borrowers select a mortgage without comparing multiple lenders they tend to pay higher interest rate.

Click below for an infographic that breaks down what even a difference of 0.25% can make in on term of your mortgage.

[Click Here for Infographic that Breaks Down this Savings](#)

Check Credit Score & Report details



A high credit score can contribute to helping you receive the lowest interest rate from a lender, but there are several other factors in today's difficult lending climate.

You will need a credit score of at least 650 to get an A rate, anything less than that and the lender is considered to be making an "exception" in the underwriting of your file.

It is recommended that you begin monitoring your credit score 6 months to a year before you start the shopping for a home and considering a mortgage. It is never too early to get in touch with a mortgage broker. The sooner these things are considered, the less chance for unpleasant surprises. This should help ensure that you receive the lowest interest rate possible for your situation when you apply for your mortgage.

[Click Here for a free Equifax credit report form](#)

The REAL free kind, not one that sells your information



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Consider a Shorter Mortgage Term



Often, people don't even understand why they are choosing the term that they are. Sometimes it is recommended by your banker, or is advertised as a promotion or "special offer". Most people choose 5 year terms, and most choose fixed over variable. Your mortgage term, or the length of your mortgage in years, impacts your interest rate. Most times, the shorter the mortgage term, the lower the interest rate you pay on your mortgage. Often, the lower the term, the lower the rate. Generally, you can't choose that wrong term unless you forget to consider your future plans when choosing. You likely wouldn't want a 5 year term if you are moving in 3 years.

Understand How Loan To Value Impacts rate



Loan to Value (LTV) is the amount of mortgage borrowed vs the value of the home at the time of the application. For example, if your home is worth \$100,000 and your mortgage is \$80,000, your LTV is 80%. With all the recent rule changes that have occurred within the mortgage industry, lenders now have stricter limits that they will allow than they did even a year ago. The lower the LTV, the less risk involved for the lender. Less risk impacts their ability to offer you a lower rate. Certain property types such as vacation homes or rentals generally require a higher down payment. Depending on your unique mortgage situation having a lower LTV can mean a better rate on your mortgage.

For more information on mortgages, [click here](#)



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