



# Navigating the Mortgage Maze

Buying your first home or your next?  
Stay prepared with this quick guide.

## Types of Mortgages

A mortgage is a loan that uses property as collateral to help finance homeownership.

### Conventional Loan

A loan of no more than 80% of a home's purchase price or appraised value.

### Adjustable-Rate

Typically starts at a lower rate than fixed-rate mortgages but the rate can increase over time.

### Fixed-Rate

Specific interest rate that stays the same for the duration of the loan.

### High Ratio Mortgage

The mortgage loan exceeds 80% of the property's value.

### Open Mortgage

Repay all or part of your mortgage anytime during the term without a prepayment charge.

### Closed Mortgage

You cannot prepay, renegotiate or refinance before the end of the term without paying a prepayment charge.

### The Perils of Not Preparing

- Miss out on great properties.
- Settle for less than you want.
- Scramble to get finances in order.

### Know What You Can Control

- Credit score
- Income/Debt
- Down payment/Savings
- Get professional advice

### Know What You Can't

- Monetary policies
- Inflation
- Housing market
- Overall economy



# Next Steps

1

Get your finances in shape. Review your credit, savings, and debt to understand where you stand.

2

Talk to a qualified mortgage professional about loan options and get preapproved.

3

Start looking. This is where I can help you! I'll show you homes that check off your boxes and are in your price range.

4

After you find a home and your offer is accepted, your loan application will then be reviewed by the lender's underwriter to assess your ability to repay the loan.

5

I'll work with you throughout the entire process to ensure your documentation is in order, from offer to negotiation to closing.

## Prequalified Versus Preapproved

### Prequalified

Informal step where you provide a lender with basic info about your finances. They then give you a general idea of what you can afford.

### Preapproved

Loan officer reviews your formal application, credit score, finances and other pertinent documentation before approving you for a specific loan amount. **It shows sellers you are serious about buying.**

Want to learn more? Let's chat! I'm always here to offer clear, concise information you can trust every step of the way!

SOURCES:

1. [rbcroyalbank.com/en-ca/my-money-matters/goals-aspirations/buying-a-home/buying-your-first-home/mortgage-types-understanding-your-most-common-options/?msocid=0526cedaadc06f3809b3dd3cac756e00](https://www.rbcroyalbank.com/en-ca/my-money-matters/goals-aspirations/buying-a-home/buying-your-first-home/mortgage-types-understanding-your-most-common-options/?msocid=0526cedaadc06f3809b3dd3cac756e00)

2. [loanscanada.ca/mortgage/pre-approved-vs-pre-qualified/](https://www.loanscanada.ca/mortgage/pre-approved-vs-pre-qualified/)