



AUXILIUM MORTGAGE NEWSLETTER

Kam's Mortgage Monthly



Pre-Approvals - The Good, The Bad and The Ugly!

I'm a big movie fan, and couldn't resist working an old spaghetti western into the title of this month's article. For those of you who don't know what I'm referring to, "The Good, The Bad and The Ugly" is the title of a Clint Eastwood western, which if you haven't seen, is well worth watching. Anyway, enough of that, let's take a look at pre-approvals, specifically mortgage pre-approvals. In my opinion, there are really two kinds of pre-approvals, those which actually materialize into a firm approval from a lender and those which are just rate holds. Unfortunately, the latter are far more prevalent in this day and age. Many banks, lenders and credit unions simply don't want to be bothered underwriting a file, without knowing if they are actually going to provide that mortgage in the end.

This is why most lending institutions simply just do a very informal pre-approval process. Usually, it consists of the borrowers stating certain things and quite often not providing a lot of documentation to support it, if any. The lenders don't necessarily pull a credit report at this point, but they will have a general discussion around credit and ask some general questions, such as how long have you had your existing credit cards, what the balances are and do you typically make the payments on time. Finally, at the end of this process, some numbers are calculated based on this information and a mortgage range is given. A rate hold may now be put in place for a period of time ranging from 90-120 days. Armed with this information, consumers hit the real estate market looking for a home. They encounter a realtor, find a home they fall in love with, put an offer in on it, then go to their lender for a final approval, only to be declined. This doesn't happen every time, but it is happening more and more often. This is usually the point where we come onto the scene, as either the realtor may call us or the clients will, now that they are frustrated and looking for a second opinion.

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Pearls of Wisdom...

"Success isn't permanent, and failure isn't fatal."

Mike Ditka

Apply for mortgage financing now



Pre-Approvals - The Good, The Bad and The Ugly continued...

So, what do we do differently to help avoid all of this aggravation? Well, we take the time to internally underwrite the file. For us, this is what the pre-approval process looks like. First off, prior to ever sitting down with a client, we will forward them an application to complete in advance. The reason for this is twofold. First off, it gives us a chance to review their application and credit report, prior to ever sitting down, which will ensure that when we finally do sit down face to face, the time spent will be productive for both the clients and ourselves. Secondly, it allows us the opportunity to formulate a game plan, prior to our meeting, to discuss which lender and options may work best for the client based on what we now know. For our meeting, we will usually request that they bring in the necessary supporting documentation, so we can adequately confirm the details of things, such as income, debts and anything else that may affect their application.

At our meeting, we will go over the fundamentals of mortgage lending and the application. We will explain the lending process as it pertains both to the lender and insurer, and we will discuss and go over the credit report, outlining the clients strengths and issues. With respect to any issues, we will provide advice, solutions and direction on what needs to be done to resolve these. Usually, we will also discuss any/all additional costs that are part of the process: things such as, legal fees, property transfer taxes, etc. We want you to be an informed consumer and you don't need to know the mortgage process inside out. So this should give you a pretty good idea of what we are doing, proposing and why. As you can see, we take pre-approvals quite seriously, so when you finally find that dream house, the financing isn't something you should have to worry about. One thing which I will mention here, however, is that even with all that we do with our pre-approval process, we don't get it right a 100% of the time. Sometimes, out of left field something will just mess things up, and I wouldn't be completely honest with you if I said we always get it right. In closing, you can be assured that from beginning to end, our team is with you every step of the way!

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Community Involvement Program

Are you looking for a place to hold a fundraiser like a Carwash, BBQ or a place to sort bottles for a Bottle Drive? We have the perfect, paved, outdoor space for you, complete with hose & water. Great location for advertising your fundraiser, being located at Colwood Corners. The sheer traffic volume is sure to bring in those donations. Best of all, we rent the area for free to fundraisers for their events, plus we will even write about your fundraiser in our monthly newsletter.

If you would like more information, please do not hesitate to contact Terra Thomas @ 250.590.6520 or you can email her at terra@auxiliummortgage.com

Referral Program

Your referrals are always welcome, so if you can think of someone who may benefit from our services, please contact us directly at 250.590.6520 or you may send us an e-mail, to mortgagehelp@auxiliummortgage.com. Not only will we do our very best to arrange a mortgage for them and provide them with great service, but we will **PAY YOU** for the referral! Upon successful completion of a mortgage for this referral, we will send **YOU** a cheque for **\$250.00** as our way of saying, Thank You!

A Light Moment



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