



PETER BISHOP / GETTY IMAGES
Happy client Jake thanks mortgage broker David Grossman, left, who arranged last-minute financing.

For first-time homebuyers, getting a mortgage might require going to some place other than a bank

Unconventional doesn't mean irresponsible

BY SIMONE ABRAHAMSOHN

Your new dream home has bay windows, a fantastic fireplace in the living room and a spacious backyard. You've just been pre-approved for a mortgage and are asking friends if they know any good movers.

Before popping the cork, ask yourself what pre-approved means. Will your ownership dreams now be realized?

Jake, 25, who is self-employed in Internet marketing and his fiancée, Edwina, (last names withheld upon request) spent months searching for the perfect home. Once they found it — a house with potential to be converted into a three-unit apartment, allowing a unit for them as well as two self-contained rentals — they

were assured by their bank that financing wouldn't be a problem.

"After being told we were pre-approved and signing the offer, we were shocked to learn at the last minute that the bank wouldn't finance the purchase after all," says Jake. "It was really cutting it close."

Jake and Edwina's real estate agent referred them to a mortgage broker, who was able to arrange financing for the couple in one day. They now own the home in Toronto's west end.

Jake's experience is not uncommon, says David Grossman, the broker who helped the couple obtain their mortgage. "Pre-approved basically means a conditional acceptance," says Mr. Grossman, a mortgage specialist with Community Financial Group, who is also known as "the mortgage mensch."

"Many people feel discouraged when they are turned down by a bank. It helps to seek out a second opinion, especially for young people buying their first home, self-employed people or those who don't meet the bank's criteria for whatever reason," he says.

Mr. Grossman advises first-time buyers to inform themselves and to be proactive when researching their options. "Banks tend to be very strict when it comes to determining your maximum mortgage amount," he says. "A broker knows which lenders to take your application to and finds the best available mortgage rates and terms."

For the prospective purchaser who hasn't met the bank's requirements for a mortgage (often after being told they were pre-approved), a second opinion can be the difference between success and disappointment.