

SENIOR STEP TIP
SERIES #1

CONFIRMATION OF MORTGAGE APPROVAL
...*GET EVERYTHING IN WRITING!*

Mortgage approvals come in all shapes and sizes. From verbal confirmations, to pre-approvals to written contractual obligations. All of these have different levels of commitment from the lender and only one should trigger you to take action (such as removing financing conditions).

After you apply for a new mortgage, your mortgage broker or lender often says, usually verbally, regarding your mortgage application, “Looks good”, “Shouldn’t be a problem”, or sometimes even “You are approved”. Be very clear, **NONE** of these verbal, offhand comments are to be considered approval of your mortgage and you should never make commitments based on these.

Whenever you receive verbal approval comments, you should realize that you **DON’T** really have a mortgage and at any time these verbal approvals can be changed to rejections.

What can you do to have confidence that you actually DO have an approved mortgage and the “Looks good” or “Shouldn’t be a problem” actually mean something. As an investor, you need certainty and here are some strategies that can help you get it. There are a number of techniques you can use. Some examples are as follows:

- a) Whenever you hear the above words from your mortgage broker / lender, you can say to them, “So am I unconditionally approved?” and, “There are absolutely no more conditions for me to meet?” and, “There is nothing left for me to do?” **OR**
- b) Along with a) you can wait until you sit down with your mortgage broker / lender and sign your mortgage commitment. Almost every lender has a written commitment (different than your application) as part of the mortgage approval process. As a side note, always review your mortgage commitment before you sign it to ensure that you understand all that it contains and that you are comfortable with the conditions you are being put under. After you are finished signing, you can ask the question again “So am I unconditionally approved?” **OR**
- c) If you need to quickly remove your financing condition from a real estate purchase contract and your mortgage broker / lender is giving you a positive response, but if the mortgage commitment has not yet been issued by the lender and reviewed and signed by you, then, you might try to use the attached **Confirmation of Mortgage Approval**. This simple one-page document is designed for you to fill in your name (or your company’s name) as the purchaser / mortgage applicant, the lender’s name and the relevant property details. Present it to your mortgage broker / lender when you hear those magic words like “Looks good” or “Shouldn’t be a problem”. Tell your mortgage broker / lender you need certainty before removing your conditions. Get them to sign the Confirmation of Mortgage Approval. Putting it in writing always makes anyone be more careful about what they are telling you.

Remember that the goal here is to make sure you know you have an unconditionally approved mortgage.

CONFIRMATION OF MORTGAGE APPROVAL

To: _____ (name/company name of Purchaser)

From: _____ (name of Mortgage Broker / Lender)

_____ (Branch Address)

Property Described as: _____

OR

Legally Described as: _____

You have applied for a new mortgage in the amount of \$_____ for a property purchase located at the above address. This is to advise you that the mortgage is officially approved, that there are no more conditions for you to meet, and there is nothing left for you to do. On the basis of this advice, you may now remove your "Subject To Financing" condition on the real estate purchase contract.

Yours truly,

(Mortgage Broker / Lender)

CONFIRMATION OF MORTGAGE APPROVAL

From: _____ (name/company name of Purchaser)

To: _____ (name of Mortgage Broker / Lender)

_____ (Branch Address)

Property Described as: _____

OR

Legally Described as: _____

I have applied for a new mortgage in the amount of \$ _____ for a property purchase located at the above address. I wish to confirm that my application for the mortgage is officially approved, that there are no more conditions for me to meet, and there is nothing left for me to do. On the basis of this advice, I may now remove my "Subject To Financing" condition on the real estate purchase contract. Please sign at the bottom of this confirmation.

Yours truly,

(Name of Purchaser)

I am please to advise that a new mortgage as set out above has been approved. There are no outstanding approval conditions.

(Mortgage Broker / Lender)