

Private Mortgage Lenders in Cobourg and Port Hope

Getting a mortgage from a private lender is a good option for people who have been turned away by traditional lenders. Private lenders are not regulated in the same ways that banks are and they are able to provide mortgages when banks cannot. Private lenders have more lenient criteria than banks and will usually focus on the value of the property rather than the borrower. Not all private lenders advertise their services, and it might be difficult to find a private lender that suits your needs. There are mortgage brokers that specialize in connecting people with private lenders that lend in [Cobourg](#) and [Port Hope](#). A mortgage broker can help send your information to different private lenders and streamline the mortgage application process.

How is a Private Lender Mortgage Different?

A mortgage from a [private lender](#) is registered in the same way a mortgage from a bank would be registered. Instead of being offered by a bank or large lending institution, it is offered by a private company or an individual. Private lenders are able to work much more quickly than a bank can, as they have less administrative work that must be done. Many lenders can give approval on a mortgage within 24 hours and will take around 2 weeks to finalize the mortgage. The private lender will use a real estate lawyer to register the mortgage and will need copies of the borrower's identification and tax documents. A mortgage from a private lender is more expensive than a mortgage from a bank. Private lenders take on higher risk clients and expect a higher rate of return than those of safer bank mortgages. A traditional bank mortgage will charge between 3% and 4% while a private lender can charge rates between 7% and 15%.

Getting A Mortgage With Bad Credit or Income Issues

The most common reasons why people are turned down for a bank mortgage are insufficient income and [low credit](#). Banks in Canada must comply with government regulations that state what kinds of income and credit scores are required. This is done to limit the number of high-risk mortgages in the country. Private lenders are considered to be a part of the unregulated loans market and work with minimal government involvement. Most private lenders do not focus on credit score and income when approving a mortgage. Most private lender approvals are based on the equity in the property. For real estate, equity is equal to the value of the property minus the value of all mortgages on the property. The majority of private lenders will require that the home's equity is at least 25% of the value of the property. Properties with less than 25% equity are considered too risky and there is a high chance that the mortgages cannot be paid from the sale of the property.

Ways to Use a Mortgage From a Private Lender

Typically bank mortgages are used for new home purchases while private lender mortgages are used to accomplish short-term financial goals. One exception to this is short-term house flippers who will take a mortgage to purchase and renovate a property in order to sell it shortly after. Most people use private mortgages as a general-purpose source of money similar to a credit card. In some ways, private mortgages are superior to credit cards since they charge lower rates of interest and allow greater sums of money to be borrowed. Some common uses of the mortgage money include paying tuition, funding living expenses, home renovations, and debt consolidation.

The Role of a Mortgage Broker in Getting a Private Lender Mortgage

Some people can feel overwhelmed by the number of private lenders in Ontario and find it difficult to understand each lender's unique value. A [mortgage broker](#) that specializes in private mortgages can help identify which lenders are the best for your situation and can help determine what terms should be on the mortgage documents. The broker can help break down the complicated terms of the mortgage agreement and will negotiate favorable terms on your behalf. A mortgage broker will submit your information to several private lenders at once and make them compete against each other in order to provide the best deal. Most mortgage brokers that deal with private mortgages will charge a fee to the borrower for their services once the deal is completed. This fee is usually based on the mortgage amount and can be included as part of the mortgage amount.