

Is Shopping For The Best Rate In Your Best Interest?

I will say to you 100% no!

This is, in most cases, very damaging to an individual's credit. MORE damaging than one might imagine! I have seen many personal profiles and credit bureau reports and I have seen credit scores drop 10-20 points from just inquiries (that is per inquiry). If you go to 3 brokers and 3 banks you could potentially see your score drop from 750 to 630. This could undermine your effort of getting a mortgage from a type "A" lender, as the typical minimum score is in the range of 650-680. It also looks very suspicious to a lender when they see multiple banks, lenders & brokers names listed on your credit report. When a lender or a broker pulls a credit bureau report, the company name is listed under Inquiries on your credit report. Banks have to question if there is a potential issue as so many different institutions are pulling your credit. Are you seeking a lot of credit at once? Are these other institutions declining you? Is there a potential risk or concern? This situation, more often than not, leads to the word DECLINE!

Credit scores for real estate investors are really critical for a successful venture. Whether you are pursuing residential or commercial real estate, this is one factor that must be in line when pursuing credit (there are other options when one has a lower score, however, rates will be affected and therefore your cash-flow as well).

For the real estate investor or anyone looking for the best rate on a mortgage, is it really that important to save 0.15% or less on your rate? For example, based on a \$100,000 mortgage and a 25 year amortization, on one hand a Broker or Bank A is advertising 2.99% for a 5 year term and on the other hand Broker or Bank B is offering 3.14%. Although this appears significantly different, the actual monthly difference is only \$7.72 and over a 5 year term it is only \$463.20. Is it worth the time of shopping several Banks or Brokers, running around and having your credit report being pulled again and again for the small difference in the grand scheme of things? The industry can offer different rates from Broker to Institution, however, it is all within a very minor difference. You will not find any mortgage professional that will offer more than a half a percent difference in the business. If you do, then something is not right and perhaps you should read the fine print.

Building a relationship with your Broker will certainly be worth more than \$7.72 a month for 5 years. A good real estate investment mortgage broker is really another key aspect in your business. It is your buying power! If you are purchasing multiple properties and seeking constant credit, having one broker work for you and know your business is critical and beneficial. They Know where deals have been sent and what information has been sent. You also have the comfort of knowing that they will only be pulling one credit report periodically. This report can go to several lenders without the concern of tarnishing your credit. Find a broker you are happy with, one that understands your business, has access to all types of funds, (residential, commercial, private) and truly understands real estate investment financing. Having a Broker that can assist and facilitate all investment properties (not just residential) would be a big asset. Don't shop for the sake of shopping. You will be saving thousands in fees, appraisals costs, gaining from their knowledge and keeping your credit score intact.

Pro Funds has been servicing real estate investors for over 15 years in residential, commercial and private lending. Contact Pro Funds Mortgages at **1-888-330-3866** or **info@profunds.ca**

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