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## FINANCIAL POST

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# Yes, you can negotiate your mortgage - with so many options, here's where to start

By Danielle Kubes, Special to Financial Post

*Negotiating a mortgage is a bit different than haggling in a souk, but just barely. Danielle Kubes outlines what you need to know*

You've spent the last few years trying to avoid unnecessary purchases, slowly filling up your piggy bank and perhaps even held your hat out to mom and dad. Well, the day has finally come - you've saved up enough for a down payment! Congratulations, you're ready to buy a house.

Almost.

You just have to borrow the other 80 per cent (or so). For this, you need a mortgage.

But how to ensure you get the best deal? With so many options these days - traditional big banks, online lenders, private lenders and credit unions, just to name a few - it's hard to know where each can be flexible and what demands you can make.

Negotiating a mortgage is a bit different than haggling in a souk, but just barely.

Danielle Kubes outlines what you need to know.

### **The rate is always negotiable**

Rob McLister, founder of mortgage rate comparison website RateSpy, says posted rates aren't the final word. "There's only a minority of cases

you have lenders that have strict every-day low prices all season that are inflexible, " he says. "But even then the lenders can make exceptions for strong clients."

### **But the rate is NOT king**

Yes, a low interest rate will save you a ton of money over your mortgage term, but these low rates often come with caveats hidden in the small print. Since all lenders currently post their rates online, and they know borrowers are most likely to click on an advertised low rate, the rates are already competitively low. To make up for this, McLister says, they've tightened the reins on the contract. They'll add clauses, like your mortgage has to close in 30 year or less, or raise penalty fees. "You have to be aware it's not always apples to apples," he says of comparing rates between institutions.

### **So, negotiate on things other than the rate**

There are a ton of extra fees you have to pay when dealing with a mortgage. Appraisal fees, legal fees, deed fees, discharge fees, transfer fees - it's basically a fee party. These are items that you can save on, especially if you want to go with a traditional bank, which offers more services but higher rates.

### **Negotiate by using leverage**

Lenders are more likely to negotiate the bigger your mortgage is. "If you have a \$500,000 mortgage," McLister says, "You're going to get stuff paid for because there is more absolute profit in the deal." Similarly, if you're using a mortgage broker, you can ask them to take less commission when dealing with a large mortgage. They will still be making a good-enough commission and they want your business.

### **Base your negotiation in research**

Before you make your case you need to know what the going rates are and how each lender operates. But you also can't expect a big bank to match the rates of an online-only lender because the services are different. "Never try to use an online rate that doesn't apply to you to negotiate with a lender, because they will see right through that," McLister says.

### **Some things are non-negotiable**

If you want to break your mortgage with a lender because, let's say, you want to sell your house and rent, or refinance with a different lender, you may be on the hook for a penalty fee. Once you want to break your mortgage with a particular institution, that lender has "zero incentive" to negotiate, McLister says.

### **Bottom line**

Negotiating your mortgage isn't hard, it's just knowing what you're willing to compromise on - rate, service or fees. The more money you're borrowing and the more you know about the different rates and lenders (and their small print) available to you, the more power you'll have. Happy mortgage hunting!

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