

# Mortgages and Co-Buying



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## How Co-buying Mortgages Differ

- Co-buying mortgages do not require any extra documentation
- The mortgage process will take longer as the lender has more documents to review and more circumstances to consider
- Most lenders allow for up to 4 people on the mortgage. Only a few allow for more.
- More than 4 participants will mean fewer mortgage options

## Advantages of Co-buying

- You can combine funds to increase the percentage of the downpayment.
- You can leverage multiple incomes to increase the property value you qualify for.
- You can split monthly payments such as mortgage payments, property taxes, utilities etc. to make home ownership more affordable.

## Disadvantages

- Lenders do not recognize the division of ownership.
- All parties are liable for the full mortgage payment.
- If one owner does not pay their portion of the mortgage payment it needs to be paid by the other owners so as not to default on the payment.
- You may have fewer mortgage options due to the increased number of participants and circumstances.
- Although you are you utilizing every ones incomes to qualify you are also including their debts.

## Bank Vs. Mortgage Specialist

- Banks work for themselves.
- Banks have a limited number of mortgage products to offer.
- Banks need to squeeze your needs and financial goals into one of their few products.
- Mortgage agents only have their clients needs and goals in mind.
- Mortgage agents have access to hundreds of mortgage products allowing them to find the product that fits your needs and goals best.
- With more people involved in a co-buying arrangement there are more variables to consider. Having access to as many mortgage products as possible very important.
- A Mortgage Agent is the best choice for the financing for this type of arrangement.

## Before Embarking

- Each participant needs to do an individual budget.
- The participants need to prepare a group budget together.
- Have a candid and transparent discussion about finances, employment, debt and credit histories.
- GET A PRE APPROVAL.

## Tips

- Open a joint account for mortgage payments.
- Have a slush fund for emergencies such as an unexpected house repair or a missed mortgage payment by one participant.
- Provide all of your documents to the lender in a speedy fashion to keep the mortgage process moving as fast as possible.
- As your mortgage specialist about products that allow for multiple different mortgage components in one mortgage
- Ensure that your mortgage specialist, realtor and lawyers all have experience in co-buying so they can assist in providing the smoothest possible co-buying experience.

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