



## **Who Pays your Mortgage Provider? DLC**

Have you ever wondered how your mortgage provider gets paid for the services which they provide for you? Do they make more money for getting you into one mortgage over another? You need to know the answer to these two simple questions. You need to know the answers so that you can understand if your mortgage provider has your best interests at heart – or their own financial gain!

As you might expect, most mortgage providers do have a financial stake in which mortgage you choose to go with. And, as you might also expect, the best paying mortgage for your provider may or may not be the best financial option for you as the consumer!

By understanding the position of the provider you are working with, and who is paying them, you can better choose a mortgage option which works for you, rather than the one which simply makes your mortgage provider the most money. Let's look at the three most common mortgage providers you may choose to work with:

### **The Bank Branch Manager**

Your local bank branch manager has likely been a lot of help to you over the years with your personal and business banking needs. They are generally friendly folks and always available to help you with any questions or requests you might have. However, on the flip-side of this equation is the fact that they ultimately are charged with making your local bank money. Their promotions, salary, and bonus pay are each determined by the sales they make month after month. And, make no mistake; your mortgage is simply a sale to them!

Canadian banks are very profitable businesses. Your local branch manager has a sales quota to make each month, just as a sales person in any other business, to help keep the bank as profitable as possible. Generally, there are particular mortgage and loan products which make the bank the most money. These are the loans which the bank manager is most likely to recommend to you as a first choice.

Please understand, I am not trying to steer you away from doing business with your local bank. However, you should always know that your branch manager is paid ultimately by the bank. They will try to push their products which make them personally, and the bank, the most money possible. Look at all of your borrowing options and compare those of

your local bank with other lenders. Go with the option which is best for you – not for your local bank’s bottom line!

### **The Bank Mortgage Representative**

Unlike your local bank’s branch manager, a bank mortgage representative is generally a contracted employee who works solely on commission from loan sales. Some bank mortgage representatives sell only one bank’s loan products, while others work for multiple banks at one time. The bank mortgage representative is paid based on your loan size, the loan term, and the discount they choose to give to you. While it is to your advantage to get the best rate, lowest mortgage amount and shortest term, it is in the representative’s best interest to get you the highest rate, largest mortgage and longest term possible. Again, for the best option for yourself, shop around and compare options.

### **The Mortgage Broker**

A mortgage broker is someone who works for you, the consumer, rather than for any particular bank. A mortgage broker is paid a commission or “finders fee” by the lender who they connect you with. A mortgage broker’s fee is generally determined by the size and term of your loan. However, not all lenders pay the mortgage broker the same fee, so they also have a stake at which lender they choose to suggest for you to work with. A mortgage broker also generally has the largest selection of loan products for you to look at and compare. This makes them a good option when you are looking to get the best deal possible on your mortgage.

So, if you are in the market for a mortgage and you don’t know who to go to for the best deal, what should you do? The trick is to keep in mind who is paying your mortgage provider and what they personally have to gain from the transaction. Then take the time to look at various offers, from various lenders, and then decide who has the best loan option for you. Go with the best mortgage for your financial situation and let the provider worry about their own compensation independent of your choice. Their income simply isn’t your issue; your issue is to get the best deal possible.