YOUR MORTGAGE PLANNING GUIDE

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This mortgage planning guide will take you through 4 easy steps to obtain a mortgage.

4 STEPS TO GETTING A MORTGAGE

STEP 1 CONNECT WITH A MORTGAGE BROKER

- Access to over 50 banks and lending institutions
- Saves you time by shopping around to get you the best products
- Provides youwith a mortgage solution that meets your needs

STEP 2 SELECT A MORTGAGE

- Fixed vs. Variable Interest Rate
- Special Mortgage Programs
- Long Amortization

STEP 3 CALCULATE YOUR MORTGAGE

- Qualifying TDS and GDS ratios
- Insurance Fees andTaxes
- SavingTips

STEP 4 PURCHASE & APPROVAL

- Downpay ment Options
- Closing Costs
- Submit all relevant documentation for approval

STEP 1: CONNECT
ABOUT OUR SERVICES

WE VALUE ACCOUNTABILITY

Mortgage shoppers are too often made to choose between great rates and objective advice. We strongly feel that our clients should have access to the best rates, terms and solutions with the least runaround and haggling. We also believe that borrowers value accountability during (and between) every mortgage transaction they make - that's why we strive to be the only number to call when a mortgage need or question arises.

"AARON, YOU SHOULD CALL JAKE"...

This introduction was the seed, planted in the spring of 2014 by mortgage industry legend Meini Ickert, that became our team. Meini saw that we both shared extensive experience in real estate lending (now at 15 and 13 year respectively) that had given us respect for how unique each client's needs can be. We spent the early part of our careers at various positions within traditional banks, but grew frustrated with the limited solutions presented by only having access to one lender. After going at brokering alone for several years, we joined forces in the summer of 2014 and haven't looked back since.

WHEN "MORTGAGE" COMES UP AT THANKSGIVING DINNER, WE WANT YOU TO SAY "I'VE GOT A GUY"...

We are committed to developing long-term relationships with our clients and referral partners. While decisions will often be obvious and the approval process will normally be straightforward, sometimes good advice will mean saying "don't" or discouraging a transaction that would otherwise be in our best interest to complete. The realty is that real estate financing is not a one-and-done business; mortgages are renewed, ported and refinanced as sure as time marches on. We believe our business will only grow if our clients are comfortable that we're providing solid and reliable advice.

STEP 2: SELECT FIXED VS VARIABLE

Which is right for you?

FIXED RATE MORTGAGES

A fixed rate mortgage gives you 100% confidence that your payments will not change for the entire length of your mortgage term

Your mortgage payments are an equal amount every month

Fluctuations in prime will not affect you. You do not have to worry about increasing mortgage payments to account for how the changing rates affect your payment to interest and principal. However, if interests rates drop, you will be paying more interest than those on a variable rate.

Fixed rates offer you stability and consistency in payment amount

VARIABLE RATE MORTGAGES

A variable mortgage typically has a lower interest rate than a fixed rate mortgage.

When the prime rate goes down, more of your mortgage payment will go to pay down principal. Conversely, when the prime rate goes up, more of your mortgage payment will go to pay down interest

If variable interest rates rise higher than what your mortgage payment will cover in interest alone only payments, your bank may increase your mortgage payment or you could extend your amortization

Historically, variable rates are less expensive

STEP 2

SPECIAL MORTGAGE PROGRAMS

Mortgage options available to suit your needs

MORTGAGE TYPE	DESCRIPTION
ENTREPRENEURS / BUSINESS OWNERS	• For self-employed clients who may find it difficult to prove their exact income amount • With good credit, entrepreneurs can qualify based on the income they say they earn, without full documentation
LONG AMORTIZATION MORTGAGES	• For those who want to lower their payments by amortizing their mortgage for 30 years • 30-year amortizations are not available for high-ratio mortgages i.e., downpayment or loan to value is less than 20%
POOR OR DAMAGED CREDIT	• For clients with past credit issues, including bankruptcies • A new mortgage can help improve your credit
VACA TION PROPERTY / SECOND HOME	• For recreational properties or secondary homes Poor or damaged credit Vacation property/second home
INVESTMENT PROPERTY	• For rental properties, not owner-occupied
HOME EQUITY LINE OF CREDIT	• Open line of credit secured against property
PRIVATE MORTGAGES	• An alternative source of financing to borrowers who may not meet the criteria of institutional lenders. • Typically pay a higher interest rate and additional fees
CREDITOR LIFE INSURANCE	• Pays the balance owing on the mortgage in the event of your death.
PURCHASE PLUS IMPROVEMENTS	• For a home that requires immediate upgrades, you may qualify for 95% of the costs, which would be added to your mortgage amount • Usually used when extra cash is low, and home value increase is desired
DISABILITY INSURANCE	• Covers monthly mortgage payments up to a set amount, when you are unableto work due to medical reasons.

STEP 3: CALCULATE
DEFINE AFFORDABILITY

Lenders are looking for a few key indicators of a worthy borrower. The two most important are your GDS & TDS ratios.

1 DETERMINING AN AFFORDABLE GDS RATIO OF APX 35% OR LESS

A GDS (Gross Debt Service Ratio) considers the affordability of payments associated with your household. A percentage of approximately 35% (or less) is typically what lenders will look for to ensure you are able to carry your mortgage.

GDS = Monthly Mortgage Payment
+ Monthly Property Taxes
+ Monthly Heating Costs x 100

Your Monthly Grossly Income

$1500 + 250 + 85 x 100

6000

GDS = 30.6%

AN ACCEPTABLE GDS RATIO BELOW 35%!

2 DETERMINING AN AFFORDABLE TDS RATIO OF APX 42% OR LESS

A TDS (Total Debt Service Ratio) is used to estimate how much you can afford to put toward your mortgage while considering other debts. A percentage of approximately 42% (or less) is typically what lenders look for to ensure you are able to carry your mortgage.

TDS = Monthly Mortgage Payment
+ Monthly Property Taxes
+ Monthly Heating Costs
+ Other Debt x 100

Your Monthly Grossly Income

$1500 + 250 + 85 + 450 x 100

6000

TDS = 38.1%

AN ACCEPTABLE TDS RATIO BELOW 42%!

Acceptable GDS and TDS ratios give lenders the confidence that you are qualified to pay your mortgage loan

STEP 3

YOUR MORTGAGE PAYMENTS

Learn about interest, insurance, fees & taxes

A mortgage pay ment includes Principal and Interest. In addition, Mortgage Loan Insurance or a Lender Fee can be added to the principal amount borrowed. In some cases, it is possible to have Property Tax Payments and Creditor Life And Disability Insurance bundled in with regular mortgage payments.

PRINCIPAL	A payment on the principal or the amount borrowed.
INTEREST	A payment on the interest amount being charged.
MORTGAGE LOAN INSURANCE (HIGH RATIO)	Mortgage insurance provides default or high ratio insurance that protects the lender against the risk of lending to homebuyers who have less than a 20% down payment. You, the borrower, pay this premium, which is added to your mortgage
LENDER FEE	principal and protects the lender in the event the mortgage is not paid. This is not the same as creditor insurance. Some lenders self-insure their high-ratio mortgages by adding a fee to your principal amount.
TAXES	Your property taxes are collected with your mortgage payment and placed into a special account that your lender maintains in order to remit your property taxes and keep them current. In some cases this is optional. If you have this in place, you'll have one less payment to worry about. It's a great budgeting strategy.
CREDITOR INSURANCE	Some people prefer to take creditor life and disability insurance if it's available from their lender to ensure their family is protected financially should something happen to them. Others feel they have enough life insurance already to cover the cost of their mortgage in the event of their death, or they prefer to obtain this insurance through another source.

STEP 3

SAVING TIPS TO PAY FOR YOUR PAYMENTS

Reach your goal sooner

Owning your home outright is a goal that can be ach ieved sooner than originally planned if you put into practice some of the money-saving mortgage strategies below.

1

INCREASE MORTGAGE PAY MENT & FREQUENCY

Switch from monthly payments to accelerated weekly or bi-weekly payments. Accelerated payments cost slightly more because you are paying an equivalent to almost one extra monthly payment a year. This significantly contributes to your home equity and will get you mortgage-free faster.

2

SHORTEN MORTGAGE AMORTIZATION

Switching your mortgage from a 25 year amortization to 20 year amortization will not only pay off your mortgage 5 years sooner, it will also save substantial interest costs as well.

3

UP TO 15% PRE-PAYMENT PRIVILEGES

Take advantage of pre-payment privileges available in your mortgage. Some mortgages offer prepayments of up to 15% each calendar year, through lump sum or topping up payments.

4

TOP UP PAYMENTS

Some mortgages allow you to top up or increase your monthly payments to help decrease your interest payments over the mortgage term.

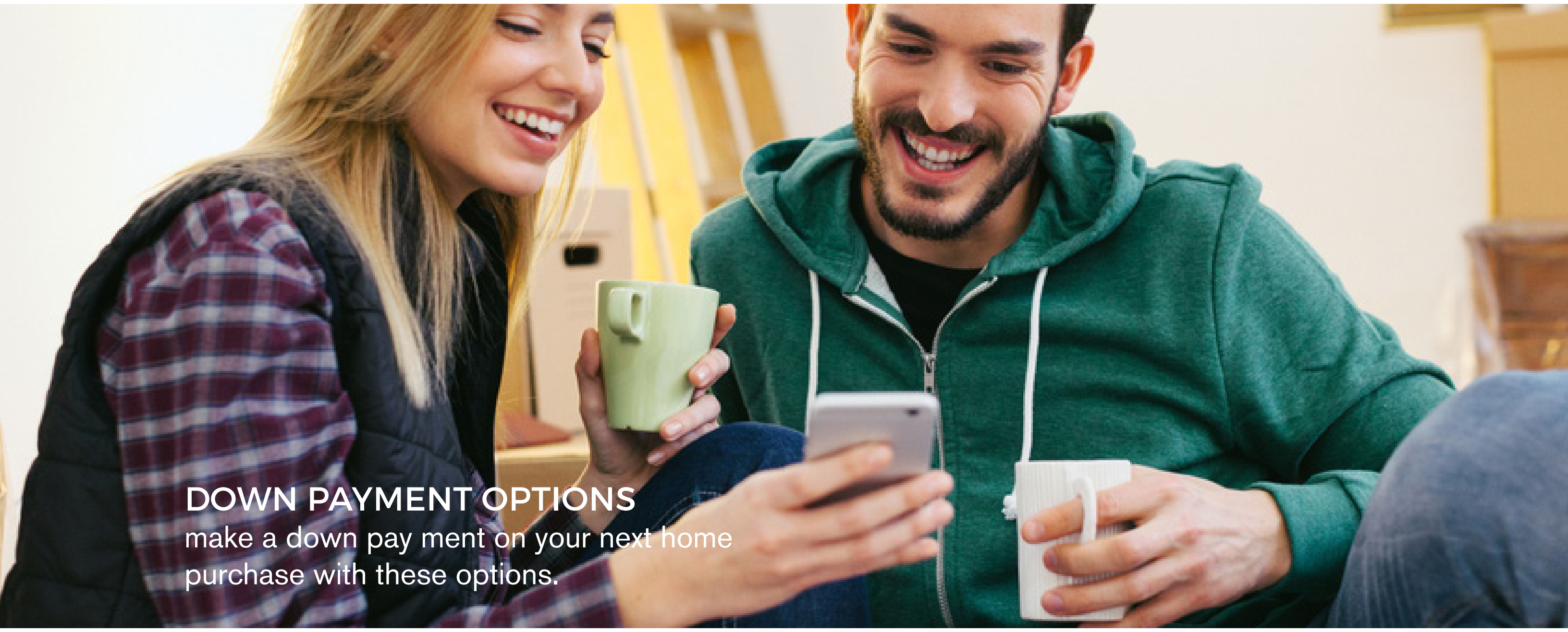
5

TAKE ADVANTAGE OF MORTGAGE PORTABILITY

Mortgage portability will allow you to take your mortgage with you when you move, maintaining the payments, interest rate and term - saving you any payout penalties. In some cases portability will allow the purchasers to assume your mortgage.

STEP 4 PURCHASE

Purchase & approval



SAVINGS OR SHORT-TERM INVESTMENTS

If you've saved for your down payment, you may need to show three or more months of banking history, and explain any large deposits during this time period. Copies of statements for other investments and savings accounts may also be required.

MONETARY GIFT LETTER

If you have been gifted your down payment, you may have to provide a letter stating that the gift given is from an immediate relative (parent or sibling) and that the gift is not repayable.

You also need to confirm that the funds are in your possession at least 15 days prior to closing. See our sample "Gift Letter" in the Appendix.

PROPERTY SALE

When your down payment comes from a property sale, you must provide a firm offer to purchase, along with a mortgage statement showing the balance owing.

RRSP HOME BUYERS' PLAN

You can use your RRSP savings as a down payment. The Home Buyers' Plan (HBP) is a government program that allows first-time homebuyers to borrow up to $25,000 from their registered retirement savings plans (RRSPs) to buy or build a principal home. The money you withdraw is not subject to tax but must be paid back to the RRSP account over a 15-year period.

* Minimum annual repayments are required. Visit the Canada Revenue Agency's website for more detailed information, including a detailed guide and the required forms:

http://www.cra-arc.gc.ca/tx/ndvdls/tpcs/rrsp-reer/hbp-rap/menu-eng.html

BORROWING

You can borrow your down payment (e.g., personal loans, lines of credit, lender cash-back incentives), although there are typically increased insurance premiums or fees and higher credit criteria.

STEP 4

CLOSING COSTS

Types of closing costs

CLOSING COSTS **ARE** EXPENSES YOU INCUR, ON TOP OF YOUR MORTGAGE, TYPICALLY DUE UPON **YOUR** CLOSING **DATE**. MAKE SURE TO PUT ASIDE FUNDS TO COVER THESE COSTS THAT TYPICALLY RUN BETWEEN 1.5% - 4% OFTHE PURCHASE PRICE OFYOUR HOME.

HOME LOAN INSURANCE

To purchase a home you must have a minimum 5% down payment. If your down payment is under 20% it is considered a high ratio mortgage and you must account for home loan insurance, provided by the Canadian Mortgage and Housing Company (CMHC) or Genworth Financial.

Insurance fees typically range from 1–3.25% of the mortgage principal and depend on the borrowing amount and percentage of down payment. Insurance fees can be added to the principal of your mortgage and paid monthly or paid upon closing.

LAND TRANSFER TAX

All provinces in Canada levy a one-time property tax when you purchase a home. Tax levies vary by Province and municipality but all are based on the purchase price of the property.

LEGAL FEES

Closing on your property will require the use of a solicitor. Generally closing costs can be approximately $1500 plus disbursements and adjustments, but may vary depending on your situation. In addition to closing costs, you should also prepare for extra monthly costs of homeownership.

ONGOING COSTS

When estimating your monthly housing costs, consider more than just your mortgage payment. Home ownership involves added costs such as:

- PropertyTax
- Condo Maintenance Fees
- Utility Fees
(Hydro, Gas & Electricity)
- Home Insurance

APPENDIX

Mortgage Qualifying Documentation Check list

Your mortgage planner can check off which of the following information may be necessary foryour particular situation. In some cases, further documentation not listed here may be required.

	ARE YOU: SALARIED?		ARE YOU: SELF-EMPLOYED?	
	PURCHASE	REFINANCE	PURCHASE	REFINANCE
OFFER TO PURCHASE (INCLUDE WAIVERS IF APPLICABLE)				
FIRM SALE ON CURRENT HOME				
MLS (MULTIPLE LISTING)				
GIFT LETTER				
LOAN BALANCES				
MORTGAGE STATEMENT				
CREDIT CARD STATEMENTS				
LETTER OF EMPLOYMENT				
PAY STUB				
NOTICE OF ASSESSMENT (NOA)*				
T1 GENERAL				
T4(S)				
VERIFICATION OF BUSINESS**				
BANK STATEMENTS				
INVESTMENT STATEMENTS				
ADDITIONAL DOCUMENTS THAT MAY BE REQUIRED:				

* NOA is what CCRA sends you to confirm your income tax assessment.
Each lender may have different requirements.

** Includes financial statements, articles of incorporation, GST statements showing you've been in business (generally a minimum 3 years).

APPENDIX

SAMPLE GIFT LETTER

To whom it may concern:

Please be advised that I/We ______________________________________ (donor(s))

am/are giving ______________________________________ (recipient(s))

whom is my/our ________________ (relationship to donor) the sum of $ ____________

to be used as part or all of the downpayment for the purchase of the property located at: __________

We the undersigned recipient(s) and donor(s) hereby certify the following:

1. These funds are a genuine gift from the donors and do not have to be repaid
2. No part of the financial gift is being provided by any third party having any direct or indirect interest in the sale of the subject property; and
3. The donor(s) is/are an immediate family member of the borrower.

RECIPIENT(S)

NAME	NAME
ADDRESS	ADDRESS
SIGNATURE	SIGNATURE

DATE DATE

DONOR(S)

NAME	NAME
ADDRESS	ADDRESS
SIGNATURE	SIGNATURE
HOME TELEPHONE	HOME TELEPHONE
RELATIONSHIP	RELATIONSHIP
DATE	DATE

BROKER

NAME	PHONE & FAX NUMBER
ADDRESS	

APPENDIX

CLOSING COSTS WORK SHEET

SELLING PRICE		$ ____________
LESS COSTS		
Real Estate Commission assuming	____________ %	$ ____________
HST/GST on Real Estate Commission	____________ %	$ ____________
Legal Fee (plus HST/GST)		$ ____________
Disbursements on Sale		$ ____________
Payout 1st Mortgage		$ ____________
Penalty to Discharge 1st Mortgage if applicable		$ ____________
Discharge Administration fee		$ ____________
Payout of 2nd Mortgage		$ ____________
Penalty to Discharge 2nd Mortgage if applicable		$ ____________
Discharge Administration fee		$ ____________
Property Taxes (paid up to date)		$ ____________
Other Debts to be paid out from Sale		$ ____________
TOTAL COSTS		$ ____________
NET CASH AVAILABLE FROM SALE (A-B)		$ ____________
Purchase price of new property less deposit made with offer (add HST or GST for newly built homes, less applicable rebates)		$ ____________
Additional downpayment (if any)		$ ____________
CLOSING COSTS		
Land Transfer Tax		$ ____________
Legal Fee (plus HST/GST)		$ ____________
Registration Costs/Disbursements on Purchase		$ ____________
Title Insurance		$ ____________
Adjustments/Incidentals		$ ____________
Mortgage Application Fee/Appraisal Fee		$ ____________
Insurance Premiums or Lender Fee		$ ____________
HST/PST on Insurance Premiums (if applicable)		$ ____________
Lenders Application Fee/Commitment Fee		$ ____________
Interest Adjustment (lender to confirm)		$ ____________
Property Tax Holdback (lender to confirm)		$ ____________
Total Closing Costs		$ ____________

YOUR MORTGAGE PLANNER WILL WORK WITH YOU TO ENSURE YOUR MORTGAGE COVERS ALL OF YOUR COSTS.

APPENDIX

GLOSSARY OF COMMON MORTGAGE TERMS

ADJUSTMENTS
Common expenses, if any, such as property taxes or utility bills, that have been prepaid by the vendor are pro-rated and paid by the purchaser to the vendor on closing.

ADJUSTABLE MORTGAGE
A mortgage whose interest rate and payments are changed at an agreed upon frequency based on a plus/minus adjustment to the prime lending rate. It may be converted to a fixed rate mortgage for a term equal to or greater than the remaining term.

AMORTIZATION
The time over which the mortgage is to be completely repaid, assuming equal payments. For example, if you have a mortgage with a 25-year amortization period, it would take 25 years to bring the balance to zero, if all regular payments were made on time.

AMORTIZATION SCHEDULE
A breakdown of the principal and interest payments for the initial term.

CONVENTIONAL MORTGAGE
A mortgage of up to a maximum of 80% of the lending value of the property.

CONVERSION
A feature that allows borrowers to fix the rate of their variable rate mortgage to a term equal to or greater than the remaining term with no penalty.

FIXED TERM MORTGAGE
A mortgage with a fixed rate for a specific term.

HIGH-RATIO MORTGAGE
A mortgage loan that exceeds 80% of the lending value of the property, and which is insured through a mortgage insurance program or self insured by some lenders.

INTEREST ADJUSTMENT DATE (IAD)
The date from which interest is calculated, at the rate and compounded at the frequency, set out in the mortgage contract. It is normally the first day of the month following the closing of the mortgage transaction.

INTEREST RATE
The rate of return the lender gets for letting the borrower use the mortgage money for a specified term. The interest rate is usually expressed as an annual percentage rate.

LOAN TO VALUE (LTV)
A calculation that expresses the amount of a first mortgage lien as a percentage of the total appraised value of the property. The resulting percentage is commonly called the loan to value ratio.

Example: An appraised property value of $120,000 and a first mortgage of $90,000 produce an LTV ratio of 75%. Lenders consider loan to value as one of the key risk factors when qualifying borrowers.

MORTGAGEE/MORTGAGER
The Mortgagee is the lender that advances the funds for a mortgage loan; the Mortgagor (that's you!) is the borrower who gives title to, or a lien on, real property to a Mortgagee to secure repayment of a mortgage loan.

PENALTY
A sum of money paid to a lender for the privilege of prepaying a mortgage in part, or in full, before the mortgage matures.

PORTABILITY
A feature that allows an existing mortgage to be transferred to a new property (generally with credit approval and property appraisal).

PREPAYMENT
Full or partial payment of all or part of the principal amount owing. A separate payment from regular payments allowed in a mortgage agreement.

PRINCIPAL
The amount of the loan owed to the lender at any specified time, not including interest.

TERM
The length of the current mortgage agreement.

TITLE
Right of ownership of property, including evidence of such ownership.

TITLE INSURANCE
A contract by which the insurer, a title insurance company, agrees to pay the insured a specific amount for any loss

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