JIM COOK, MBA, AMP
MORTGAGE BROKER

YOUR PERSONAL GUIDE TO MORTGAGES

www.mymortgageplace.ca

CONTACT INFORMATION

MHC Mortgage Services Inc.
Powered by TMG The Mortgage Group

Name:	**Jim Cook, MBA, AMP**
Title:	**Mortgage Broker**
Cell:	**519.832.7882**
Office:	**519.396.6800**
Toll Free:	**1.877.265.3033**
Fax:	**1.877.265.3036**
Email:	**jimcook@mhcmortgages.ca**
Website:	**www.mymortgageplace.ca**

WHAT PEOPLE ARE SAYING…

"informed and comfortable"

"The quick and detailed responses via email and the willingness to meet at my convenience were very much appreciated. Also, the lack of implied stress and complications that I had been dealing with from other companies was what really set this service apart. I would give a 10 (out of 10) for the services and information provided. It was made quick and painless, yet informed and comfortable. Of course, I would and will continue to recommend Jim Cook to the others looking for mortgage advice"

Jelisa St. Peter, Saugeen Shores

"found this experience truly refreshing"

"I was really happy with the entire experience. Jim knows the industry got us a great deal and made the whole process unbelievably easy for us. I have had mortgages with a number of banks and found this experience truly refreshing. Thanks!"

Brian and Kim Luinstra, Kincardine

"he really cares about his clients"

"I would give Jim a 10 for quality. I appreciate his willingness to explain everything in detail and his patience. I got the impression that he really cares about his clients and wants to do the best for them. He was also almost always available in person or via email and his communication was excellent. For those reasons, I have already recommended Jim to the other people."

Devin Glew, Kincardine

"Can't wait to renew our mortgage for the opportunity to work with him again."

"Jim Cook is professional and accessible. He made the process of purchasing a house and choosing an appropriate lender, seamless. Jim is always available to answer all your questions with clarity and patience. We almost cannot wait to renew our existing mortgage, just to have the opportunity to work with him again. Choose Jim Cook, you will not be disappointed.

Erin Gionet, Barrie

"made me feel comfortable and genuinely interested"

"Excellent service starting with my initial call. Appreciated that he returned my call very quickly and discussed all options. The email updates/follow-up that were provided during the process and after Closing were awesome. Very easy to talk about different options without feeling any pressure."

Sarah Ferguson, Kincardine

"Jim is the real deal"

"Buying a home can be a complicated process, especially when every mortgage broker claims to be better than the rest by offering the best services and lowest mortgage rates. Jim Cook is the real deal. Jim is professional, extremely knowledgeable and always available. Highly recommended!"

Meagan Bernier, Kincardine

"Jim has helped our family for years"

"Jim has helped our family with our mortgage needs for years. He is thorough, organized and detailed in his explanations. I would recommend Jim to anyone. He simplifies the mortgage process and provides alternatives to meet your needs."

Laura Misch, Port Elgin

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ABOUT OUR COMPANY

MHC Mortgage Services is a select group of very experienced mortgage agents and brokers working collaboratively under the umbrella of TMG The Mortgage Group.

TMG The Mortgage Group is an award winning Canadian-owned mortgage brokerage that has helped over a quarter of a million home owners meet their financial needs. At TMG, we are committed to the success of our clients. Our culture is one of working together to share information and resources, ensuring we have the means to provide our clients with customized solutions that meet their individual circumstances, financial goals and long term strategies. Our culture is what makes our company stand out in the industry.

At MHC Mortgages, we hold ourselves to a higher standard with continual training and education so we can readily adapt to the constantly changing environment within the mortgage industry, in order to serve you more effectively.

Our focus is on building long term relationships that benefit you with your first purchase, when its time to trade up, trade down or renew, when a cottage becomes your goal and any other time you need advice or input on your mortgage strategy.

Our team is more like a group of mortgage planners who love what we do and are focused on providing advice and solutions for today while helping to position you for your future.

We are continually looking to use that experience to bring more than a personalized mortgage plan for you and your family. Here are two examples where we have used our experience in the industry to do something unique.

Save Up To 40% On Furnishings

We know that buying a home can be expensive when you start adding up the money needed for your down payment, moving costs, legal fees, land transfer tax, and home decorating. We already deliver exceptional mortgage strategies. So, we moved beyond that and negotiated with The Brick to provide savings of up to 40% off furnishings, appliances and electronics for all our mortgage clients. Free Delivery is also typically part of that package. This little extra can save you thousands of dollars.

New To Bruce Power? On Probation? Talk To Us!

We also know that many people moving to Bruce County are new Bruce Power employees and that most will be on probation for a minimum of 3 months. Every bank, branch and mortgage lender we met with refused to provide a mortgage to someone on probation. So, we worked to educate a major Canadian mortgage lender on Bruce Power practices. The result? We have had dozens of mortgages approved for new Bruce Power employees during the probation period, when they come to Bruce Power with previous job experience in a similar role.

You may be starting to sense we bring a different level of service. Let's move on to Jim Cook. Who is he?

ABOUT JIM COOK

When you are looking for someone to help you with mortgage decisions and options, whether it is to buy your first home, manage the move to a larger home or just get some common sense back into your finances, I would strongly recommend you find someone with experience.

Beyond that, I personally would want someone that has been tested by my friends and neighbours already. I would want a specialist on my side when dealing with this amount of debt/money who isn't attached to any one lender.

My background is highlighted below. I think the most important item is the very first point, what people have said about their experience with me over the past decade. You can find their comments under Testimonials on www.MyMortgagePlace.ca, on Google and on Facebook.

The fact that I have helped several of the top volume Realtors, and their family members and even some bank branch staff with their own personal mortgages, reinforces to me that I am unique in this market and that what we are doing is meaningful in people's lives.

So, what makes Jim different and valuable in this market place? Many things.

- a decade of feedback from your friends and neighbours

- personally having brokered well over $ 100million in mortgages from Bruce County

- has partnered with The Brick for a decade providing up to 40% off furniture and mattresses for all mortgage clients

- has trained and audited mortgage lenders across eastern Canada

- is an inaugural National Award of Excellence recipient for his work as a Broker in Canada in 2014

- is recognized among the top 20% of Brokers across Canada for TMG Mortgage Brokerage in 2015 and 2016

- has an MBA in finance and was a Certified Management Accountant for over 20 years
- is an Accredited Mortgage Professional (AMP) and a member if Mortgage Professionals Canada

- founded the Home Benefits program making available mortgage advice and solutions for some 25000 PWU members across Ontario

- brings 30 years of mortgage and commercial lending, banking, corporate financial management and corporate governance. Look up his profile on Linkedin

- is a Board member of Kincardine BIA and just finished up 3 years as Board member and recent Vice-Chair for Habitat for Humanity Grey Bruce

- directs a portion of every commission for Breakfast Club of Canada

- wishes he still had a hair on his head for every $1 of mortgage he has ever funded!

TMG THE MORTGAGE GROUP

TMG has assisted a quarter million Canadians get the best financing solutions and mortgage rates.

The company's contribution to the industry has not gone unrecognized

- 2015: Three TMG brokers were recognized for their contribution to the industry by winning Mortgage Professionals Canada Excellence Awards (Including Jim Cook)

- 2014: Four TMG brokers were recognized for their contribution to the industry by winning Mortgage Professionals Canada Excellence Awards

- 2013: TMG won Employer of Choice at the Canadian Mortgage Awards.

- 2012: TMG was recognized as one of the Best Companies to work for in B.C.; the company was further awarded Mortgage Professionals Canada's Partners in Excellence Award

- Grant and Debbie received the MBABC's Pioneer Award for Lifetime Achievement

- 2011: TMG was honored with Canadian Mortgage Award's top award for Mortgage Network of the Year

However, as wonderful as the accolades are, and as proud as the company's founders are of their achievements, they are still very much motivated to do more, achieve more and stay relevant in the mortgage industry. After 25 years, TMG still continues to find innovative ways to help its brokers succeed.

TMG's company philosophy

TMG's mortgage brokers help clients get their best mortgages products, options and pricing. We will take a client by the hand and lead them to the right lenders, the right sellers, the right realtors and other related professionals for their real estate and financial needs. We will negotiate the best options on behalf of clients and offer the most current and useful advice available. Deciding to work with a TMG mortgage broker may easily turn out to be the best decision you will make in getting the perfect mortgage. With us, you are sure to find the best financial solutions. Unlike banks, we have an array of mortgage options tailored to your specific needs. We review the best options together, help make key decisions and support you though the application and closing process.

We become your guiding partner
through the entire process.

Our services are fast, reliable and efficient. And in the majority of cases, we are paid by the lending institutions, so there is no cost to you, and no surprises.

A Canadian mortgage company legacy

TMG's experienced Executive Management Team is active in the brokerage community, advocating the benefits of the profession to lenders, consumers and government agencies.

Our Regional Management team provides front-line leadership across the country supporting and coaching our mortgage professionals. As an award-winning leader in mortgage innovation and technology, TMG has developed proprietary tools and software to quickly and efficiently source and manage financial solutions. From Global TV appearances and up-to-the-minute industry news to informative introductive videos. TMG is widely considered a mortgage education resource.

"No Sweat Guarantee"

At TMG The Mortgage Group, we add the excitement, not the stress with our "No Sweat Guarantee". We make it our business to understand your unique needs. We pledge through our "No Sweat Guarantee" that we will make the mortgage process easy for you by sweating all the details on your behalf.

"We sweat the details so you don't have to."

TMG The Mortgage Group has helped more than a quarter million Canadians just like you, and has earned the respect of both leaders and clients. TMG is an award-winning company with leading-edge award winning mortgage experts.

MORTGAGES

What is a mortgage?

The term "mortgage" can be confusing at times. A mortgage basically, is a loan given by a bank or other financial institution designed for the purchase or refinance of a property. A mortgage is a secure loan, which means it's secured by the property. The person getting the mortgage is called the mortgagor. The bank/lender is the mortgagee. The lender has a security interest in the property and can impose conditions on the borrower and property. For example, in the unfortunate event that a mortgagor should fail in their obligations under the mortgage agreement, the lender may decide, to seize/foreclose on the property to protect their investment.

However, very few people can often afford to buy a property with cash and most homeowners today require, and in some cases choose to, take out a mortgage to purchase a property.

Mortgages are often used to solve many financial challenges and to achieve goals. For example, a mortgagor or buyer may decide to take out a mortgage to buy a single-family dwelling as their principal residence or, may decide to purchase an investment property to rent out. A buyer may need to refinance a current mortgage to lower their rate or take out money for investments or purchase a vacation property. There are mortgages for all these situations and more.

Interest rates on mortgages also differ, depending on the particular arrangement entered into by the parties to the mortgages. Charges and fees paid on mortgage transactions equally vary. These details are not set in stone and may vary drastically between two separate mortgage products. This is due to a number of variables, including but not limited to the value of the property, the lender and intended use. We will cover these areas throughout this book to help educate you about the mortgage process.

In today's economy, the cost of real property is high and most people are simply unable to buy a home without a mortgage. A mortgage allows people to get the home they want and still meet their financial needs. As mortgage brokers, we are connected to 100 different structures and options available.

Types of mortgages

Conventional mortgages

These are mortgages with a loan-to-value- ratio (LTV) of 80% or less. In other words, the mortgage amount is 80% or less than the appraised value of the property. So, when you have at least 20% for your down payment or equity in your home, the lender in most cases will not require you to purchase mortgage default insurance on your loan. (We will discuss mortgage default insurance later in this book.)

With a conventional mortgage, you will be aware of your rate of interest, amortization period, terms of payments and when your mortgage will be paid in full. For example, if you bought a home for $220,000 with a conventional mortgage of $175,000 on a five-year term rate of 4% amortized over 25 years, you would be required to make monthly payments of 920.54

The term of the mortgage is essentially the contract period. It is the length of time you and the lender have agreed to the terms of your mortgage. In most cases in Canada, the term is five years, which means, the terms set out in your mortgage are set for five (5) years assuming all the payments are paid as agreed.

The amortization is the time it will take for you to completely pay off the mortgage. On a mortgage amortized over 25 years, if you do not make any pre-payments, the mortgage will be paid off in 25 years. Other amortization periods are available.

Ordinarily, the balance on a conventional mortgage reduces as you make payments (unless you opt to refinance to take advantage of some of the equity in the property). A portion of each payment goes towards the principal and a portion goes towards interest.

When your mortgage matures, or your contract term is up, you will have the option to renew your mortgage with your existing lender or transfer that mortgage to a different lender, if you choose to do so. As a mortgage broker, I can assist you during this process.

High ratio mortgages

High-ratio mortgages have a loan-to-value ratio (LTV) above 80%. Because the risk associated with these loans is higher due to the lower amount of down payment, lenders require the mortgage to be insured by one of the three mortgage default insurance companies in Canada. This also allows the borrower to get a mortgage for up to 95% of the value of the property. This substantially reduces the down payment amount required and helps many families and first time buyers buy homes.

Collateral mortgages

Some lenders offer collateral mortgages, which is a mortgage that is registered in a way that allows you the option, at the banks/lenders discretion, to borrow more money from the lender without incurring additional legal fees.

Collateral mortgages can be advantageous for some very specific personal situations; however, collateral mortgages have certain drawbacks which you should be aware of before jumping in.

Drawbacks of a collateral mortgage

- After the expiration of your mortgage term, you will not be able to switch your mortgage as "easily" between different lenders for a better interest rate as you would if it was registered as a standard mortgage. If you intend on changing lenders, you will have to first discharge the mortgage and pay the registration fees for a new mortgage, and the legal fees to re-register the mortgage. You will also be required to pay and close credit facilities such as separate credit lines that are attached to the original mortgage.

- Your lender has the right o use collateral mortgage to cover all the loans and other unpaid debts you may have with them. If you default on a loan or a credit card given by the same lender that holds your mortgage the lender is allowed to include these other debts in the total mortgage amount outstanding.

- Also, in some extreme circumstances, each loan that you or any applicant on the loan takes out from that lender is technically secured by your property, whether stated as secured or not. This is part of the indebtedness agreement signed at the lawyer's office when you register a collateral mortgage.

Home Equity Line Of Credit – HELOC

A home equity line of credit, or HELOC is a loan in which the lender agrees to lend a maximum amount within an agreed term, where the collateral is the borrower's equity in his/her house.

In a conventional mortgage the borrower is advanced the entire sum of the mortgage upfront. With HELOC the borrower uses a line of credit to borrow sums that total no more than the credit limit advanced by the lender. In most cases, HELOC's are interest only payments, which means your minimum monthly payment requirement will be the interest on the advanced amount; however, the borrower may make a repayment of any amount higher than the minimum required payment.

The interest rate for HELOC is typically a variable rate. This means that the interest rate can fluctuate with changes to the bank's Prime rate over time. Not all lenders put the same premium or discount on HELOCs, which is the difference between prime rate and the interest rate the borrower will pay. In most cases it will be quoted as Prime + 1% as an example.

The security for the HELOC is your home, and in most cases the lender will register it as a collateral mortgage as discussed previously. Therefore, failure to repay the loan may result in foreclosure. Lenders protect themselves by requiring you to maintain a certain level of equity in the home.

Mortgage Default Insurance

In Canada, you need a minimum 5% down payment. When you have less than 20% down payment, the mortgage must be insured.

Insurance premiums are paid once, as a percentage of the mortgage funded, and is typically added to the mortgage principal balance so you don't need to pay this in addition to your down payment and Closing Costs.

So, for example, assume you are getting $100,000 mortgage and that is 95% of the purchase price – and assume that the default insurance premium is 4%. When you get your mortgage approval, it will be for $104,000 – and payments will be based on that amount – with $4,000 going to the insurance company and $100,000 going to the Seller (in a Purchase)

There are three Mortgage Default Insurers in Canada:

Genworth Canada:

The company provides mortgage default insurance to Canadian residential mortgage lenders, making homeownership more accessible to first-time homebuyers. Genworth also provides a variety of tailored Mortgage Insurance products as:

- New to Canada Program
- Secondary Home Program
- Family Plan Program
- And many more that can help you achieve the dream of homeownership

You can find a full list of their products at;

http://homeownership.ca/prodcts/

Canadian Mortgage Housing Corporation (CMHC):

As part of their core business, CMHC's mortgage default loan insurance products facilitate access to a range of housing options for Canadians that promote and contribute to the stability of the financial system. They also offer insurance for commercial loans for apartment buildings.

Canada Guaranty:

Committed to improving Canadian mortgage insurance, Canada Guaranty aims to be "100% Canadian. 110% Committed." Their vision is to improve mortgage insurance through a commitment to service excellence and financial strength.

MORTGAGE BROKERS

We are mortgage industry professionals who work as intermediaries connecting lenders and borrowers (that's you), and in most cases we are paid a commission from the lenders for securing a borrower, so in other words, it doesn't cost you anything. We are not attached to any lender. Although we have contacts with all of the lenders, we work with you to find the best solutions for your specific needs.

With access to over 100 mortgage lenders, we are poised to help you filter through the large number of loans and products till we get the one that fits your needs.

This means that you can be sure we are presenting you with competitive mortgage rates and options that are tailored to your specific needs.

Our consultative process includes getting to know you and understanding your financial goals, calculating what you can afford, discussing interest rate options, finding the best mortgage product for your needs then preparing and sending your application to the appropriate lender.

Our principal goals lie in educating you about the mortgage process and protecting you against errors that could cost you thousands of dollars in the long term.

Many satisfied clients acknowledge that their mortgage broker was able to source and get better rates than if they were to go to the lender directly, including the Big Banks. Clients have equally admitted that mortgage brokers helped them get approved even though they had less than stellar credit.

To help you get the best deal, there are four key elements we will first discuss with you;

Rate: This is the interest rate on the mortgage, and is either fixed or variable. A fixed rate means that you are guaranteed to pay the same interest rate and payment throughout the duration of your mortgage term. While a variable rate means your interest rate, and in some cases your payment, fluctuates with changes in the prime rate. Most people believe that the product with the lowest rate is the best mortgage to have. This is not always true, as the lowest interest rate may cost you a lot more over the long term, depending on your specific needs and situations. This is why it's critical that we take the time to get to know you, your needs and your situation first.

Pre-payment flexibility: This defines the ability to repay additional amounts, thereby reducing your outstanding principal throughout the term of the mortgage. It could either be ongoing with regular payments or lump sum bonus payments. Based on your situation, there are advantages and concerns you should be aware of that we will discuss with you.

Term: The contracted length of time you will pay a specific rate on the mortgage.

Term Type: This specifies the conditions associated with paying out the mortgage. It could either be open or closed. Open means you can pay it out at any time, and closed means that you may or may not be able to pay it out at any time, and if you do, you may be subject to pre-payment penalties.

As basic as the above elements seem, they will directly impact your long term goals and needs. It is critical we take the time to discuss the impact they will have on your future goals.

Eight reasons why you should use a mortgage broker

1. More options

With a network of major lenders and products to choose from, we can source your ideal mortgage options from banks, credit unions, non-traditional lenders and more. Taking the time to find the best option for your unique needs is basic to our role as a mortgage broker.

2. Fast and efficient

From the initial assessment of your unique situation right through the closing process, transactions move quickly when working with us. We do the research and shopping for you so there's no need for you to waste time organizing appointments with competing mortgage lenders when you could be house hunting!

3. Negotiating on your behalf

Negotiating can be stressful. We act in your best interest and do all the negotiating to secure competitive rates and terms that make sense for you. We have the negotiating power because we fund billions of dollars in mortgages and lenders compete for our business. To you that means more negotiating power to get you the best rates and terms for your individual needs.

4. Ongoing support

Even after your successful mortgage transaction, we are a great resource for advice, queries or future needs. Our focus is to build a life-time partnership with you and your family.

5. No cost to you

We are paid by lending institutions in the vast majority of cases- this means there's no cost to you, and no surprises. Essentially you get to use all our knowledge, expertise and connections within the industry to secure the best mortgage for your needs, at no cost.

6. Access to special deals and add-ons

Many financial institutions offer incentives including retail points and programs or appliances discounts. Sometimes, we can tap into those perks and savings and pass them along to you and your family.

7. Expertise

We are specialists providing expert advice and guidance on mortgage products, interest rates and current housing market conditions. We help choose the right mortgage product for you and assist you by creating a strategy for your specific situations and needs.

8. Regulated

The mortgage broker industry is highly regulated through federal and provincial regulators to protect you, your family and your future.

Why not go to a bank for a mortgage inquiry?

A customer service representative or your account manager at a bank is limited to the products of that particular institution.

Brokers have direct access to most banks offering mortgages and with few exceptions all of the mortgage products those banks offer. Further we have access to many non-bank lenders. The non-bank, or "monocline" lenders operate almost exclusively through brokers and do not have retail presence in the marketplace.

Three critical tips for selecting a mortgage broker who is right for you.

1. Make sure you feel comfortable with the mortgage professional you are going to do business with. Can this person answer your questions to your satisfaction? Does he/she act in an ethical and professional manner?
2. Beware of high-pressure sales tactics. You should never accept a mortgage that you do not understand. Walk away from anyone who pressures you or makes you feel uncomfortable. You are not obligated to proceed at any time in the process.
3. The mortgage broker should help you decide on whether getting the "best available rate" is more important than understanding your unique needs and situation, and how that will impact the mortgage you receive.

Take the time to sit and talk to us and let us answer all your questions and concerns. We do all your mortgage legwork at no costs, so take advantage of that offer.

Four questions to ask your mortgage broker

Ask the following four questions to get the most out of your first meeting:

1. How much can I afford?

Usually people pick their homes before they organize their homes before they organize their financing, but it should be the other way around. Determine what monthly payment you would be comfortable with and what money you have available for a down payment before delving into your house hunting.

Your total debt load, including your home costs and other debts such as credit cards and car loans, shouldn't exceed 40% as an average benchmark. We can look at your current sources of income and credit report to help you determine the maximum purchase price you can afford and are comfortable with.

2. What type of mortgage should I consider?

Are you someone who likes a predicable payment or is comfortable with taking some risk to potentially get a lower rate. A fixed interest rate is set when you sign for the mortgage; it won't change for the entire term. A variable rate, however, will change according to market interest rates, which may cause concern for some.

While market fluctuations are hard to predict, we can give you historical data and economic information to help you make this decision. We will also determine your tolerance for risk and advise you on the best option based on your financial situations and needs.

3. How much do I need for a down payment

Many homebuyers assume they need to make a large down payment in order to get the best mortgage rate, but that's not the case. Mortgage insurance products allow buyers to put as little as 5% down and still get the same competitive mortgage rates, if not better than those who put down 20% or more as mortgage default insurance lowers the lender's risk and cost.

We can help you decide how much of a down payment you'll need to get the home you want while still staying within your budget. The amount of down payment you should put down is based on your individual situation and needs.

4. What should I take into account for the future?

According to research conducted by Genworth Canada, roughly 70% of Canadians would be concerned about paying their mortgage if interest rates were to rise, or if they or their partner lost their job. Everyone is excited about buying a beautiful home, but not everyone is thinking about what that means in the long term.

What you can afford today might not be the most practical choice in years to come. Will you still be able to make payments when you factor in the costs of parental leave and daycare? What if your job situation changes or interest rates rise?

We will take all these factors into account when negotiating your mortgage rate and options with lenders.

DOWN PAYMENT

A mortgage down payment is the amount of money you pay upfront when purchasing a home. A typical down payment is expressed as a percentage, that is calculated as the dollar value of the down payment divided by the home price.

Minimum down payment required in Canada

The minimum down payment in Canada, on homes up to $500K, is 5%, with the typical down payment ranging from 5-20% of the home price. According to a recent TD Canada Trust Home Buyers Report, 30% of homebuyers plan to or have at least a 20% down payment, the point at which mortgage default insurance is no longer required.

Homes priced between $500k and $1M now require a 5% down payment on the first $500k and 10% on anything after that up to $999,999.

Home Purchase Price: $750,000		
$500,000	5%	$25,000
$250,000	10%	$25,000
Total down payment required:		**$50,000**

If you purchase a home priced over $1M, your down payment will be calculated based on a sliding scale, generally requiring more than 20% down payment.

Sliding scales are determined by location and size of thee determined by location and size of the population. For example, Vancover and Toronto would be allowed for a larger mortgage amount than a smaller town in Manitoba based on the sliding scale.

As a conservative rule, many lenders in metropolitan areas will allow for up to 80% of the first $1,000,000 in value and 50% of the balance. This can climb as high as 80% of the first $1.5 million and 50% of the balance for some lenders in major metropolitan areas such as Vancouver and Toronto.

Each lender has their own sliding scale policies. Based on your unique situation, we can guide you through all your options.

Mortgage Rate Stress Test

'A' *'mortgage rate stress test'* is implemented for all insured mortgages, including all high ratio mortgages and conventional loans in some cases. This is where you would need to qualify at the Bank of Canada benchmark rate, even though your payments will be based on the contract rate of your mortgage.

These qualifying rates are based on posted conventional 5-year fixed rates offered by Canada's big bank lenders. The question a lot of people have is, why are these rates usually two-to-three percentage points higher? The main reason is to ensure you are able to continue to make payments if there is an interest rest rate hike in the future.

For example: If you receive a commitment for a 5 year fixed rate mortgage with a *2.59% to 2.99% rate, even though your payments are based on the committed rate, the banks require that you qualify for your mortgage based on the benchmark interest rate of *4.64%. This will ensure that you can make payments if there is a rate hike.

These mortgage-lending rules are meant to protect your investment and help Canada's housing market stabilize.

*(based on summer 2016 rates)

The size of your down payment influences three things:

1. Your down payment influences the home price you can afford.

Because the minimum down payment in Canada is 5% for the first $500k and 10% up to $999,999, this benchmark is used to determine your maximum affordability. If your down payment is less than $25k the first step in determining how much you can afford is to take your down payment and divide by 5%.

In the case where you have more than 25k saved for a down payment, determining your maximum affordability will be calculated by taking any remaining funds over and above the first 25k and dividing it by 10%.

For example, if you saved $40,000 for your down payment then the maximum purchase price based on your down payment would be calculated as follows:

$25,000.00 /5% = $500,000.00

+ $15,000.00 /10% = $150,000.00

Maximum Affordability= $650,000.00

2. Your down payment shapes the size of your mortgage and monthly payment.

A larger down payment reduces the size of your mortgage, as well as the monthly payment and interest paid over the life of your mortgage, plus it potentially eliminates your need for mortgage default insurance. It is critical we discuss the advantages and disadvantages of this strategy based on your personal situation

3. Your down payment determined the amount of mortgage insurance you pay.

Your mortgage insurance premium, calculated as a percentage of your mortgage amount, gets smaller as you increase your down payment. The smaller your down payment, the higher your insurance premium percentage. Your mortgage default insurance premium percentage. Your mortgage default insurance premium is added to the total mortgage amount.

Down payment requirements can be vary based on lenders and on your individual situation.

I look forward to sitting down with you and assessing your short-term and long-term needs in order to recommend the best options and devise a plan that meets your goals and budget.

Acceptable sources of funds for down payments:

- **Sale of existing property:** Sometimes funds for the down payment on a home may be sourced from the equity in a property being sold.
- **Funds in savings**: This comprises money that has been deposited in a depository institution or other investment company for a minimum period of 90 days. Funds on deposit are subject to verification through bank statements for the past three months.
- **Gifts from family members**: Monetary gifts from family members for the down payment and/or closing costs are acceptable in most cases as long as there is no requirement for repayment. The lender will need a gift letter as proof.
- **Stocks, bonds, mutual funds, TFSA, etc**: These cash equivalent investments are acceptable for a down payment. They must be validated through statements and show a three month history.
- **RRSP**: One of the most popular sources for a down payment is the RRSP because other than at retirement, it is one of the two times you can take money out of your RRSP as a first time homebuyer without penalty, the other is the Life Long Learning Plan.

Mortgage insurers also require proof of closing costs to the tune of approx. 1.5% of the property value.

Closing costs are essentially one-time fees paid at the time of purchase or through the mortgage and home buying process such as legal or appraisal fees. Other immediate costs you need to consider include moving costs, insurance costs renovation costs, household extras such as window treatments, locksmith and security costs appliances furnishings installation fees for telephone, cable and internet access, etc.

Closing costs may be as high as 3% of the sale of the property, though there is significant room for variation, depending on a number of variables including: the property being purchased, the age of the home, taxes, insurance fees service required, closing dates affecting interest adjustments, and the balances of any prepaid expenses.

TYPES OF BUYERS

First-time homebuyers

One of the biggest financial and lifestyle decisions you will ever make is buying a home. That's why you must exercise the greatest due diligence when purchasing your first home. It is essential that you properly understand the whole buying process, starting from the moment you decide to buy a home to when you finally move into the house.

Factors first-time homebuyers should consider when buying a home:

- Mortgage options as opposed to rate. Make sure you select the right mortgage for your current situation and future goals, especially if you plan on selling and moving up. Don't only focus on the rate.
- Know what documentation you need to provide to get a mortgage approval.
- Have adequate information about what costs exist over and above your down payment.
- Ensure you fully understand the mortgage products available in the marketplace and what product would be best suited to your family's financial circumstances. Getting the wrong mortgage can be detrimental to your long term finances.

Important points to note:

- Know what you can afford before house hunting.
- Be aware of the amortization period.
- Know the appropriate mortgage term.
- Ensure all credit approval documentation is in place sooner rather than later.
- Take note of the frequency of the payment.
- Identify the applicable mortgage type (conventional or high-ratio mortgage).
- Know what documentation is required for different income types (e.g., salaried or self-employed).
- Have a detailed breakdown of costs and fees.

First-Time homebuyer's Tax Credit

The Canadian federal government, through the Economic Action Plan, has introduced the First-Time Home Buyer's Tax Credit (HTBC). It aims to assist citizens with the purchase of a first home.

The HTBC helps people purchasing their first homes with the costs incurred during the purchase, including disbursements, land transfer taxes and legal fees. This assistance greatly eases the burden on first-time homebuyers, who are endeavoring to save for a down payment.

For an application to be successful under this program, there are special rules that must be followed. For a home to qualify under this program, it should be a housing unit located in Canada that the applicant or the applicant's spouse or common-law partner wants to stay in as their main place of residence.

A person qualifies as a first-time homebuyer if neither the person nor his or her spouse or common-law partner had previously owned and lived in another home in the year of the home purchase, or in any of the fur years prior to the present home purchase.

Any unused part of a person's HTBC may be claimed by a person's spouse or common-law partner. When two or more eligible persons combine to buy a home, the credit may be shared, but the total credit amount claimed cannot exceed 5000.

RRSP First-Time Home Buyers' Plan

A Registered Retirement Savings Plan (RRSP) provides a wonderful option for financing your mortgage down payment. First-time homebuyers under the Canadian Government's Home Buyer's Plan (HBP) can borrow up to $25,000 for a tax-free down payment. If you are purchasing in partnership with someone who is also a first-time homebuyer, you can both get $25,000 each from your RRSP, giving you a combined total of $50,000. However, the HBP is a loan and it must be repaid into your RRSP in equal installments over 15 years.

In order to qualify as a first-time homebuyer under RRSP Plan you must satisfy the following conditions:

- You must be a resident of Canada.
- You must not have owned a home in the four preceding years before your application.
- You must have agreed in writing to buy or build a qualifying home.
- If you intend to buy the home in conjunction with a spouse (or common-law partner) who is not a first-time homebuyer, they must not have lived in a house they owned for a period of four years prior to the current purchase.

- The funds you borrow must be in your account for at least 90 days before you can withdraw it.
- You must show that you intend to live in the home as your primary place of residence within one year after the purchase.
- You must withdraw from your RRSP within 30 days of acquiring the title to the home.

If you withdraw from your RRSP, but do not meet the first-time homebuyer eligibility requirements, your withdrawal will be taxed and you will have to include it in your income tax statement as taxable income.

We can walk you through your situation and help you determine if you qualify for the Home Buyer's Plan. We will also guide you so that you can better meet the criteria to qualify for the RRSP Home Buyer's Plan.

Again, we will "sweat" the details so you don't have to.

Mortgages for the self-employed

Self-employed home seekers can have a harder time getting mortgages mainly because of the documentation that is required to verify income and business/accountants minimize taxes and income reported to CRA, but there are options for you.

According to Industry Canada in 2012, self-employed workers represented 15.4% of the workforce, which is about 2.67 million people. It can sometimes work against you in a mortgage application if you are self-employed, especially if you are not aware of the special programs available to you.

We are very familiar with all the mortgage programs available for those who are self-employed. Working with s, you will be able to access the Stated Income program – an ideal product for those with less documentation or lower reported income.

Being self-employed does not mean you will not qualify for a mortgage; it means there are different rules and different products available to you. We are well-equipped to help you navigate this difficult landscape.

Self-employed – under 20% down payment

Recently, lending criteria for self-employed individuals has become more stringent, making it even more challenging for self-employed individuals with less than 20% down to get mortgages. However, more lenders are offering special programs for our clients.

Even with an excellent credit score, most lenders will ask for financials and your Notice of Assessment or T1 Generals for up to 3 years. With businesses less than two years old, more documentation may be required to qualify, but talk to us; we have options for almost every situation.

We are certainly here to help you. After your pre-approval meeting with us, we will start the process of finding the right lender and the right product for your situation.

APPLYING FOR A MORTGAGE AFTER BANKRUPTCY

Sometimes bad financial situations happen to good people and bankruptcy is the only way out. But there is hope. There are a number of strategies for putting your credit back on track and getting approved for a mortgage, even after bankruptcy. We have worked with many people to do just that.

Here are some points to consider:

Find the right mortgage lender

Some lenders will not approve a mortgage if bankruptcy shows up on a credit card report. However, some banks will consider a mortgage after two years and there are even alternative lenders, sometimes called "B" lenders, who may consider doing so earlier, provided you can demonstrate that you have the income to support the payments and you are now a good credit risk.

We can identify alternative lenders for you and personally work with them to ensure that you get back on your feet.

Length of time since your bankruptcy discharge

Different lenders have different criteria regarding the length of time since discharging bankruptcy before they will grant a mortgage. Some require you to be discharged from bankruptcy for at least two years of longer along with proof of strong, re-established credit. Other lenders may consider applicants with a more recent bankruptcy, depending on the strength of your application.

We are experienced in working with post-bankruptcy mortgage applicants and with specific lenders to find the best solutions for you.

Some important information to consider:

Reasons for bankruptcy

If a bankruptcy was due to factors beyond your control, this is more acceptable to the lender than if the bankruptcy was the result of poor money management and excessive debt, which can affect the terms of an applicant's mortgage approval.

Size of down payment

With a past bankruptcy or consumer proposal, most mainstream lenders like to see a minimum of 20% or more down payment. It must come from your own funds, and in most cases it cannot be borrowed, or gifted.

Credit report

It is extremely important that there are no negative items showing on your credit report since you have discharged the bankruptcy. We can help you clean up your credit report and improve your credit score to qualify for a post-bankruptcy mortgage.

Credit score

Some lenders have minimum credit score requirements for those with a discharged bankruptcy. We have to get your score as high as possible. We have some great tricks and tools to help you do that. We are here to help.

Mortgage rate considerations after bankruptcy

Most lenders charge a higher interest rate and in some cases extra fees to those with a discharged bankruptcy. A lender may grant a better rate if certain criteria have been met. These include; a discharged bankruptcy of two years or more; good re-established credit; a saved down payment; good debt servicing ratios, and a long-term history of job stability.

With our strong negotiation skills and lender relationships, we will make sure you are getting the best rate possible for situations. In certain circumstances we can find you a short term mortgage loan while we wait for your credit to improve then move you into an "A" product.

Re-established credit

Re-established credit shows the lender that a prospective borrower has new credit and has managed it well since bankruptcy. Typically, re-established credit should involve a recent record of on-time payments on major bank credit cards. Again, if you are re-building your credit, you need to be aware that a missed payment at this stage could be mentioned on your credit card report for the next 6 years, and could be grounds for some lenders to decline a mortgage application. Set up automatic payment for all your bills, and overdraft protection on your accounts, to ensure that this will not happen.

Do not do it alone

Finally, you definitely need to consider asking for help. We are always available to help you in this regard. For those with bad credit and/or bankruptcy, we can coach you on how to improve your credit score over time. We can help you attain a secure credit card to help re-establish your credit. While you work on bettering your score, we can advise you on how to get a mortgage despite bruised credit, and provide valuable expertise before, during and after the mortgage financing process.

THE SIX STEP MORTGAGE APPLICATION PROCESS

Stage 1 – the application

It is essential we collect the following information from you to start the mortgage process. This will allow us to determine what you qualify for and the best mortgage strategy/product you should adopt for a successful mortgage plan. All information provided by you is held strictly confidential.

General information

- Current address (if you are less than three years at your current residence, you must provide your previous address as well)
- Birthdate
- Contact number
- Do you own or rent your current home?
- If rented, is the rent paid monthly? (If not, specify term of rent)
- If owned, is it under mortgage? If so, with who, the value of your home and mortgage payments
- Approximate value of assets (Identifiable assets like RRSPs, savings investments, vehicles, other properties, etc.)
- Approximate value of liabilities (identifiable liabilities like car payments, line of credit, student loans, credit cards, etc.)

Employment data

- Employment (if less than 3 years, previous employer as well)
- Self-employment data
- Title

- Tenure
- Salary and other compensation

How to submit your application:

- We highly recommend meeting in person. We can book a time and place of your convenience.
- You may apply online www.mymortgageplace.ca
- You may request to have an application form faxed to you.
- You may apply over the telephone.

Through our years of experience we have discovered that many customers believe that getting the best rate will save them money. However, they quickly realize, that this is not always the best case. There are many terms and conditions that in many cases the best rate up front might actually cost you in the long run.

Getting a mortgage based on just the lowest interest rate could lead to regret.

We advise you to take the time to consider other factors, such as portability, pre-payment options and penalties, especially if you want to pay off the mortgage early or sell and move up. When you base your decision solely on price, you may be in for a not so pleasant surprise that could cost you thousands.

Therefore, the first step for us after receiving your application involves gathering some information about you and your specific mortgage needs. This step is critical because it allows us to make sure we customize the best package for your needs and wants. At this stage, we would ask for your permission to pull your credit card history in order to recommend some options. Throughout the entire application process our goal is to help educate you on what you can expect and what your choices are.

Stage 2 – qualifying

After the application stage, we then have to get you qualified for the loan. At this stage, we will package your information and send it to a lender for a rate hold, pre-approval or approval. Your information will be packaged in the best possible way to present your credit worthiness to the lender.

Our experience and access to all mortgage lenders guarantee that your interests are adequately protected at this stage. This information is presented in a manner that will often determine whether or not you are approved and at what interest rate.

We send our information electronically and directly to the lender and can usually get a response within 24 – 72 hours.

If we do not get the desired results, then we negotiate on your behalf until we are satisfied we have the best possible conditions.

We can negotiate with several different lenders on your behalf in order to maximize the best possible discount offered on your interest rate.

Rate hold, pre-qualification or pre-approval

The terms rate hold, pre-qualification and pre-approval are often confused even within the industry.

Rate Hold: This means that the lender has not looked at your loan to see if it means its criteria, it has simply accepted that it will review your application at a later date and guarantee their current interest rate for 90-120 days.

Pre-qualification: This does not guarantee that you actually qualify for the loan. We strongly recommend that you complete all the necessary steps involved in getting the "actual approval". So get pre-approved for the mortgage before you start looking for a home. Your credit history will be reviewed, as will be your ability to manage the mortgage payments. Some basic documentation will be reviewed to determine if you are eligible for the mortgage.

Pre-approval: this is where the lender fully looks at your complete application to confirm whether or not you fit the lenders criteria. This pre-approval can give you more piece of mind when going shopping. Not all lenders offer this option, so consult with us if you have an extremely unique situation that needs pre-approval.

Getting a pre-approval will give you a peace of mind because you'll know the price range and the overall costs of managing that home. Without this, you may end up wasting a lot of time looking for a home that you won't qualify for. Or worse, you may end up buying a home that is too costly and could stress your budget.

However, with any of these tools, if interest rates go up, you are protected. Your rate is locked in for up to 120 days with some lenders. Best of all, if interest rates go down, you could be automatically pre-approved at the new lower rate.

While we cannot guarantee an approval because most banks will not review all of your documents and have a chance to review the property until a formal application is sent in, we definitely take away many of the surprises that often occur during a mortgage transaction. We work with you to ensure the process goes as smoothly as possible.

Stage 3 – verification

Naturally, your approval will be subject to verification of the information you provided to us. Verification will be done on things like your income, with a job letter and a recent pay slip, or showing a bank statement to prove you have enough savings for your down payment. We will list out all the information needed and lead you through a straightforward verification process that will satisfy all the conditions of your approval.

Gross Income

We need to verify your gross income and where it comes from. It can come from several sources, but it must be supported by historical documentation and there must be a high likelihood of continuation in the future.

The underwriter looks at the amount you earn to calculate the maximum mortgage you qualify for. They also look at your employment history to ensure that you are capable of making your mortgage payments for the full term of the mortgage.

The information below outlines the types if income that may qualify, as well as the documents needed to confirm them;

Salary: This includes income from any kind of salary, whether you're paid monthly or weekly. The lender is looking for stability, so your application is stronger the longer you are at your current employment. You will also be required to submit a Letter of Employment confirming your salary, start date and past the probation period, along with your most current pay stubs.

Commission and bonus: Commissions and bonuses may be used if they are ongoing and recurring. To verify commissions and bonuses the underwriter will average the last two years of income as shown on your Notice of Assessment and tax returns and the year-to-date earnings on your pay stubs. The lender just wants to make sure that the same level of income is likely to continue.

Self-employment Income: Generally the underwriter will average the income earned through self-employment for the last two years. The underwriter will review your income tax returns, often by taking a look at NOAs and T1 Generals, and the year-to-date earnings from your company's financials.

Other income:

Income earned from rental properties, interest, dividends, and pensions may be used as long as it can be verified as is reasonably expected to continue.

Unemployment benefits or other types of insurance with a finite disbursement period are usually not considered. However, if you are on maternity or paternity leave and can verify you will be returning to work, then there is some cases your return to work income, may be considered.

There are also Child Tax credits, support payments, pensions, etc. that may be used to calculate income.

Funds for closing costs

The lender requires you to have enough money to cover the down payment, and in some cases prove that you can also cover the closing cost that are calculated at approximately 1.5% of the price of the home. Some lenders may allow you to borrow the closing costs.

Stage 4 – property

This is the stage where once you have found your dream home your realtor will draw up a Purchase and Sale agreement, which he or she will also send to us on your behalf. When writing your offer, we will strongly recommend writing 'subject to financing' to ensure you get approved before the deadline so you don't lose your deposit. During this stage, the lender will require an independent appraisal to determine the real worth or value of the property.

If you do not have a realtor, we would be happy to connect you with one.

Stage 5 - approval

During this stage the lender will verify everything including income, and any documents and the property appraisal to ensure that all of the conditions are satisfied. After you're approved we will go over the conditions with you. At this stage, we can still change the rate, term, payment amount or frequency, amortization, and more. Once you agree to the conditions, we will review the commitment letter in detail with you before you sign.

Stage 6 – funding

The only thing left to do is to register the transaction legally. This will require a lawyer or notary. We recommend a real estate lawyer. If you have one you know and trust, let us know. If not, we will gladly refer you to a few.

The bank will then forward all the documentation directly to your lawyer, and the lawyer will contact you to arrange a meeting. During this meeting your lawyer will confirm the details of your transaction and will request a bank draft or certified cheque to cover the amounts outstanding before the closing date, which includes the down payment, the lawyer's fee, property transfer tax, and any other disbursements not yet paid for. The lawyer then receives the funds from your lender, disburses them and registers the title in your name – then you get the keys.

If you are closing on a condo that is a new construction, you will need to know whether your condo has been registered or not. If it has not, you can move into the condo and pay a monthly fee to the condo until the building is formally registered, so you would not be paying your mortgage payments during the occupancy period, only the monthly condo fee. You would need to contact your condo builder to find out about whether the building has been registered, and if not, how much the monthly fee is until the building is registered and you formally close.

CREDIT SCORE

What you should know

Your credit score is a statistic-based prediction of your credit risk at a specific point in time. The lower your credit score, the riskier dealing with you will appear to a mortgage lender, land lord, car dealer, credit card company, etc.

A person starts with a score of 600. At the top end of the scale, the score can reach as high as 900. At the bottom end of the scale the score can be in the 300's.

Popular misconceptions about credit scores include:

You must pay off credit cards in full. More important is having a few credit cards and managing them well. It helps to keep the amount of credit used, less than 45% of your overall credit limit.

Frequent inquiries about your score will affect it negatively. It will impact your score if you keep seeking credit from a number of sources in a short period of time. That being said, we only pull your credit score once. The credit bureau will bulk some similar inquiries together if they are made in a shorter period of time. If you approach banks individually, every bank will insist on pulling their own credit report, possibly impacting your score.

Closing a credit account will hurt your score. Closing one account will not have a significant effect unless you only have two credit accounts. However, closing a number of 'old' accounts will decrease your overall credit limit and your score may drop.

Clean up your credit

Your credit score is the first tool lenders use to analyze your credit performance. They rely on your credit score and the details of your credit performance. They rely on your credit score and the details of your credit performance when reviewing your mortgage application. The difference between a good, or not-so-good credit score can affect your ability to get the lowest mortgage rates.

According to an investigation by CBC News, mistakes on credit reports resulting in false credit scores can cost you thousands of dollars in higher interest rates. A good number of consumers are unaware of negative information on their reports. The fact is not entirely surprising.

Two major credit reporting agencies- TransUnion Canada and Equifax – are bombarded daily with information regarding consumer accounts and payment histories. This information comes from, for the most part, companies such as phone service providers, and banks. These companies pay a fee for the agencies to conduct credit checks on clients and in return, the credit bureaus give the access to consumer credit reports comprising information gathered from all the reporting agency's client companies.

We suggest that you check your credit report at least once a year to ensure that the report is accurate. It is possible to find mistakes on your report, so make sure that your information is correct and up-to-date.

We can provide you with the links in order for you to check your own credit score.

It is also wise to know what improves or damages your score. Your score is mainly influenced by how much credit you use, your payment history the number of new credit accounts you take on or inquire about, debts your balances on your credit products, the length of your credit history, and the mix of credit types in your name.

The 5 C's of credit

Before you are approved for a loan, the lender has to evaluate your application in order to be convinced that it is a good decision to lend you money to buy your home. This evaluation is usually done through a method known as the 5 Cs of Credit: Capacity, Capital, Collateral, Conditions, and Character.

Capacity means your ability to repay the loan. Prospective lenders have to determine exactly how you are going to repay the loan. The lender will consider the cash flow from your business or employment, the timing of repayment, and the likelihood that you will fully pay off the loan. Lenders will also use your credit history to determine your future payment potential. For example, if your credit history shows that you do not pay back bank loans, then it becomes harder to get additional loans.

Capital is the amount of money that the borrower is putting into the transaction and how much extra cash or liquid investments they have available.

For residential loans, they look mainly at the loan to value ratio.

For commercial loans, lenders will generally consider the business's debt-to-equity ratio to determine how much money the lender is being asked to lend (debt) in relation to how much you have already invested (equity).

A high debt-to-equity ratio further shows that the business is already heavily indebted, thus making it a higher financial risk.

Collateral serves as security for the lender. It ensures that if you default on the loan, your lender has something to fall back on to repay the principal loan and any interest that has accrued on it. With mortgages, the property involved is the collateral. The lender wants to make sure the collateral is worth more than the loan and all costs to foreclose and if they had to, it would be easy to sell at a good price.

Conditions refer to the intended purpose of the loan, for example to purchase a home. The loan size in relation to the specified use will assist the lender in weighing your loan application along with economic conditions and outside influences.

Character looks at you and how responsible you are about repaying your debts. Since there is no specific way to evaluate character, the lender subjectively has to decide this.

The lender will infer this trustworthiness by reviewing your credit history and considering your assets, weather your rent or own, your employment history and possibly the condition of the property in a refinance.

MORTGAGE RENEWAL

A mortgage payment is the biggest monthly expense for most Canadian families. Consider these four key mortgage renewal tips in order to plan ahead.

Consider a mortgage broker first

With the ever-changing mortgage-lending landscape, more and more Canadians are looking at using the services of mortgage brokers in a bid to better understand their options.

All you need to do to get started is submit a single application. We will pull your credit history once and navigate the market on your behalf, finding the best product for your needs.

Recent studies have confirmed that the consumers who use a mortgage broker save on their rate. By having us do the research and negotiating on their behalf, these wise Canadians achieved an average rate decrease of 1.4% off the posted rate, compared to just 1% decrease accruing to renewers who did the legwork on their own.

To give you an idea of how that computes, on a $450,000 mortgage, saving even 0.4% on your mortgage rate can save you over $20,000 during a 20 year term. By acting in your best interest, we can lock in a rate with various lenders for a no-cost mortgage transfer for as far as four months in advance of your renewal date. If the rates go up, you don't have to worry; your rate is guaranteed. However, if the rates go down, you may be able to receive the lower rate.

Reviewing options with us does not negate an offer to renew with your existing lender. It is, however, worth finding out whether or not you can financially benefit by switching. We can help you review the offered renewal from your existing lender and advise you on the best steps to take.

Avoid the bank mortgage roll-over trap

Mortgage holders are often more willing to pay hundreds of dollars in cancellation fees to switch cell phone, cable or even home security providers, than to explore options that could save them thousands of dollars on their mortgage renewal.

Renewing your mortgage at the bank may seem easy, buy it can be an expensive mistake. Bank lenders often wait until just 30 days before renewal before contacting you. This is a tactic used by banks because they know that by leaving it to the last minute, chances are you will renew your mortgage with them – and not at the best rates and options for your needs.

Never accept the bank's posted rate

If you still go ahead and deal with a bank chances are they might quote an additional discount. It is now your turn to find out what other lenders are offering so you can be in a better position to negotiate. Remember, mortgage brokers have access to all this information.

However, do not just fixate on the interest rate only. There are some very important terms and conditions accompanying a mortgage that you need to look into, to ensure your interest are best protected. We have discussed mortgage-planning tips already in this book. We will also discuss the amortization period, fixed or variable rated and the flexibility of the payment schedule.

If you decide to renew your mortgage early at the bank's quoted rate, you may lose the opportunity to renew a lower rate if it becomes available during the period leading up to your renewal.

Renovate or consolidate

Renewal time is a good time to review renovations or consolidations. Considering the fact that generally, home improvements cost less than relocating, the cost of making that dream kitchen happen can be rolled into a new mortgage without the added cost of breaking the current mortgage.

As well, if you are burdened with high-interest debt outside your mortgage, such as credit card debt, you may decide to consolidate that debt into your mortgage by refinancing.

You can also consider using your prepayment privileges to pay off your mortgage faster.

We are here to help you understand,
your many options at renewal time.

HOW TO PAY OFF YOUR MORTGAGE FASTER

- Make annual or periodic lump-sum payments. Payments of up to 15%,, 20% or even 25% of the original principal amount are allowed each year.

- Increase your payment. You may also increase your current payment by up to 15%, 20% or even 100% each year.

- Change your payment frequency to bi-weekly or weekly to accelerate your repayment.

- If you have a variable mortgage, you may be able to set your payments at a higher amount (i.e., equal to the fixed mortgage rate) to accelerate the paying down of the principal.

We can walk you through all the different options, in detail.

BUDGETING FOR HOME OWNERSHIP

Buying your home is all about smart budgeting, saving enough for a down payment and crunching numbers to determine how much mortgage you can afford. But the costs don't just end there. Planning in advance ensures that financial surprises will not interfere with your homeownership plans. Be prepared for these additional costs.

In our experience, below are some of the major closing costs home buyers should add to their budget. Closing costs are essentially one-time fees that must be paid upon the purchase transaction. Closing costs could vary based on a number of variables, but you should definitely be aware of the major ones mentioned below:

Home inspection

A home inspector looks for items that could affect the price and desirability of a home, such as outdated wiring, shabby roofing, an elderly furnace or cracks in the foundation.

Choosing a qualified inspector is an important step for new home owners, but it is not as easy as you may think. There is no national accreditation or licensing for home inspectors, so relying on rave reviews from people you trust is your best bet.

When it comes to hiring a home inspector, personality counts. A patient and experienced professional can help you make an informed decision about buying your future home, so it's important to find someone you click with. Spend a few minutes interviewing an inspector over the phone to decide if this is the person you are comfortable working with.

Hire a home inspector who has errors and omissions insurance. This insurance is not mandatory for home inspectors in most provinces, and some qualified professionals may not carry it, largely because home inspection insurance is difficult to get unless you have experience in that field.

It is a major red flag if a home inspector does not invite you to observe the process. Educating people about their new home is a major part of what they do, so insist that you join the inspection and ask lots of questions about potential problems and what it would take to fix them.

Got a friend who's a contractor? He will probably do a stellar job on your renovations but he might not be the right person to hire for your home inspection. A home inspector has to have basic knowledge of virtually everything related to a home. A contractor might not have the right equipment to look for moisture or to test the electrical.

If you would like us to refer a couple of home inspector names for your consideration, we would be happy to do so.

Legal Fees

Once you sign your Agreement of Purchase and Sale you will need to hire a real estate lawyer or notary. Your lawyer will conduct a title search, register your new home in your name, register the mortgage properly and make sure the down payment and land transfer tax go to the offices on time. (We will cover this in more detail further along in this book.)

Provincial and Municipal Land Transfer Tax

All provinces, with the exception of Alberta and Saskatchewan, charge a land transfer tax when a property is purchased. This is called a provincial land transfer tax. In Alberta and Saskatchewan, the provincial government charges a much smaller registration fee instead.

Toronto charges homebuyers a municipal land transfer tax on top of the provincial land transfer tax.

Land transfer taxes are normally calculated as a percentage of the property value, and are paid up front and can be quite significant, especially on higher priced properties.

The table on the following pages summarize the governing rules of land transfer tax, registration fees and first-time homebuyer benefits for each province.

	Land Transfer Tax (LTT)	First Time Home Buyer Rebate
ON	0.5%of first $55K of purchase price; 1.0% of next $195K; 1.5% of next $150K; and 2.0% of remainder	up to max of $4,000

House Expenditures

Be aware of these house-specific surprise costs:

Utility deposit: if you are a new customer, in most cases be prepared to pay a deposit of up to $300 per utility when you sign up for your services.

Moving Costs: we at times can underestimate the cost of moving all our possessions from one location to another. It is critical you take the time to get an estimate of your moving cost.

House upgrades: when you least expect it, you might need to put in a new roof, pull out some old knob and tube wiring or rip off that insulbrick, or update the plumbing. Make sure you have savings for potential repairs.

Mortgage Default Insurance: As mentioned previously, all high-ratio mortgages (where the borrower's down payment is less than 20% of the home's purchase price) require mortgage default insurance from an insurer. Lenders add the insurance premium to the mortgage and the cost is passed on to the home buyer.

Condo costs

Be prepared for these three potential costs of owning a condo.

Special assessments: Every so often, a major repair to the building dwarfs the condo's collective reserve fund (which a portion of your monthly condo fee pays in to). When this happens, you can be faced with a hefty extra charge. When purchasing a condo, some now have Depreciation or Deficiency Reports that we can help you to decipher to better understand what may come up as a special assessment.

Rent: You may have to pay rent in certain circumstances. For instance if you bought off a blueprint, construction may be delayed, thus postponing your move-in date by several months. In the mean time, unless you plan to stay with friends or family, you will have to pay a landlord.

Occupancy fees: it can take months for a condo corporation to register a new building with the municipality. You can move in, but you are not technically the owner of your condo yet, so you will have to pay occupancy fees (also known as "phantom rent").

Adjustments

If the seller prepaid property taxes or utilities, you will have to repay the prorated amount.

Home insurance

Home insurance, fire and in some cases earthquake insurance will be required and is essential to protect your new home and its contents, if need be.

ROLL OF LAWYER IN THE MORTGAGE PROCESS

Today, the successful and timely closing of a real estate purchase or sale is dependent on the cooperation of a number of professionals, including the real estate agent, mortgage broker, land surveyor, home inspector, insurance agent and, of course, your lawyer or notary.

Experienced lawyers and legal assistants take pride in making these experiences as stress-free as possible for you by coordinating all aspects of the closing. They will keep you fully informed of every step in the process and do all that they can to ensure your real estate transaction closes on time and your costs are minimized.

If you are buying a home, your lawyer should:

- Check that there are no covenants, easements, liens, etc. registered against the property that will impede your use of it.
- Attend the closing and review all the papers you will be required to sign.
- Arrange title insurance protection to protect the lender and you from losses due to title defects.
- Help you to understand the purchase contract, including how you will take title on the property.
- Clarify the terms of the mortgage and work with your lender, if necessary, to modify them.
- Prepare and register all the legal documents.
- Ensure you receive a valid registered ownership subject only to the liabilities you have accepted.

- Scrutinize the adjustments, including taxes owing and utilities costs paid, prior to the transaction closing.

If you are selling a home, your lawyer should:

- Prepare the deed and power of attorney if necessary.
- Attend the closing and review all the papers you will be required to sign.
- Arrange the closing and review all the papers you will be required to sign.
- Arrange for insurance certificates if needed.
- Deal with title issues as they arise, and help correct them.
- Arrange for transfer of security deposits.

How much does this all cost? Typically, legal fees are higher when you buy than sell because the role of the buyer's lawyer is more extensive. Fees could range from $1,200 for a residential purchase to $5,000 for a commercial mortgage.

Some lawyers charge a flat fee for specific services and others bill by the hour. If you are paying by the hour, make sure you understand what the final cost is likely to be and insist on regular accounting what the final cost is likely to be and insist on regular accounting for charges. Usually, a lawyer can easily estimate costs related to a real estate transaction and his or her fees will only go higher if something goes wrong. Remember, even if your deal does not close, you will still owe your lawyer for his or her time.

If you don't have a lawyer, we can refer you to a few to choose from.

TITLE INSURANCE

Title insurance protects you and the lender from the possibility that your seller does not have free and clear ownership of the house and property and therefore, cannot legally transfer full ownership to you. Though the chances of calling on the insurance for coverage are relatively low, the value on what you stand to lose, if you go a without coverage, is high. In fact, you may end up losing the house itself.

For a title insurance policy, you have to pay a one-time fee known as a premium, which the lawyer collects, and you are provided protection from losses such as:

- Existing liens against the property's title (e.g., the previous owner had unpaid debts from utilities, mortgages, property taxes or condominium charges secured against the property)
- Encroachment issues (e.g., a structure on your property needs to be removed because it's on your neighbor's property)
- Hidden titles defects (title issues that prevent you from getting unencumbered property ownership)
- Errors in surveys and public records
- Title fraud

What coverage does residential title insurance provide?

Residential title insurance can provide.

Gap coverage: It insures you for the 'gap' between the time your property purchase finalized (home closing) and the time your title is registered in the land registration system.

Comprehensive coverage: it provides comprehensive insurance coverage against losses related to the property's title. It may also provide coverage for your lawyer's negligence or errors relating to title risks that are covered by your policy.

Survey coverage: It may eliminate the need for a new up-to-date survey of your property. It is acceptable to most lenders as an alternative to survey or Real Property Report (RPR).

Title insurance does not provide compensation for non-title-related issues. It is not a home warranty or home insurance policy, and will not provide compensation for:

- Damages due to flooding, fire or sewer backup;
- General wear and tear of your home (e.g., replacing old windows, a leaky roof, or an old furnace);
- Theft (e.g., a burglar breaks into your home and steals your television); and
- Other losses of damages due to non-title-related issues.

It is important to note that most lenders require title insurance, for the lenders protection and benefit, that is paid for by the borrower and it is not mandatory for borrowers, but I strongly recommend considering a home owner policy. When signing with your lawyer or notary, confirm whether you are getting a lender or homeowner policy or both.

MORTGAGE LIFE INSURANCE

**Protection for your family,
peace of mind for you**

As exciting as it is to buy a new home or investment property, making sure your family and dependants are protected if anything happens to you is an important consideration - - especially if you are the primary wage earner in your home.

Rest easy with TMG Assure's mortgage insurance, knowing that in the event of an unfortunate injury, illness or loss of employment or your death, your mortgage is covered.

It's as simple as one application and can be effective immediately, with affordable monthly premiums that never increase.

If you feel that this is product is not the right fit for you, we will refer to you an insurance broker who will discuss other insurance products with you in greater detail to suit your unique needs.

COMMON MISTAKES TO AVOID WHEN PURCHASING A HOME

While owning a home is a fulfillment of a dream for a lot of people, it can also turn into a nightmare if you make a fatal error.

Here are five mistakes to watch out before taking the leap into homeownership:

1. **Not budget enough:** Before purchasing a home, you should consider all the hidden costs and charges involved and work with a budget that is essentially all-encompassing. Monthly mortgage payments, property taxes and utility bill should all fit into your budget. Furthermore, you may need to redecorate, buy new furniture, etc. Let your budget cover all these things.
2. **Neglecting to get pre-approval**: It is virtually impossible to determine an affordable price range and the amount a lender may be willing to provide if you do not have pre-approval. As discussed earlier, getting a pre-approval is easy, free and necessary, and we are always at your service in this regard.
3. **Skipping home inspection:** If you miss this step, you might later be faced with a lot of repair work to do, especially if you purchased an older home. You should consider employing an inspector to help you carry out this task. An inspector will assess the foundation and overall structural features of the house, the plumbing system, determine the presence or otherwise of mold, and pest infestations, check the heating and air conditioning, as well as the electrical system.

4. **Not considering the closing costs:** You are about to close the deal and your lawyer calls you to come and execute the papers and, yes, come with a certified cheque or bank draft for a considerable amount of dollars. This money is used to pay up fees and disbursements including the land transfer fee, the title fee, the lawyer's fee, etc. Always have this at the back of your mind when planning out your mortgage and if you are selling your previous home to purchase a new one, ensure you factor in the costs of that and the mortgage prepayment penalties into your calculations.
5. **Focusing too much on interest rates:** It's not all about interest rates. Rushing into the market because rates are low or vigorously chasing after low rates may turn out to be a grave mistake, instead, it is best to focus on the mortgage loan and term that works for you and your financial circumstances.

REALTORS

Why you should use a realtor

Just as important as relying on expert advice from us as your mortgage professional in shopping the market through a number of different lenders and best assessing your personal needs and preferences, it is equally important to seek and rely on the professional advice of a licensed realtor when you need to shop for a new hose or wish to sell your existing home.

A realtor should be used because they:

Are trained and experienced: A real estate professional understands the process, opportunities and issues associated with buying and selling homes.

Understanding the market: They have expert knowledge of the local market, they can provide you guidelines and detailed analysis about a specific neighborhood.

Have expert knowledge about advertising your property: A real estate professional knows when, where and how to best advertise your property. When a property is marketed with the help of a professional realtor, you do not have to worry about strangers coming into your home. Your realtor will pre-screen and/or escort qualified prospects around your property.

Assist you in negotiating: The purchase agreement usually specifies a timeframe for you to conduct sufficient inspections of the property before you complete the purchase. Your agent does not only help you to negotiate the price; they can get you the best terms and conditions that will best protect your interest. This could involve advice on home inspections, provisions of contracts of financial institutions, and information about home insurance and almost every stage involved in buying or selling a home.

Market your property to the public and other real estate agents: More than half of real estate sales are done through cooperative sales; that is a different real estate agent brings in the buyer. Your agent coordinates marketing, disperses information about your property to other real estate agents through a Multiple Listing Service or other cooperative marketing networks conducts open houses for agents, etc.

CONCLUSION

Purchasing and refinancing property owners have several avenues for getting mortgages. They may decide to go to a big bank, a credit union, a community bank, a private lender or a mortgage broker.

However, there is a lot involved in getting a good mortgage that suits your unique needs. You may find these hurdles intimidating or frustrating.

We act as an intermediary between you and the lenders. While it's not too difficult approaching a lender yourself, it certainly makes more sense to leverage our guidance and clout with our networks of lenders. We can help you by providing an array of mortgage options from different lenders, saving you time and money.

Whether you are a first-time homebuyer or a repeat buyer or a savvy property mogul, we will evaluate and explain to you all available mortgage options and programs that make financial sense.

Best of all, most of the time we are paid by lending intuitions, so there is no cost to you.

Let us "sweat" the details as we move through the entire mortgage process.

GLOSSARY OF TERMS

A

Amortization period: The number of years over which you have to repay a loan

Appraisal: A procedure used to estimate the market value of a property

B

Borrower: An individual who requires a loan from the bank.

C

Closed Mortgage: a mortgage whose term cannot be altered until maturity, unless the lender agrees and the borrower agrees to pay a fee called a pre-payment penalty.

Closing costs: These are expenses accompanying buying of a property, which is added to the purchase price. Closing costs include transfer fees, legal fees, and disbursements and are payable on the day the mortgage closes.

Closing date: The date at which the sale of a property becomes final and the new owner is now responsible for the home. Possession may occur on this date or a later scheduled date outlined in the purchase agreement.

Canada Mortgage and Housing Corporation (CMHC): A federal Crown corporation established to administer the National Housing Act. CMHC is tasked with giving housing information and assisting consumers.

Conditional offer: An offer to property that is subject to certain conditions being met before the contract could be enforceable, for instance, a mortgage arrangement. Acceptances of conditional offers are usually time limited.

Counteroffer: Used to describe a contract situation where the seller has made modifications on the original offer from the buyer. If you are presented with a counteroffer, you have a specific time limit to either accept or reject it.

D

Deed: A legal document that signed by the purchaser (you) and the seller that transfers ownership rights in the property to you

Default: Failure to comply with the conditions of a mortgage agreement. A failure to pay up on your mortgage (defaulting the loan) may result in the mortgage holder taking legal action to possess (foreclose) the mortgage or reject it.

Deposit: Money placed under the care of a third party (real estate representative, lawyer or notary) by the purchaser when he makes an Offer to Purchase. The money is paid to the vendor upon closing the sale. This is typically held in trust.

Depreciation: The decrease in value of something over time.

Down payment: The part of the home purchase money that is not paid out of the mortgage loan.

E

Equity: The value of the owner's interest in a property, calculated as the value of the home less the total outstanding obligations.

F

Fixed Rate Mortgage: A mortgage for which the rate is fixed for a specific period of time (the term).

G

Genworth Financial: The largest privet residential mortgage insurer in Canada. The company provides mortgage default insurance to Canadian residential mortgage lenders.

Gross debt-service ratio (GDS):The percentage of the borrower's gross monthly income that is used for monthly housing payments (principal, interest, taxes, heating costs, and half of any condominium maintenance fees).

Gross household income: Gross household income is the total salary, wages, commissions and other assured income, before deductions, by all household members who are co-applicants for the mortgage.

I

Interest rate: The amount charged by a lender for borrowing money (annual percentage).

L

Lender: An organization that lends money to a borrower.

Lump-sum prepayment: An extra payment made to reduce the balance of your mortgage, with our without penalty.

M

Maturity date: the last day of the term of the mortgage. On this day, the mortgage loan must be paid in full, the mortgage agreement renewed, or a new mortgage arranged.

Mortgage: A mortgage is a loan secured by property

Mortgage approval/commitment letter: A written notice from the mortgage lender (bank) to the borrower that outlines the specific terms and conditions offered to the borrower.

Mortgage life insurance: Provides coverage for your family should die before your mortgage is paid off. This insurance can be purchased through your mortgage broker and the premium added to your mortgage.

Mortgage default insurance: If you have a high-ratio mortgage (more than 80% of the lending value of the property) your lender will probably require that you purchase mortgage loan insurance, which is available from CMHC or a private company.

Mortgage payment: A regularly scheduled payment that is often blended to include both principal and interest.

P

Principal: the amount that you borrow for a mortgage.

PITH (Principal, interest, taxes, and heating): These costs are used to calculate the gross debt-service ratio (GDS).

Property insurance: Insurance that you buy for building(s) on land you own (the insurance amount should be high enough to pay for the building to be rebuilt if it is destroyed).

R

Rate (interest): The annual percentage amount charged by a lender for borrowed funds.

Refinancing: The process of negotiating a new mortgage agreement against a property you already own.

Renewal: At the end of a mortgage term, your mortgage may be renewed with new terms and conditions. You are not required to renew with the same lender.

S

Survey or Certificate of Location: A document that shows property boundaries and measurements. It specifies the location of buildings on the property, indicates areas where the public has authorized access (such as utility company rights-of-way), or areas where the buildings or landscape structures cross over neighbouring property lines.

T

Term: The length of time that mortgage conditions, including the interest rate you pay, are in effect. At the end of the term, the borrower (you) can pay off the mortgage, or renew for another term. Mortgage terms can range from six months to ten years.

Title: Full and exclusive ownership of land and building(s) for an indefinite period.

Total debt-service ratio (TDS): The percentage of gross monthly income required to cover the monthly housing payments and other debts, such as car and credit card payments.

Traditional (residential) mortgage/conventional mortgage: A mortgage loan up to a maximum of 80% of the value (the purchase price or the market value, whichever is less) of the property.

V

Vendor: The individual who is selling a property (also called the seller).