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Your Personalized
Mortgage ‘Strategy’

MORTGAGE HANDBOOK

BE SMART...ASK QUESTIONS...GET ANSWERS!

More than likely this is one of the largest and most important financial transactions you will ever make. You might do this four or five times in your life..but we do this every single day. It is your home and your future. It’s our profession and our passion. We’re ready to work for your best interest!

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TABLE OF CONTENTS

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WHERE DO I BEGIN?

You will likely require a mortgage to purchase a home, but where do you start? Your own financial institution is an excellent place to start, but it is certainly not the only source for available mortgage funds. When searching for a mortgage loan that will suit your needs, working with a professional you are comfortable with and can trust is key. One of the most important things you can do as you begin to look at purchasing a home is to put together a strong team of professionals to help you get the job done. The following are some of the key players when searching for a home:

MORTGAGE BROKER:

Arranges pre-approval and helps overcome any barriers while explaining the whole process from buying, financing, and legals. By starting the process with a strong pre-approval, you can be better prepared and shop with confidence. A pre-approval is at no cost or obligation and will help protect you from rising interest rates with a guaranteed rate hold period.

REALTOR:

Will help you identify your housing needs and will find you a suitable home to match your needs. The REALTOR is often the quarterback, coordinating the efforts and timing of the other professionals.

HOME INSPECTOR:

Will ensure that you know exactly what you are purchasing; the good with the bad.

LAWYER:

Will make sure the transaction closes smoothly and that your interests in the property are protected.

This handbook will look at some of the different sources of mortgage funds that are available, general qualification guidelines and explain the differences between mortgage products. It also looks at mortgage insurance and the associated costs. There is a lot of information contained in this handbook. To be sure you fully understand all of your financing options it is best to have an individual consultation with one of our Mortgage Agents. This handbook is just a starting point and is not an exhaustive discussion on mortgage options.

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Sources of Mortgage Funds

Our mortgage agents can source mortgages for you using several institutions such as:

Institution Type
Chartered Banks
Credit Unions
Trust Companies
Finance Companies
Mono-line Lenders-lending institutions that do only mortgages
Private Companies
Private Lenders

The Internet

The Internet can be a valuable tool to help you research mortgage options. However, information published on the Internet is not guaranteed to be accurate and you should be wary of anyone promising deals that sound too good to be true or miracle cures for bad credit for a fee. Also, ensure that the information that you are reading is Canadian. Much of the mortgage information published on the Internet will be based on U.S. availability and the Canadian and U.S. mortgage markets are quite different. You can visit us online at www.capitalmortgages.com

How can we help?

All of our agents have first-hand knowledge of all of the different sources of funds that may be available to you and can work with you to decide which will be best to fit your needs. The increasingly competitive mortgage market means that consumers now have more choices of mortgage products than ever. While this increased competition results in better rates and terms for consumers, it can also make it challenging to compare products. Identifying which mortgage will ultimately cost you the least and suit your unique circumstances can be frustrating, to say the least. Our experts guide you through the myriad of options allowing you to make an informed decision based on your current and future needs. Having an expert in your corner can be the difference between making a decision and making the right decision. Our experts are truly independent and always look out for your best interest. We work on your behalf usually at no cost to you and are paid by the institution that gives you a mortgage loan. There are some circumstances where a fee may be charged. Your initial consultation is always free and any potential costs to you will be discussed very early in the application process.

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Approval Process

Once you decide you will need financing to obtain your home, you will need to apply for a mortgage loan. This is usually a two-step process. The first is pre-approval, before you begin house shopping, and the second is a firm approval once you have found and made an offer on the house you want. Before you begin looking for your new home, you will want to know what your financial limits are. Obtaining a mortgage pre-approval lets you know exactly how much house you can afford and allows you to shop with confidence. It can also help secure an interest rate and ensure that your rate is locked in. Rates can usaully be held for up to 120 days.

Pre-Approval

Application taken

Your personal information will be collected and will include your full name, current address, and birth date along with your employment information and information on your current assets and liabilities.

Credit review

Your mortgage professional will review your credit bureau report and will inform you of your credit status. If there are items on the report that are incorrect, or items that need to be cleared up, then you should take care of them immediately. If this is not possible, talk to your Capital Mortgage Agent about the steps to take to correct the situation.

Documentation collected

Your agent will collect all supporting documents, including income and down payment verification.

Pre-approval complete

Once the application and credit report have been reviewed to determine the amount of mortgage for which you qualify, your agent will work to select an appropriate lender. Once the application has been submitted you will receive a mortgage pre-approval, subject to the provision of any outstanding documentation and satisfactory appraisal or mortgage insurer approval of the property you choose. The pre-approval allows you to shop for your new home knowing that your finances are in order. If your agent is unable to issue you a pre-approval, they will work with you to help change your circumstances and allow you to qualify. This may be as simple as reducing your debt load or may take some time if you need to increase your savings or re-establish some credit. Your agent will point you in the right direction.

Final Approval

Insurer approval or appraisal

Once you find a property, if your mortgage is a high ratio mortgage and requires insurance, the lender will submit the application (along with the property information) to either CMHC, Genworth or Canada Guarantee. If your mortgage is conventional and does not need mortgage insurance, the lender may require an appraisal to ensure the lending value of the property meets their approval

Meeting final conditions

Once your mortgage has been approved by the lender and, if applicable, the insurer, it is time to make sure that you have satisfied all of the lender's conditions on the approval. This may include recent pay stubs, your lawyer's contact information or any outstanding bank forms that need to be signed.

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QUALIFICATION GUIDELINES

This section will give you an idea of what to expect based on traditional guidelines. Remember that these are just guidelines and everyone's situation is unique. If it appears that you may not qualify for the amount of mortgage you require, speak to your agent to identify if this is truly the case and what options may be available to you. To pre-qualify for a mortgage, there are four essential components: employment, income, equity, and credit. Over the year, qualification guidelines have become fairly standard within the lending industry. While each institution may have some unique criteria, the basic qualifying criteria are the same. The following section will explain the basic requirements for a mortgage approval.

Income

What is classified as income for qualifying purposes? Some forms of income that represent revenue to your household may not count as income for qualification purposes. Here are some of the many sources of income and some of the guidelines for using them to qualify for a mortgage. The important thing when it comes to income is to demonstrate consistency and sustainability.

Employment Income

If you are an employee of a company or corporation, the basic guideline for income eligibility is that you have been employed for one year with the same employer or at least one your in the same line of work with no probationary period on the new employment.

Probation period -if you are with a new company and you are still within a probationary period you may have some difficulty using income for qualifying purposes. However, there are certainly lots of cases where individuals on probation have still been considered for mortgage financing.

Overtime or Bonus

If you want to use overtime or bonuses for your qualifying income, most lenders will want to see a consistent history. Typically you will be required to provide a two or three year track record of this additional income.

Seasonal

Seasonal income is acceptable, but you will likely be required to demonstrate sustainability by providing a two or three year track record. Usually an average of income over these years will be used for qualifying purposes.

Self Employed

If you are self-employed, you can still qualify, but most lenders will require a track record of consistent income. The standard is a two year average of your net taxable income. Lenders do recognize that many self-employed individuals will make legitimate tax deductions in order to reduce their taxable income that may not reflect actual expenses. A prime example of this is depreciation or amortization expense, which is a legitimate deduction but does not represent an actual out-of-pocket expense. A trained mortgage professional should be able to review your financial statements and find items that may be allowed to be 'added back' into your income.

Business for Self -Stated Income to Self Employed (Alt 'a')

This is a program designed for self-employed borrowers who are unable to provide traditional income verification but have a proven 2 year history of managing their credit and finances responsibly. Eligible borrowers typically own a small business for a minimum of two years, which can be confirmed. The borrower is required to declare their annual income, which must be reasonable based on their industry, length of operation, and type of business. Talk to your Capital Mortgages agent to discuss the possibilities of this type of mortgage and whether you qualify and can meet the lender/insurer conditions.

Pension Income

Guaranteed pension incomes are usually acceptable sources of income, although some lenders may hesitate to lend if a borrower's sole source of income is pension. Your best bet is to have a thorough discussion with your prospective lending institution or your mortgage broker.

Child Tax Credit

The child tax credit may be considered by some lenders. Ask your agent about which lenders will allow this if this is income you would like to have considered with your mortgage application.

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Income Qualification

The amount of mortgage you may qualify for depends on two things: income and the amount of debt you are carrying. Financial institutions use two different ratios to measure your borrowing ability. The first is your Gross Debt Service Ratio (GDSR). The second is your Total Debt Service Ratio (TDSR).

Gross Debt Service Ratio

Your Gross Debt Service Ratio is the percentage of your gross monthly income that is used toward your housing expenses. The expenses used in this calculation are Principal and Interest, Taxes and Heat, plus half your monthly condo fees, if applicable. These expenses can be remembered by the acronym P.I.T.H., where principal and interest are what makes up your mortgage payment. The following is an example of a GDSR calculation assuming a $200,000 mortgage with monthly payments of $1,220.78 based on a 25 year amortization at a 5.5% interest rate (keep in mind rates will vary).

Principal and Interest	$ 1,220.78
Heat	$ 100.00
Taxes	$ 175.00
Total for debt service	$ 1,495.78
Gross Monthly Income	$ 4,750.00
GDS Ratio calculation	$1,495.78/$4,750=.314
GDS Ratio	**31.4%**

In the above example, the homeowner is spending 31.4 % of their household income on housing expenditures.

Please note that while many institutions still calculate $100.00 per month for heating costs for qualifying, this may not be realistic for your own budgeting purposes. It is best to check with the previous owner or someone you know who lives in a similar dwelling to get an idea of what real heating costs might be. To qualify for a mortgage, traditionally, most lenders require that your GDSR is at or below 32%. The insurers and some lenders, as of October 2006 will allow a GDSR of up to 35% and in circumstances where a borrower's credit is exceptionally strong, may allow for a GDSR even higher. This coupled with the option of extended amortizations, significantly increases consumers borrowing power.

Total Debt Service Ratio

Your Total Debt Service Ratio is the percentage of your gross monthly income that is used towards your housing expenses plus your other monthly obligations. The expenses used in this calculation are principal and interest, taxes and heat plus half your monthly condo fees, if applicable, plus student loan payments, credit card payments and car loan payments, etc. The following is an example of a TDSR calculation assuming a $200,000 mortgage with monthly payments of $1,220.78.

Principal and Interest	$1,220.78
Heat	$ 100.00
Taxes	$ 175.00
Car loan	$ 300.00
Credit card payments	$ 70.00
Total for debt service	$ 1,865.78
Gross Monthly Income	$ 4,750.00
TDS Ratio calculation	$1,865.78/$4,750=.3927
TDS Ratio	**39.2%**

In the above example, the homeowner is spending 39.01% of their household income on housing expenditures and other debt.

In order to qualify for a mortgage, traditionally lenders have required that your TDSR be at or below 40%. Since October of 2006, some insurers and lenders will allow up to 42% TDSR and in the case of a borrower with exceptional credit, may allow for a TDSR of up to 44%

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CREDIT

Credit is a critical component but is also one of the easiest to improve given time. If you do not know your credit status, obtaining a credit report is one of the steps you should take.

1 What is a credit report?

A credit report is a history of how consistently you meet your financial obligations. A credit report is created when you first borrow money or apply for credit. On a regular bases, the companies that lend money or issue credit cards to you (banks, finance companies, credit unions, retailers, etc.) send the credit reporting agencies specific and factual information about their financial relationship with you, including when you opened the account and if you make your payments on time, miss payments or have gone over your credit limit. Credit bureaus receive this information directly from the financial and retail institutions and retain it to help other lenders make decisions about granting you credit. Your credit report is a history that will help lenders determine what kind of lending risk you are and if you are likely to repay your obligation on time.

2 What is a credit bureau?

A credit bureau is a private, for-profit business that gathers and sells your credit information. There are two major consumer credit bureaus in Canada, Equifax and Trans Union.

3 What is reported?

Below is a list of the major sections found in a credit report.
Personal identification: Name, address, date of birth and social Insurance Number (SIN)
Consumer statement: Allows the consumer to add a brief comment about any information in the report.
Credit information: Details of credit accounts, transactions and history of late payments.
Banking information: Bank account(s) and NSF cheque history
Public record information: Secured loans, bankruptcies and/or judgements.
Third-party collections: Any involvement with a collection agency trying to collect on a debt.
Inquiries: All organizations or individuals that have requested a copy of the credit report in the past three years.

4 Credit Rating

A credit rating for each trade item is reported on your credit report as well as an overall credit score. The rating for each individual trade line is made up of the following numbering system:

0 -Too new to rate
1 -Paid within 30 days, as required
2 -Over 30 days late but less than 60 days
3 -Over 60 days late but less than 90 days
4 -Over 90 days late but less than 120 days
5 -Over 120 days but not yet sent for collection
6 -Repossession
7 -Bad debt, placed for collection or skip

Your credit score is a statistical formula that translates personal information from your credit report and other sources into a three-digit score. For example, when you fill out a loan application, pieces of information from the application along with information from your credit report will be used to compute a score that indicates to the lender the statistical probability that you will become delinquent on the loan.

5 Improving your credit score

Pay all your bills on time. Paying late, or having your account sent to a collection agency, has a negative impact on your credit score. Do not run your balances up to your credit limit. Keeping you account balances below 50% of your available credit may also help your score. Avoid applying for credit unless you have a genuine need for a new account. Too many inquiries in a short period of time can sometimes be interpreted as a sign that you are opening numerous credit accounts due to financial difficulties, or overextending yourself by taking on more debt than you can actually repay. A flurry of inquiries will prompt most lenders to ask you why. Most scoring formulas will not penalize you if, for example, you are shopping for the best rate on a mortgage or car loan.

6 Rebuilding your credit

The best place to start rebuilding your credit is at your bank. The most effective way of re-establishing your credit is to get some creditors to report that you are paying as agreed. In time, these new current accounts will help rebuild your rating. The two easiest types of credit to obtain are RRSP loans and secured credit cards. Ask your Capital Mortgage Agent for details and more suggestions.

7 Where to get your credit report?

There are two sources of credit reports: Equifax and Trans Union.

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10575

Traditionally, the minimum amount of down payment required to purchase a home has been 5% of the purchase price. Recent innovations in Mortgage Loan Insurance have allowed lenders to allow for cash back incentives to cover the requisite down payment or may allow for a borrowed down payment. If you do not fit the stringent credit criteria for these programs, the 5% down payment must come from your own resources and cannot be borrowed. Ask your Capital Mortgage Agent what options may be available to you.

Equity

Most lenders will require the following documentation for down payment verification:

Sale of another property:

If equity is to come from the sale of another property, verification of this equity must be obtained. The lender will require, the agreement of purchase and sale, and a formal statement of outstanding balance for any existing financing on that property.

Gifted down payment:

The lender will require a gift letter stating that the funds are a gift and are not repayable, and a bank statement showing the gifted funds deposited into the borrower's account prior to closing. Gifts are from immediate family members only.

Savings:

Three months of bank statements showing accumulation of funds, also must indicate account ownership.

GIC, mutual fund or term deposit:

A recent statement from your financial institution that identifies you as the account holder and the current value of the account.

RRSP:

A recent statement from your financial institution that identifies you as the account holder and the current value of the account.

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IMPROVING YOUR CURRENT SITUATION

If you find that your Capital Mortgages Agent is currently unable to qualify you for the mortgage amount that you want, there are steps you can take to improve your situation and possibly increase the amount that you may qualify for. The first step is to identify the obstacles to obtaining an approval and to pinpoint the areas that need improvement. From there, you and your agent can develop a plan to overcome those hurdles. Here are some tips for improving common blockages to mortgage approval.

Income and Debt

If your debt ratios are the problem, there are two options for you: increase your income or reduce your debt. One way to increase your income may be with the assistance of a co-signer. By having someone co-sign for you, you may be able to include their income when calculating the debt service ratios. A co-signer can increase the income for qualifying purposes, but they may also increase the debt on the application. To reduce your monthly debt load, you could arrange a debt consolidation loan. Ask you mortgage professional if this may be an option for you.

Credit

Ensure that you always make at least the minimum payment on all of your bills. Every late payment that is recorded on your credit bureau report has a negative impact on your rating. If you need to rebuild your credit, talk to your mortgage agent for advice. An RRSP loan or a secured credit card is an easy way to start reestablishing your credit. Credit counseling services can also be of assistance when trying to repair or rebuild your credit.

Down Payment

Recent changes to Mortgage Loan Insurance have reduced the barriers to home ownership with respect to down payment. Ask your Capital Mortgages Agent if these changes may benefit you. A good household budget coupled with a strong savings plan is one of the best ways of saving for a down payment. You may also be able to use your RRSP as a savings vehicle.

If you are a first time homebuyer you may be eligible to use up to $25,000 of RRSP savings toward the purchase of a new home under the Home Buyers' Plan (HBP). By saving through your RRSP, you also receive a tax deduction that may give you a refund at tax time allowing you to add even more to your down payment savings pool. The Home Buyers' Plan is a program that allows you to withdraw up to $25,000 from your registered retirement savings plan to buy or build a qualifying home for yourself. You may also withdraw funds from your RRSP for someone else if:

- you acquire a qualifying home for a related disabled person, that is more accessible to, or better suited to the needs of that person; or
- you provide the withdrawn funds to a related disabled person to acquire a qualifying home that is more accessible to, or better suited to the needs of that person.

Withdrawals that meet all applicable HBP conditions do not have to be included in your income, and your RRSP issuer will not withhold tax on these amounts. If you buy the qualifying home together with your spouse or common-law partner, or other individuals, each of you can withdraw up to $25,000.

Under the HBP, you have to repay all withdrawals to your RRSPs within a period of no more than 15 years. Generally you will have to repay an amount to your RRSPs each year until you have repaid the entire amount your withdrew. If you do not repay the amount due for a year, it will be included in your income for that year.

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TYPES OF MORTGAGES

It is important to choose the type of mortgage that is right for you, based on your current and future needs. Here are some of the options that you will need to consider as you prepare for home ownership.

Open vs. Closed

An open mortgage is 100% open for prepayment at any time throughout the term if the loan. This means that you have the option to repay any or all of the mortgage balance at any time without penalty. This type of mortgage may be important to you if you can foresee repaying your mortgage loan in the near future. For example, you may be planning to sell your home within the term of the mortgage and paying it out in full, or you may be expecting an inheritance that will allow you to partially or fully repay your mortgage loan. A closed mortgage has restrictions on how much of the principal you can repay without penalty within the term of the loan. Most closed mortgages will allow you to repay a certain portion of the principal amount every year without penalty. The amount you can repay depends on the lending institution but usually ranges from 10% to 25% of the original principal amount per year. There may be restrictions on when these prepayments can occur and how many times per year you can make a prepayment. For example, you may be able to only make prepayments once throughout the year on the anniversary date of the mortgage or the prepayment may need to coincide with a payment date. Your Capital Mortgages Agent will discuss this with you as each institution's policies can vary widely.

Fixed rate vs. Variable Rate

A fixed rate mortgage is where the interest rate is set at the time you get your mortgage loan and will not change for the entire term of the loan. For example, if you take out a 5-year term, fixed rate mortgage at 7.25% you know that your rate is fixed at 7.25% for five years and will not change. This type of mortgage offers you security and peace of mind, as you know exactly what the interest rate and payments will be. You will generally pay a little higher interest rate for a fixed rate mortgage and the rate usually increases with the length of the term. A variable rate mortgage is a mortgage where the interest rate is tied to and floats with the bank's prime rate. If the prime rate goes up, then your rate goes up. If the prime rate goes down, then your rate goes down. Variable rate mortgages usually offer the lowest available rate because you are taking the risk that rates may rise. There are many variations of variable rate mortgages. Your Capital Mortgages Agent will help you review all of the options and consequences of the numerous variable rate products available.

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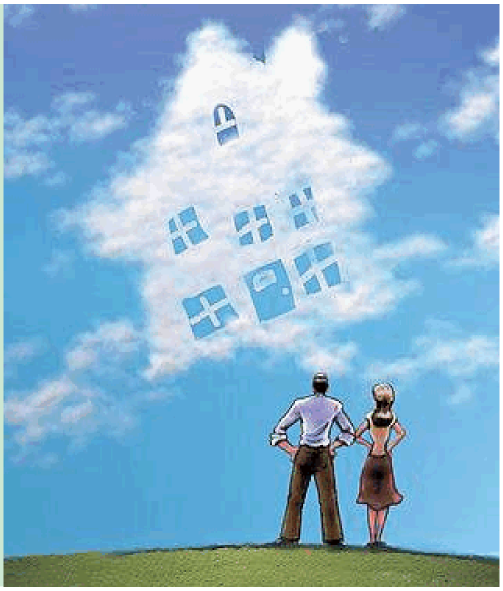
THE MORTGAGE TERM

The term of the mortgage is the contractual life of your mortgage loan. The term represents the length of time that you and the financial institution are obligated to each other with respect to your mortgage. As you choose your mortgage, the term is one of the decisions you will need to make. The term of the mortgage is usually shorter than the actual life, or amortization of your mortgage. Once the term has expired, the mortgage is completely open for renegotiation. At that time, you have the right to find a new lender if you wish and your financial institution has the right to re-qualify you before renewing your mortgage. In practice, as long as your mortgage is current and all payments have been made as agreed, financial institutions will often automatically renew your mortgage, and not require that you re-qualify.



Short Term vs. Long Term

A short term mortgage is usually for three years or less. Short term mortgages are appropriate if you believe interest rates will be lower at renewal time. A long term mortgage is generally for three years or more. Long term mortgages are suitable when current rates are reasonable and borrowers want the security of budgeting for the future. This is often important for first time homebuyers. The key in choosing between short and long term is to feel comfortable with your mortgage payments.

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Payment Frequency

Most lenders allow several options for payment frequency (how often you make your mortgage payments). Most will allow you to make either weekly, bi-weekly (every two weeks), semi-monthly (twice a month), accelerated payments, or monthly. Deciding which type of payment to make will be a matter of convenience, but there may be advantages to paying more frequently than monthly. When you increase the payment frequency, you reduce the principal faster, pay less interest and pay off the mortgage sooner. The chart below shows the savings based on payment frequency. The information is based on a mortgage of $100,000 at an interest rate of 7% per annum

Mortgage Amount: $100,000
Interest Rate: 7%

Payment Type	Payment	Interest Paid During Term	Total Interest	Amortization	Savings
Monthly	$700.42	$33,069.49	$110,126.00	25 years	$0.00
Bi-weekly	$322.77	$33,004.67	$109,800.50	25 years	$325.50
Bi-weekly accelerated	$350.21	$32,319.86	$87,017.07	20.54 years	$23,108.93
Weekly	$161.28	$32,976.82	$109,664.00	25 years	$462.00
Weekly accelerated	$175.10	$32,283.94	$86,745.16	20.51 years	$23,380.84

As you can see, bi-weekly or weekly accelerated payments can save you a lot of money over the life of your mortgage. By taking your monthly payment, splitting it in half and paying it bi-weekly you end up making an extra month's worth of payments every year. If you are paid bi-weekly, you likely know that there will be two months out of the year where you receive three pay cheques. The same is true for your mortgage payments. There will be two months of the year where you make three payments and effectively make the equivalent of one month's extra payment each year.

Cash back and Other Incentives

Many financial institutions offer cash back and other incentives to attract customers. A cash back offer is usually a percentage of the mortgage amount that is paid to the borrower at, or shortly after, closing. Typically, with a cash back offer, the borrower is required to pay the lending institution's posted rate on the mortgage. This means that there is no discount and you may be paying a higher rate. You should consider the real cost of the incentive. The table below compares the true cost of two different mortgages.

	Amount	Rate	Payment	Cash Back	Term	Interest Cost
Mortgage 1	$100,000	8.00%	$763.22	$3,000	5 year	$37,928.48
Mortgage 2	$100,000	7.00%	$700.42	$0	5 year	$33,069.50

Difference: $4,858.98

Due to the higher interest rate, the true cost of the $3,000 cash back is $4858.98 over the term of the mortgage. This does not mean that a cash back or incentive may not be right for you, but simply serves as a reminder to identify the cost of the incentive.

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Mortgage Insurance

What is mortgage default insurance?

Mortgage default insurance, like any other form of insurance, provides for reimbursement of loss to the insured. In the case of mortgage loan insurance. the insured is the lending institution. If a borrower defaults on the mortgage, the mortgage loan insurance will cover the loss to the lender.

Why do we need mortgage loan insurance?

According to federal legislation, a lending institution cannot lend more than 80% of the value of the property, by way of a mortgage loan, unless the loan is insured. Since it is the public's money that is being used for these loans, the government wants to ensure that the funds are not placed at undue risk. Mortgage loan insurance allows for the general public to borrow up to 95% of the value of their home by way of a mortgage on a purchase. The only criteria for the minimum 5% down payment is that the home has to be owner occupied and cannot be rented out. Rental properties can be insured but are treated differently. One of the other benefits that mortgage loan insurance affords is a high ratio mortgage at attractive first mortgage interest rates. Without mortgage loan insurance, if you only had a limited amount of cash for a down payment, you would have to seek 80% of the value of the home by way of a first mortgage and the balance of funds by way of a second mortgage. A second mortgage is a much riskier investment from a lender's perspective and therefore a higher risk premium is attached to the interest rate. Please note new mortgage rules allow for only 85% LTV on refinance.

Who provides mortgage loan insurance?

There are a number of insurers in Canada, Canada Mortgage and Housing Corporation (CMHC), Genworth, and CGI, are the three major established insurers. There is often subtle differences between insurers but because policies and players frequently change, you should consult with your Capital Mortgages Associate to determine the best insurer for your mortgage.

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Cost of mortgage loan insurance

Mortgage Insurance premiums may vary from insurer to insurer. The table below outlines the cost of the insurance premium based on down payment and length of amortization. Below is a table for both CMHC and Genworth.

Standard Premium Rate Chart

LTV	Premium Rate*	Top-up Premium*
Up to 65.00%	.50%	.50%
65.01-75.00%	.65%	2.25%
75.01-80.00%	1.00%	2.75%
80.01-85.00%	1.75%	3.50%
85.01-90.00%	2.00%	4.25%
90.01-95.00%	2.75%	4.25%
95% LTV Cashback	2.90%	4.40%

Includes the following products**

- First Mortgage Owner-Occupancy 1 & 2 Units
- First Mortgage Owner-Occupancy 3 & 4 Units
- Cash-Out Refinance
- Cashback Equity Owner-Occupancy
- Family Plan
- Insured Progress Advance
- Homebuyer 100
- New to Canada
- Secondary Homes (Type A)
- Purchase Plus Improvements

*A .20% premium surcharge will be applied for every 5 years of amortization beyond the traditional 25 -year mortgage amortization period

**For specific underwriting guidelines related to the above products, please review with your mortgage professional

The insurance premium may be paid out up front or may be included in the mortgage amount. The following examples shows how an insurance premium is added to the mortgage.

Purchase Price:	**$200,000.00**
5% down payment:	**$10,000.00**
Financing required:	**$190,000.00**
2.75% insurance premium:	**$5,225.00**
Total mortgage (including premium):	**$195,225.00**

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WHAT IF I DON'T FIT "TRADITIONAL" GUIDELINES?

If you do not fit the box of traditional lenders, we may be able to find an alternative lender that will accommodate your current situation. Some lenders will overlook bruised credit or approve higher loan to value financing. Some of these lenders insure the loans themselves, eliminating the need for third party mortgage insurance therefore allowing for more flexibility.

These types of lenders often have a higher interest rate, as they are financing higher risk loans. Our agents will be able to provide ample information on all of the various sources of funds available and the associated costs of each.

FAX **Verico Capital Mortgages Inc.** 200-260 Hearst Way Kanata ON K2L 3H1 613-627-1041 www.Accessible-Mortgages.com Brokerage # 10575 CAPITAL MORTGAGES	To: Fax number:
	From: Fax number:
	Date**:**
	Regarding:
	Phone number for follow-up:

Comments:

Mortgage Application Authorization

Irina Marshall
613-627-1041
Fax: 613-599-5186

General Mortgage Information:

Purpose of Mortgage:	Purchase Price/Estimated Value of Property:
Mortgage Amount Required:	Down Payment Amount (Purchase Only):
Down Payment Source (Purchase Only):	Proposed Closing Date:
How Did You Hear About Capital Mortgages?	Term Requested:

Personal Information:

Last Name:	Given Name:		Initial:	Birth Date:	Mar. Status:
Co-Applicant's Last Name:	Given Name:		Initial:	Birth Date:	Mar. Status:
Number of Dependents:	Application S.I.N:		Co-Applicant's S.I.N:.		
Current Address:	City:	Prov.:	Postal Code:	How Long:	Home Phone #:
Previous Address:	City:	Prov.:	Postal Code:	How Long:	
E-Mail Address:					

Employment

Current Employer:	Occupation:	Gross Annual Income:	How Long:	Bus. Phone#:
Co-Applicant's Current Employer:	Occupation:	Gross Annual Income:	How Long:	Bus. Phone#:
Other income:	Occupation:	Gross Annual Income:	How Long:	Bus. Phone#:
Previous Employer:	Occupation:	Gross Annual Income:	How Long:	Bus. Phone#:
Co-Applicant's Previous Employer:	Occupation:	Gross Annual Income:	How Long:	Bus. Phone#:

Assets

Bank Account:	Current Value of Home:	G.I.C.'s:	Stocks/Bonds/Term Deposits:	R.R.S.P.:
Vehicle:	Model:	Year:	Current Value:	Other::

Liabilities (Include Self and CO-Applicant):

Credit Card:		Monthly Payment:		Balance:
Credit Card:		Monthly Payment:		Balance:
Credit Card:		Monthly Payment:		Balance:
Other Debt:	Lender:	Monthly Payment:	Purpose:	Balance:
Other Debt:	Lender:	Purpose:	Monthly Payment:	Balance:

New Home Details (If Purchasing a Property or Applying for Pre-Approval on a Purchase):

Address:	City:	Province:	Postal Code:	Annual Taxes:
Occupancy:	Ownership:	Property Type:	Exterior:	Water Supply:
Paved Road: Yes/ No	Sewer Type:	Year Built:	Garage:	Basement:
Fireplace: Yes No	Bedrooms:	Bathrooms:	Half Bathrooms:	Square Footage:

Condominiums Only:

Square Footage:	Apartment:	Townhouse:	Heat Included: Yes No
Hydro Included: Yes No	Annual Condo Fees:		

Credit Checks: The applicant(s) specifically authorize Capital Mortgages to obtain such credit information or credit history from any recognized credit reporting agency, bank or financial institution and to provide such information and the information contained in this application or given pursuant to this application to any mortgage lending institution or private mortgagee as Capital Mortgages deems appropriate in its absolute discretion for the purposes of this Application.

I/we hereby acknowledge that I/we have been advised that mortgage life or disability insurance may be available to me/us for this mortgage/loan and take sole responsibility to investigate and secure such coverage if desired.

Capital Mortgages does not sell or give 3rd party access to clients lists.

Signature of Applicant (if applicable) | Signature of Co-Applicant (if applicable) | Date