



Mortgages by Maryuri

YOUR HOME BUYING GUIDE

YOUR COMPLETE MANUAL TO HOME BUYING

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MY SERVICE PLEDGE TO YOU...

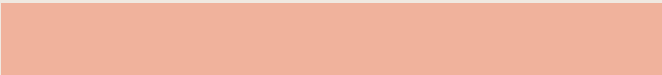
Purchasing a home is one of the most stressful financial undertakings that you'll likely participate in throughout your lifetime. For most people, it's the single largest investment that they'll make, period! This is why it's important to surround yourself with professionals who'll not only offer you a tremendous amount of knowledge and support, but will also make the process as seamless as possible – keeping you informed every step of the way.

As your mortgage expert, I'll show you that I care about your needs first and foremost. In fact, understanding your needs is a very important part of the mortgage process. By understanding your needs, I can save you possibly thousands of dollars in potential payout penalties, extra legal fees, etc.

I'll communicate with you during the entire home-buying and mortgage-financing processes and even after your mortgage has funded. I'll send my newsletter to you on a monthly basis so that you're informed on what's happening in the mortgage market. Many people simply forget about their mortgage until the renewal date, but there are many reasons that it pays to be informed at all times.

My goal is to give impartial advice on where the market's going (are rates going up or down or are there new products and features available?) so that you are equipped with information that'll help you make informed financial decisions.

Honesty and integrity is the number one principle on which true mortgage experts build their businesses. I believe in earning business by cultivating many referrals, as it's an indication to new clients that their friends, family, realtors, financial planners, lawyers, accountants and so on have all had extremely positive experiences working with me. This package has been compiled to provide a complete guide encompassing the mortgage financing process, and it's my hope that you find it to be a very useful and informative tool.



8 REASONS TO USE A MORTGAGE AGENT

1. Get independent advice on your financial options. As independent mortgage brokers and mortgage agents, we're not tied to any one lender or range of products. Our goal is to help you successfully finance your home or property. We'll start by getting to know you and your homeownership goals. We'll make a recommendation, drawing from available mortgage products that match your needs, and we will decide together on what's right for you.

2. Save time with one-stop shopping. It could take weeks for you to organize appointments with competing mortgage lenders and we know you'd probably rather spend your time house hunting! We work directly with dozens of lenders, and can quickly narrow down a list of those that suit you best. It makes comparison-shopping fast, easy, and convenient.

3. More choice means more competitive rates. We have access to a network of major lenders in Canada, so your options are extensive. In addition to traditional lenders, we also know what's being offered by credit unions, trust companies, and other sources. And we can help you take care of other requirements before your closing date, such as sourcing mortgage default insurance if your down payment is less than 20% of the purchase price.

4. Ensure that you are getting the best terms and rates. Even if you've already been pre-approved for a mortgage by your bank or another financial institution, you're not obliged to stop shopping! Let us investigate to see if there is an alternative to better suit your needs.

5. Things move quickly! Our job isn't done until your closing date goes smoothly. We'll help ensure your mortgage transaction takes place on time and to your satisfaction.

6. Get Expert Advice. When it comes to mortgages, rates, and the housing market, we'll speak to you in plain language. We can explain the various mortgage terms and conditions so you can choose confidently.

7. No cost to you. There's absolutely no charge for our services on typical residential mortgage transactions. How can we afford to do that? Like many other professional services, such as insurance, mortgage brokers are generally paid a finder's fee when we introduce trustworthy, dependable customers to a financial institution. These fees are quite standard and nearly industry wide so that the focus remains on you, the customer.

8. Ongoing support and consultation. Even once your mortgage is signed and paperwork is complete, we are here if you need any advice on closing details or even future referral needs. We are happy to be of assistance when you need it.

YOUR PROFESSIONAL TEAM

The trend to move towards using mortgage brokers/agents to arrange mortgage financing is continually increasing. Why has this shift occurred? Well, very simply put, TOP-NOTCH SERVICE and UNBIASED ADVICE!

The banks are cutting back on staff and are centralizing operations to save money. This doesn't bode well for the consumer. Unlike individual banking representatives, who often move from one branch to another hoping to make advancement in the corporations, as your mortgage advisor, it's my intention to create a lifelong relationship.

Today, many banks are buying out smaller trust companies to expand their portfolios. Most major banks lend out money through these trust arms at reduced rates. If you just stick with your bank, you lose access to hundreds of other financing arms – including offerings from multiple banks, credit unions and trust companies – that may have better rates, products and packages to offer you.

Mortgage agents and brokers get paid from the lenders so their service is offered to you without charge. What else can you ask for? Better rates, personalized service, flexibility and products at no cost to you.

Some will say that the fee is built into the rate, but this is not so. It costs the banks approximately 40% less to generate a mortgage through a broker than a branch, as there is no overhead to pay if the bank doesn't get a client's business. Instead, the mortgage broker bears the entire cost of day-to-day business activity.

Realtors

Your realtor is an integral part of your team. Your realtor can give you access to properties that never make it to the MLS website. Many properties are sold in a matter of days, and it can often take longer to make it through the MLS process. Realtors gain access to information about homes that may come on the market before any listing is signed. More important, your realtor can tell you how to be successful in your bid for a desired property. In today's competitive real estate market, it's very difficult to acquire any property without the help of a real estate professional. I have developed relationships with numerous realtors and can recommend a qualified realtor to help you through the home-buying process.

Lawyers and Notaries

Arrangements will need to be made for a notary or lawyer to draw up the mortgage documents and register them on file for you. Since the visit to your lawyer is the last step in the entire process, it's extremely important that this is handled with care. I can recommend a qualified and professional lawyer or notary who specializes in real estate transactions that can help streamline this process.

Home Inspectors

This is probably the best \$300-\$400 you'll ever spend. While a competitive situation may not enable you to have an inspection done, it's highly recommended. Whenever possible, have an inspection done so that you're completely informed about what you can't see behind the walls. There may be mould, oldwiring or leaks that'll cost you a lot to fix down the road. I can recommend a professional inspector to help set your mind at ease.

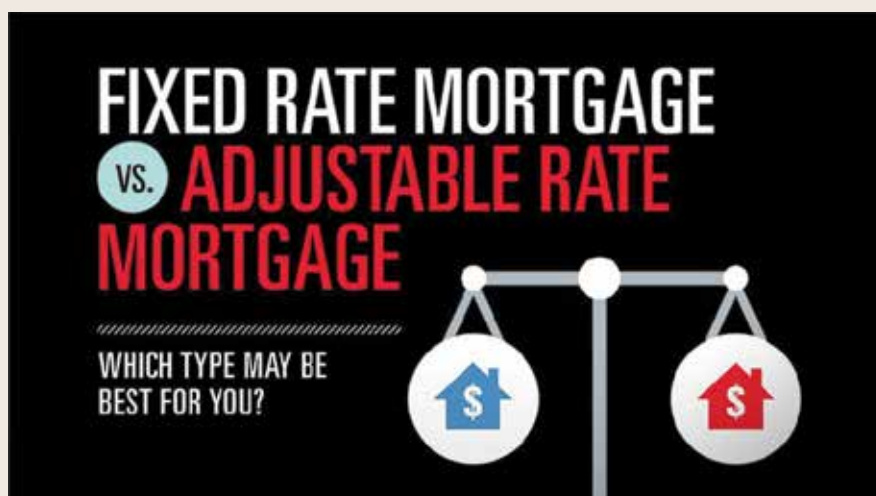
TYPES OF MORTGAGES

Mortgages can be a confusing subject. Buying or selling a home is an emotional decision and can be very stressful. As a mortgage expert, I will take the confusion out of mortgages and make the process as smooth as possible. In Canada, there are two major categories that mortgages fall into, either closed or open. Most mortgages are closed, meaning that you can't pay out the mortgage in full without paying a penalty to the lender. You can, however, often make lump sum or extra payments each year.

An open mortgage allows you to pay out the mortgage anytime without penalty. But you typically pay a higher rate than when opting for the same closed version. Open mortgages may have an administration fee that is higher than a closed mortgage if you do, in fact, decide to fully pay off the mortgage. This is partly why it's so important to read the fine print and ask about these charges. In most cases, it's better to take the closed product if you don't intend to fully pay out the mortgage in a short period of time.

Closed mortgages are offered in terms starting at six months. The interest rate is fixed during that term. (The term should not be confused with the amortization. Amortization is the time period it would take to fully pay off the mortgage by making regular payments.) Variable rate mortgages, on the other hand, have a rate that floats with the prime rate and are often closed mortgages.

Let me help you make one of the biggest decisions in your life by providing options and advising you on the best scenario for your specific needs.



THE MORTGAGE FINANCING PROCESS

The number one question a homebuyer often has is “What does the mortgage process entail?” In very simple terms, following is an outline of the process upon which you are about to embark:

a) Get Pre Approved: Avoid any hiccups or obstacles before you begin the home shopping process. Being preapproved helps in the following ways:

Determines price range – it’ll help you understand what your monthly costs will be and determine your price range.

Guarantees the rate – from 90-120 days. And we’ll automatically adjust your rate down with any market reductions.

Allows you to put in a competitive offer – become a successful bidder with a short subject to financing requirement.

b) Put in an offer: Once you have found the property that meets your needs, you’ll put in an offer that’ll be accepted or countered. This may go back and forth until you reach an acceptable price with the vendor.

c) Offer is accepted:

Fax us a copy

An appraisal is ordered (if necessary)

Send in any remaining documents required for financing (income confirmation, down payment confirmation, etc)

Send an inspector in (if applicable) – I can help you arrange this

Receive the lender’s approval on property and final approval letter

d) Remove Subjects: At this point, your financing is in place and you’re ready to proceed with the purchase of the property.

e) Lawyer’s Office: You’ll be asked to provide any money that’s to be used as your down payment, which is not already on deposit with your realtor.

Typically, you’ll go in 1-2 days prior to the completion date.

WHAT DOES A LENDER CONSIDER?

Income and Job Stability – Your income determines how much you may borrow. In most cases, 32% of your gross income for salaried, non-selfemployed or commissioned people is used to determine how much you can borrow to cover the cost of the mortgage payments, taxes and any applicable maintenance. All other debts (eg, car loans, credit cards and lines of credit, etc) must not exceed an additional 8% of your gross income.

Credit History – Your credit score must show that you pay your bills on time. If not, you may still be approved, but the interest rate may be higher than expected.

What you need to supply to the lender:

a) Income Confirmation – For salaried individuals: letter of employment and your most recent pay stub.

b) Down Payment Confirmation – The lender will require that you prove the source of your downpayment. You'll have to send in bank statements, statements showing RRSPs, stocks, etc. You must show a three month history of your accounts. If there are any large lump sum deposits, you're likely to be asked to show where the deposit originated. For mortgages where your down payment is less than 20% of the purchase price, you'll also be asked to demonstrate that you have access to 1.5% of the purchase price in your bank account. You must be able to show this through a credit card, line of credit, gift from family or savings in case closing costs run higher than expected.

c) Contract of Purchase and Sale – This is a copy of the accepted offer of the home you intend to purchase and a copy of the MLS listing sheet.



LIST OF DOCUMENTS REQUIRED TO CLOSE

Purchase

1. MLS Listing
2. Agreement of Purchase and Sale with all amendments and schedules
4. Income verification (*- below check information applicable for your situation)
5. Void Cheque
6. Lawyer's information (Name, Phone, Fax)
7. Confirmation of down payment and closing cost (1.5% from purchase price).

It can be any of the following:

- copy of the bank statement for the last 3 months, confirming that money is sitting in the bank account,
- RRSP or other investment statements,
- gift letter from immediate family relatives (no husbands and wives) .
- unconditional Agreement of Purchase and Sale on the property being sold

Preapproval

1. Income verification (* - check information below, applicable for your situation)
- * - Income verification

Full Time Employee

- Letter of employment and Most recent pay stubs (one or two)
(on company-letterhead, dated and signed by appropriate authority, contain date of hire and position, the amount received annually or the hourly rate and guaranteed hours worked per week, bonuses, etc.)

Self Employed

- Notice of Assessment from Revenue Canada (Last 2 years)
- T1 General for 2 years (copy of your Income Tax Return, completed by your accountant)

LIST OF DOCUMENTS REQUIRED TO CLOSE CONT'D

Business Owner

- Notice of Assessment from Revenue Canada (Last 2 years)
- Business Registration or Article of Corporation (business tenure should be more than 2 years)
- T1 General for 2 years (copy of your Income Tax Return, completed by your accountant)
- 6 Months - Business Bank Statements (Statements must display Name, Address & Account Number)

Switch / Renewal

1. Most recent annual Mortgage Statement
2. Property Tax Statement (Tax Bill)
3. Home Insurance or condo-fire insurance from property management (ask them fax it to our office)
4. Income verification (* - check information below, applicable for your situation)
5. Void cheque

Refinance

1. Most recent annual Mortgage Statement
2. Property Tax Statement (Tax Bill)
3. Income verification (* - check information below, applicable for your situation)
4. Home Insurance or condo - fire insurance from property management (ask them fax/email to our office)
5. Void cheque
6. Lawyer's information (Name, Phone, Fax)

LIST OF DO'S AND DON'TS

Often times we get excited about our brand new home and we want to have everything in order for moving day! That means we are out shopping for new furniture and well now that you have a new home, you might even need a new car!

As exciting s the whole process is, making large purchases or applying for new credit will affect your new mortgage! Here is a list of do's and don'ts for you while you are considering buying a home.

DONT'S

Don't finance or lease a new vehicle.

Don't put any large purchases on credit - for example furniture, trips.

Change your job, or quit your job.

Become self employed

DO'S

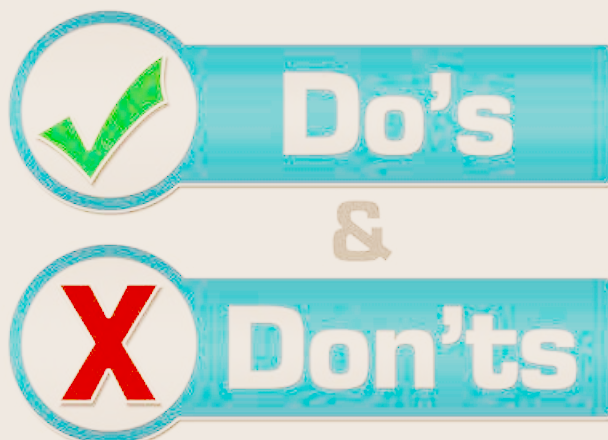
Pay down as much credit as you can as well as ay credit you are required to pay down in order to qualify for the mortgage.

Call me if you are planning on applying for credit. We will check how this will affect your mortgage approval.

Call me if you are planning on buying large ticket items like a car, furniture or a trip.

Call me if you are thinking of making any changes to your current work arrangement or job.

Please provide all necessary documentation required to complete your mortgage at your earliest opportunity



CONVENTIONAL VS. HIGH RATIO MORTGAGE

Whenever possible, it's advisable to try to put a 20% down payment into the new home. Most individuals are unable to do this, so their mortgage needs to be insured by either Canada Mortgage and Housing Corporation (CMHC), Genworth Financial or Canada Guaranty. This is the case because the Bank Act will only allow financial institutions to lend up to 80% of the price without mortgage default insurance.

The mortgage is insured so that if you default on your payments, the lender is paid out in full and the insurer is left to deal with the borrower. The insuring companies charge an insurance premium. The premiums are based on the loan to value (LTV), which is the amount of the loan versus the value of your home.

Loan to Value (LTV)

Insurance Premiums (Last Increase: May 1st, 2014)

Up to and including 65% 0.60% of the loan amount

Up to and including 75% 1.70% of the loan amount

Up to and including 80% 2.40% of the loan amount

Up to and including 85% 2.80% of the loan amount

Up to and including 90% 3.14% of the loan amount

Up to and including 95% 4.0% of the loan amount

You may borrow up to 95% of any price for an owner-occupied purchase, in most urban areas. If you're buying a property for investment purposes, the maximum loan amount is 80% and the insurance premium is higher than shown above.



TYPES OF MORTGAGES

The main reason many renters feel they can't afford to purchase a home has to do with saving for adown payment.

Many lenders will allow for a gifted or borrowed down payment.

You can also take advantage of the RRSP Home Buyers' Plan. This program enables first-time homebuyers to withdraw up to \$35,000 from their RRSPs for a down payment – tax and interest free.

And if you're part of a couple making a home purchase together, you can each with draw up to \$35,000 from your RRSPs.

If, for instance, a renter is currently paying \$1700 per month, with that same payment (including taxes) they could afford to buy a \$450,000 home. And assuming real estate values increase 3.5% per year over the next five years, the new homeowner would have accumulated \$78,750 in equity in their home. If they continue renting, however, this \$78,750 has generated equity in someone else's home.

CLOSING COSTS

The following is a list that'll assist you in calculating your true costs in purchasing your new home:

- a) Property Transfer Tax – This is a tax that is charged whenever a property is purchased. The tax will vary from jurisdiction to jurisdiction, but I can help with the calculation.
- b) GST/HST – Tax is only charged on new homes, and does not affect homes priced at less than \$400,000. Even homes that exceed the price threshold are only taxed on the portion that exceeds \$400,000. Certain conditions may apply. Please contact you lawyer/notary for more detailed information.
- c) Legal Fees – Your lawyer or notary will charge you a fee for drawing up the mortgage and conveyance of title. The amount of the fee will depend on the individual that you use. The typical cost is \$1200-\$2,000.
- d) Survey – If you're purchasing a single-family home, you'll need to give your lender a survey certificate showing where the property sits within the property lines. Some exceptions are made, however, on low loan-to-value deals and acreage properties. A survey will cost approximately \$300-\$350, but the lender will often accept a copy of an existing survey. See Appendix A for a closing cost worksheet.

APPENDIX A

CLOSING COSTS WORKSHEET

Purchase Price: \$ _____

Subtract Deposit with Realtor: \$ _____

Subtract Net Mortgage Amount: \$ _____

Legal fees: \$ _____

Land Transfer Tax: \$ _____

GST/HST: \$ _____

Appraisal Fee: \$ _____

Survey Certificate: \$ _____

Tax Adjustment: \$ _____

Interest Adjustment: \$ _____

Total Closing Cost: \$ _____

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