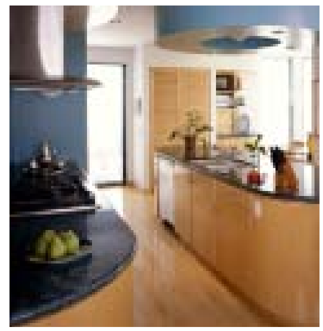
The Key To Your Dreams

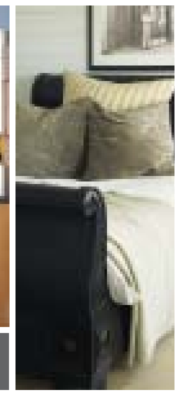
A comprehensive guide to home ownership

MORTGAGE INTELLIGENCE®

Canada's Trusted Source for Mortgage Solutions

Congratulations on your Decision to Buy a Home!





Buying a home is a big step in your life. Finding the right home and the right mortgage to suit your needs can be complex. This comprehensive guide to home ownership provides a simple outline of the process and what you can expect. Remember, I will take care of all the details and answer your questions, so you can have peace of mind throughout the process.

Most Canadians have a general understanding of what a mortgage is and some of the basic terms, but when looking to make one of the most important financial and lifestyle decisions, it makes sense to speak to a mortgage professional at Mortgage Intelligence. Mortgage financing does not have to be difficult and I can guide you through the entire process, answer all of your questions, and ensure that you get the best product and rate to suit your own personal needs. You deserve a customized mortgage solution, and the traditional financial institution branch channel will not give you what you deserve. With over 50 lenders and hundreds of products at my fingertips, I am up-to-date on the continually changing landscape of rates, terms and conditions - **you can relax knowing your interests are being well taken care of.**

Contrary to common belief, a mortgage professional's services come at no cost to you*, as we receive compensation from the financial institutions for sourcing the mortgage and doing the administrative work to complete the mortgage transaction. Only in certain circumstances will a fee ever be charged, and this will always be disclosed up front so that you can make an informed decision about proceeding. Mortgage professionals at Mortgage Intelligence deal with all of the major financial institutions, including chartered banks, trust and insurance companies.

Before you make what is likely to be the biggest financial decision of your life, talk to me first.

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*OAC, E&OE

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Who are the Main Players in your Home Purchase?

You are not alone in your leap to home ownership. When buying a home or other property, you will have to rely on a range of professionals to guide you through the process. They include:

Mortgage Broker / Mortgage Agent / Independent Consultant – A mortgage professional introduces buyers to a full range of mortgage products, interest rate options, and strategies to pay off your mortgage more quickly. This professional works only on your behalf.

Lender – Financial institutions, such as banks, credit unions, trust companies, pension funds, and life insurance companies that lend money to home buyers.

Real Estate Agent – A real estate representative finds properties in your price range and arranges the purchase transaction on your behalf.

Appraiser – The appraiser determines a property's mortgageable value, based on its condition and the selling price of comparable properties recently sold in the area. The market value enables the lender to determine the loan-to-value ratio of the mortgage (the amount of the mortgage versus the value of the home).

Home Inspector – They examine the home you intend to buy and evaluate its roof and structural stability, electrical work, plumbing, appliances, fireplaces, and furnace. This inspection is usually arranged by you, the buyer, and allows you to address any issues with the seller prior to closing, as well as anticipate any repairs that may be required.

Lawyer/Notary Public – Your lawyer or notary will review the Agreement of Purchase and Sale, ensure that all closing documents have been completed correctly (including the title search and title insurance), as well as file documents with the provincial land title office. Your lawyer or notary will also ensure your property is clear of all existing mortgages, judgments, and builder's liens.

Default Mortgage Insurer – Mortgage insurers, such as Canadian Mortgage & Housing Corporation (CMHC) and Genworth Financial, protect lenders from a borrower defaulting on a mortgage at any time during the amortization period. Home buyers with down payments of less than 20% must purchase mortgage insurance.

Home Insurance Agent – When you get a mortgage, you have to supply the lender with proof that the property you're buying is fire insured, at least to its replacement cost.

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Contact List of Home Buying Professionals

Mortgage Intelligence Professional: see my contact info at the bottom of this page

Real Estate Agent:

Name:

Phone: Cell:

Fax: Email:

Home Inspector:

Name:

Phone: Cell:

Fax: Email:

Builder's Sales Agent (if applicable):

Name:

Phone: Cell:

Fax: Email:

Lawyer/Notary:

Name:

Phone: Cell:

Fax: Email:

Home Insurance Agent / Broker:

Name:

Phone: Cell:

Fax: Email:

Other:

Name:

Phone: Cell:

Fax: Email:

Other:

Name:

Phone: Cell:

Fax: Email:

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STEP 1

Mortgage Pre-Approval - a Smart Move

What is a mortgage pre-approval?

A mortgage pre-approval is a conditional approval from the lender that a mortgage professional arranges for you, after reviewing your financial situation.

Lenders require proof of:

1. **Down Payment** – how much money will you put down on the purchase of your home or condominium?
2. **Income** – What is your monthly income?
3. **Credit** – the lender must be confident that you will pay them back. Your credit history shows your ability to repay debt.

Why get a pre-approved mortgage before you start to look?

A pre-approval will...

1. save you time and reduce uncertainty as you will be able to let your realtor know what price range you can afford.
2. give you the edge and confidence when you are putting offers on homes in areas where buyers are actively competing for properties on the market.
3. provide you with a written confirmation or pre-approval certificate of how much you are eligible to borrow.
4. assure you of a particular mortgage rate – for a specific period of time (e.g. 90-120 days). A "locked-in" rate means there is no risk of an interest rate increase while you are house hunting. A mortgage professional may be able to obtain a longer pre-approval rate hold (e.g. 120 days). Plus, if the rates drop, your rate changes to the new rate.

Tip: I have expert tips for improving your credit rating if you do not qualify for a pre-approved mortgage from a lender.

Talk to me today.

What information do you need for a pre-approval?

For a mortgage pre-approval, the following information (at a bare minimum) is required of the applicant (and co-applicant); however, no proof at this time is necessary!

1. Full legal name(s) plus two pieces of identification, such as Social Insurance Number card(s); one with photo identification (e.g. driver's license or Canadian passport).

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2. All sources of income(s) (e.g. pay stub or a copy of a T4 slip), letter from employer stating how long you've worked for your company and your annual salary or wage, spousal support, etc.
3. Date(s) of birth.
4. Proof of financial assets, such as bank account and investment statements.
5. Summary information on assets (cash, investments) and liabilities (loans, credit cards, any other payments, including alimony and child support). Current monthly expenses and debt payments; include the monthly portion of any annual expenses.
6. History of residence and employment (3 years).
7. If on commission sales - 3 years personal tax returns plus Notice of Assessments from Revenue Canada.
8. If self employed – same as commission sales, plus 3 years business financial statements, and 3 years business tax returns (if applicable).
9. Condo/maintenance fees (if applicable).
10. Down payment.

This information is then submitted to the lender so they can make a preliminary decision of qualification and will allow the mortgage professional at Mortgage Intelligence to obtain the pertinent credit file(s).

What will affect your pre-approval?

1. Changing employment or doing anything that will reduce or affect your income. Examples include if you are in a probationary period at work or if you are currently on, or plan to be on, maternity or parental leave.
2. Applying for new credit cards or loans.
3. Entering into a "don't pay for a year" agreement.
4. Guaranteeing or co-signing a loan or mortgage for someone else.
5. Using any of your down payment money for other purposes.
6. Allowing your investments to slip below the amount you'll need to maintain your current financial position.

Tip: Be completely open regarding any current or past credit issues that may affect your pre-approval and your obtaining a mortgage.

Talk to me for details

STEP 2

What will it Really Cost?

What are the potential costs?

When buying a house or condominium, purchase price is only the beginning. There are other costs to consider, and knowing them in advance is the best way to avoid surprises later on. **Use the Housing Costs Worksheet (Appendix A) to keep track of these costs.**

How much should you borrow?

For many first time home buyers their first home may not be their dream home or a home where they will reside long term. Understanding how much you can comfortably afford to borrow will help you focus on the right home in the right price range. You need to fully understand your financing picture: how much money comes in each month and how much money do you spend. **See Appendix B as a guide.**

What are some potential cash flow sources?

To balance out these costs, you can take advantage of a number of things to free up your cash flow and reduce financial pressure:

- Get extra money with your mortgage to use for home improvements. For example, CMHC Mortgage Purchase with Improvements Mortgage Insurance Program and Genworth's Program, Purchase Plus Improvements Mortgage Insurance Program are popular options.
- Use "windfall" money like a tax refund or a bonus from work, so you're not dipping into money reserved for regular expenses.
- When refinancing, roll your high-interest debt into your new mortgage to reduce your monthly debt payments.
- Go over your monthly expenses using the worksheet on the next pages and see what you can reduce – every little bit helps!

Calculate Your Debt

Although home financing is a form of debt, it is considered one of the 'good debts' because it is used to purchase real estate which over time appreciates in value, it is a good investment. Many lending institutions must, however, understand your complete debt picture and you should as well. Here is a tool to help you:

Liability:

	Total	Min monthly payment	Actual monthly payment
Major credit cards			
Store credit cards			
Student loans			
Car loans / leases			
Lines of credit			
Personal loans			
Other debt			
Other			

Total Debt ______________

STEP 3
Coming Up with the Down Payment

What are your down payment options?

The money for the down payment, which represents a portion of your home's price, is not included in your mortgage and must come from your own financial resources. The minimum down payment amount is 5% of the purchase price. Acceptable sources include:

1. **RRSP Home Buyers' Plan -** allows you to use your RRSP for a down payment
   - Qualifying purchasers can withdraw up to $25,000 each from their registered retirement savings plans (RRSPs) to buy or build a qualifying home without incurring tax penalties.
   - The money is not taxable, but the RRSP must be repaid within 15 years, with minimum annual payments of 1/15th of the withdrawn amount.

2. **Short-Term Investments or Savings -** that will be cashed out.

3. **Sale of Property -** the financial institution will require the sale agreement (with no conditions) and the mortgage statement.

4. **Gift -** funds must be in your possession and a gift letter must be provided to the financial institution, stating that the funds are an outright gift.

Calculate your down payment

Source	Value	Down payment use? Yes / No /Some	Amount for down payment use
Bank account balance: Chequing Savings			
Canada savings bonds, guaranteed investments, certificates, term deposits			
Non registered investments (stocks, bonds, other)			
Life insurance dividends			
RRSPs (you can use $25,000 per person max)			
Gifts / other contributions			
Other assets			

Total ____________

Tip: No RRSPs? Your mortgage professional at Mortgage Intelligence can show you how to establishanRRSPwithborrowedfunds,andusetheresultanttaxrefundforadownpayment.

Ask for details.

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STEP 4

Shopping for your Home

Working with a real estate agent that is knowledgeable in the area where you are purchasing, will help you narrow down your search options and weed out properties that might look good on paper but do not fit the bill long tem.

A good realtor will:

- get to know you and your home requirements.
- review and narrow down the potential list of homes for you to view.
- have access to new listings and able to advise you on their benefit, often before they are listed.
- advise on the housing market in the area that you are interest in, offering advise of what a fair market value of a property may be.
- offer insight into the community, neighbourhoods, and other developments in the area.
- do the leg work of arranging showings or taking you through open home viewings.
- advise on features, advantages and benefits of each home that you view, as well as point out any potential red flags with each property.
- guide you through the offer and sales process, including preparing all sales documentation and other negotiation aspects of the purchase.

When selecting a realtor, look for someone who knows the area, is able to listen and understand your needs, and is able to advise you on what is best for you now and in the future. Your realtor should be fully licensed, work with the Multiple Listing Service (MLS®), be available when you are and have a good track record with previous clients. It's OK to ask for references if the agent was not referred to you by someone you know.

What are your housing options?

When it comes to finding the right home, there are many options to consider. Here are the pros and cons of the various options as well as a comparison of previously owned homes vs. new homes purchased directly from the builder.

Condo Apartment

Pros:

- Lowest purchase price, lowest taxes.
- Virtually maintenance free - no snow shovelling or lawn maintenance.
- Convenient for singles, childless couples and empty nesters.

Cons:

- Lower resale value, hardest to re-sell and can be difficult to finance with low down payment.
- Can have high maintenance fees that can substantially increase carrying costs.
- No private yard so you can't enjoy backyard activities such as barbequing, gardening, etc.
- Share common walls with neighbours – if they're noisy you're out of luck.

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Condo/Freehold Townhouse

Pros:
- Lower purchase price and taxes than semi or detached and less maintenance.
- Better resale value than condo apartment.
- May have a backyard.

Cons:
- Lower re-sale value than semi or detached and harder to re-sell. Don't own the land – the most valuable asset (unless freehold townhouse).
- Share common walls and close to neighbours.

Semi-Detached

Pros:
- Most privacy at least cost – great for first-time buyer.
- You own the land, the appreciating asset – bricks and mortar depreciate.
- Good resale value and easy re-sell.
- Easy to finance at best rates.
- Usually has larger yard than townhouse, more backyard activities possible.

Cons:
- Share a common wall with neighbours.
- Higher price per square foot of living space than a townhouse in a similar location.
- Higher level of maintenance than condo or townhouse such as lawn, exterior up-keep.

Detached

Pros:
- Best re-sell value and you own the land, the main appreciating asset.
- Most privacy, least noise from neighbours because there are no common walls.
- Most desirable type of home with greatest perceived value.
- Lower priced detached homes tend to sell quickly because of the combination of prestige and affordability.

Cons:
- Highest purchase price and property taxes.
- Higher level of maintenance than condo or townhouse such as lawn, exterior up-keep.

Previously Owned

Pros:
- Lower prices because of some wear and tear (which varies greatly – consider a home inspection).
- You get the benefit of upgrades (finished basement, pool, etc.) at a depreciated price.
- Established neighbourhood, current neighbours, etc., are known entities although they can change.

Cons:
- Others have used the home.
- No warranty for repairs required by law, although it can be made a condition of purchase.
- If existing décor is not to your liking, it can be expensive and time consuming to change.

New Home from Builder

Pros:
- You are the first occupant and the house is yours to decorate as you wish.
- Purchase price includes colours, design features, etc. that you select, usually with negotiable upgrades.
- Protection from construction deficiencies is usually required by provincial law.

Cons:
- There is often an extended period of time without lawns or paved driveways, and with dust from unsodded areas and construction traffic.
- There can be problems with permits or trade strikes that prevent timely completion and occupancy.
- Defects in construction may not be addressed promptly.
- Some closing costs apply to new homes that do not exist with previously owned homes.

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What is the best location – for you?

Now that you know how much you can afford to spend on your new home, it's time to start shopping. For maximum success and minimal confusion, follow these five steps as you carry out your search:

1. Write down your "must haves" list in the worksheet provided below. Consider what is important to you now, as well as what might be important over the next several years.
2. Go over your "must haves" with your real estate agent to avoid wasting your time looking at homes that don't suit your needs.
3. Mark the items on this list that are negotiable. These are your "nice to have" items.
4. As you visit homes, keep detailed records on each home using the worksheet **(Appendix C)**.
5. Take photos. After you've seen a few different homes, you may confuse one with the other.

"Must Haves" worksheet

	Must Have	Negotiable?
Location: FOR EXAMPLE: Distance from work, school, friends or family, as well as from other amenities of the neighbourhood, such as retail and transit		
Features: FOR EXAMPLE: First-floor laundry room, home office, den, recreation or family room, covered parking, apartment for rental income, number of rooms		
Size: FOR EXAMPLE: Square feet of space, lot size		
Home details: Take detailed notes regarding the interior and exterior of the home, such as land and landscaping, exterior of the building, entrance, driveway, garage, front hall, living room, dining room, den, study, family room, kitchen, each bedroom, each bathroom, basement, utility room, laundry room and any additional rooms. For condos, also look at: parking area, common areas, balcony, storage area, recreation facilities, exercise facilities and the lobby. Be sure to note the condition in every area, such as any structural problems, water pressure, energy efficiency and air quality.		

Why is a home inspection important?

Having a qualified home inspector examine the property you are about to purchase is a good idea, but not always necessary.

If during the home inspection significant issues are discovered, you and your realtor may agree to renegotiate the sale price to cover repair costs or withdraw your offer.

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STEP 5
Making an Offer

Now that you've found a home that meets your needs, the next step is to make an Offer to Purchase (also known as an Agreement of Purchase and Sale).

What goes into an offer?

1. **The amount you are willing to offer for the property.** Following the advice of your realtor, start as low as is reasonable and leave room for negotiations.
2. **Your deposit cheque.** With every accepted offer, a deposit cheque is generally required. If the person selling the home rejects your offer, your cheque will be returned to you. If however, you cancel an accepted offer, the vendor will likely keep your deposit.
3. **The specific items you want** included in the purchase price such as appliances, light fixtures or window coverings.
4. **The closing date** when you want to take possession of the home.
5. **The expiration date and time of your offer.** Your offer to purchase has a time limit. If the person selling the home doesn't accept your offer within the timeframe you've indicated, your offer expires and your deposit cheque should be returned to you.
6. **Any conditions of the offer** such as financing, a land survey or home inspection.

Tip: For guidance, ask your real estate agent for sample listings from the same street or neighbourhood. Find out the listing prices, as well as the sold prices.

What happens after you make an offer?

After you make your offer, the seller may accept it, reject it or return it with some requested changes. This is known as a counter offer. When you start negotiating, remember what you've already determined about how much you can afford and remember your "must haves". Try not to get caught up in a false sense of urgency or emotion during this process.

What is involved:

- Negotiating your best offer
- Getting mortgage approval /choosing your mortgage (Step 7)
- Meeting with a lawyer
- Getting a home inspection
- Insuring your new property
- Completing the paperwork
- Picking up your keys

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STEP 6
Choosing your Mortgage

What are your mortgage options?

There are really only two mortgage options:

1. **Conventional Mortgage:** A mortgage loan less than or equal to 80% (Loan to Value ratio) of the value of the property i.e. a mortgage for $160,000 on a $200,000 home.
2. **High Ratio Mortgage:** A mortgage loan greater than 80% (Loan To Value ratio) of the value of the property, and therefore subject to mortgage loan insurance (also known as default insurance) available through either CMHC or Genworth Financial Canada. With mortgages insured through either, a one-time insurance premium is added to the mortgage amount.

What are the types of mortgages?

There are numerous mortgage options available to the homebuyer. These include:

A. **Fixed-Rate Mortgages:** means that the interest you pay and your regular payments remain the same throughout the term of your mortgage. There are 6 month, 1, 2 and 3 year (open, closed and closed-convertible) and 4, 5, 7 and 10 year closed terms.

B. **Variable or Adjustable Rate Mortgages:** can have interest rates, and sometimes payments, that change based on changes in the Bank of Canada's prime lending rate. There are 3, 4, and 5 year terms (open, closed, closed-convertible and capped). Note that borrowers applying for a variable-rate mortgage or a fixed-rate mortgage with a term of less than 5 years must qualify based on the Bank of Canada's five-year fixed posted mortgage rate.

C. **Split-Term:** Combination of all possible terms (6 month to 10 years).

D. **Self-Directed RRSP:** A specialty mortgage – term optional – within CMHC guidelines. Invest your own RRSP funds into all or part of your home mortgage.

At the end of the term, you may either pay off your mortgage or renew it.

How frequently can I pay?

Generally, more frequent payment periods will reduce the time it takes to pay off your mortgage and will reduce the total amount of interest you'll pay.

Monthly	12 payments / year
Semi-monthly	24 payments / year (1st & 15th of every month)
Weekly	52 payments / year
Biweekly	26 payments / year (every two weeks)

Tip: I'd be happy to go over all of these options with you and help you choose the mortgage and features that are right for you

Call me today.

Continued >

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The following example shows how increasing your payment frequency pays off in the long term:

Payment frequency	Payment amount	# of payments each year	Total interest paid	Interest saved
Monthly one payment each month	$1,400.83	12	$220,207.26	
Semi-monthly two equal payments are made each month	$699.41	24	$219,477.51	$729.75
Bi-weekly you make a payment every two weeks	$643.33	26	$219,631.27	$575.99
Weekly payments made each week	$321.45	52	$219,359.36	$847.90
Accelerated bi-weekly pay ½ of your monthly payment every two weeks	$700.42	26	$172,529.71	$47,677.55
Accelerated weekly pay ¼ of your monthly payment each week	$350.21	52	$171,992.28	$48,214.98

Example is based on $200,000 mortgage at 7.0% interest on a fixed term, 25 year amortization. Assume same interest rate for the life of the mortgage.
Rate shown is an example only and may not apply to an actual mortgage.

Do I need mortgage or other insurance?

Mortgage/creditor insurance ensures that your most valuable asset – your home – is protected in the event of death, disability or critical illness. Mortgage insurance is usually mandatory when your down payment is less than 20% of the purchase price of your home. Insurance is available through CMHC, Genworth Financial, and Canada Guaranty. This type of insurance protects the lender. To protect your investments and newly purchased family home, talk to me about ***iprotect***®.

You will also have to provide proof to the lender that you have home (fire) insurance, and if a newly built home, the "new home warranty".

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STEP 7
Closing and Other One-time Costs

On closing, you will need to provide your lawyer with a certified cheque to them "In trust" to cover the down payment, as well as the other closing costs. The exact closing costs depend on where you live, how much you are borrowing, etc., and your lawyer will advise you of the exact amount required a day or two in advance.

Don't forget, in order to close you will have to provide proof to the lender that you have home (fire) insurance, and if a newly built home, the "new home warranty".

Tip: Closing costs vary by province, city or even the property that you are purchasing. As part of the mortgage process, I will work with you through all that you need to know, there will be no surprises at mortgage closing time.

STEP 8
Move Into Your New Home!

Glossary of Mortgage Terms Used in this Guide

During the mortgage process, you may encounter unfamiliar words and phrases. A glossary explaining a full range of terms is available on www.mortgageintelligence.com. Here are a few terms that have been discussed in this document that you may want to refer to:

Agreement of Purchase and Sale: A contract by which one party agrees to sell and another agrees to purchase.

Amortization: The process of paying off the principal balance owed on the mortgage through scheduled, systematic repayments of principal and extra payments of principal at irregular intervals. Amortization is up to 30 years in Canada.

Appraisal: The estimate of the current value of the property for the lender.

Bridge Financing: Interim financing to bridge between the closing date on the purchase of a new home and the closing date on the sale of the current home.

Closed Mortgage: A mortgage whose terms state that it cannot be paid out, even with a penalty, unless the lender agrees. In some cases, a closed mortgage may be discharged at a defined cost, usually Interest Rate Differential (IRD), but sometimes with a punitive penalty such as full interest to maturity.

Closing Costs: One time costs incurred.

Closing Date: The date of which the sale of the property becomes final and the new owner takes possession.

Commitment Letter: A written commitment from a lender to lend mortgage funds to specific borrowers as long as certain conditions are met within a specified time period before closing.

Conditional Offer: An offer to purchase subject to specified conditions. These conditions could be the arranging of a mortgage, or the selling of a present home. Usually the time limit in which the specified conditions must be met is stipulated.

Conventional Mortgage: A mortgage usually amounting to 80% (Loan to Value ratio) or less of the value of the property.

Credit Report: A record of an individual's payment history available at a credit bureau. Individuals can order a copy of their own report by contacting their local bureau.

Credit Bureau: Credit reporting agency that compiles your credit history. In Canada the main ones are Trans Union and Equifax.

Deposit: A portion of your down payment that is offered at the time of offer.

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Gross Debt Service Ratio (GDS): The percentage arrived at by dividing your monthly shelter costs (principal, interest, property taxes, heating and half of condo fees) by your gross monthly income and multiplying by 100. This is used by all lenders as a yardstick by which to measure the ability of a borrower (or borrowers) to make mortgage payments. For example, most lenders require that this ratio be no more than 32% for a particular application, while others allow higher limits. This is also the maximum qualifying GDS for most default insurance applications.

Land Transfer Tax (LTT): A tax payable to the Provincial Government by the purchaser upon the transfer of title from a seller.

Loan-to-Value Ratio (LTV): The percentage of the value of the property for which a mortgage is required. This ratio is important in determining whether or not default insurance is required, and if so, what the cost of that insurance will be (see "Mortgage Insurance") For example, if the property value is $200,000, the down payment available is $20,000 and the required mortgage is $180,000. The LTV is $180,000/$200,000 or 90%.

Mortgage Insurance: If your down payment is less than 20% of the purchase price of the property, the lender is going to require either private mortgage insurance or public mortgage insurance through Genworth Mortgage Insurance Corporation or Canada Housing and Mortgage Corporation (CMHC). The fee is calculated as a percentage of your mortgage. This is known as default insurance. (Please note that Mortgage Intelligence will calculate this amount for you automatically if your mortgage falls into this category.)

Open Mortgage: This allows you to pay back the borrowed funds without notice or penalty. There are two types of open mortgages:

- **Fixed Rate Mortgages**; the term is usually fairly short (6 months to a year) and the interest rate will be higher than on a closed mortgage.
- **Variable Rate Mortgages** (VRM's) are usually open (and are "collateral" type mortgages) but recently, several institutions have introduced closed versions.

Prepayments: The right to repay periodically more than the scheduled principal payment.

Principal: The amount of money owing on your mortgage, including accrued unpaid interest.

RRSP: A Federal Plan which allows a taxpayer to contribute approximately 18% of earned income – to a maximum of $13,500 into a retirement plan "tax free". If the taxpayer has already paid tax on personal income, then the RRSP contribution (which can be made until March 1st of the year following the year in which the income was earned and taxed) can result in a significant tax rebate.

Since RRSP contributions can be made up retroactively, this facility and the large cash refunds it can generate are central to numerous Realtor-driven programs designed for first time buyers.

Total Debt Service Ratio (TDS): The percentage arrived at by dividing your monthly shelter costs (principal, interest, property taxes, heating and half of condo fees) PLUS all other monthly debt obligations by your gross monthly income and multiplying by 100. This is used by all lenders as the "upper limit" yardstick by which to measure the ability of a borrower (or borrowers) to make mortgage payments. For example, most lenders require that this ratio be no more than 40% for a particular application, with some as low as 37%. 40% is also the maximum qualifying TDS in most applications for default insurance.

Variable Rate Mortgage (VRM): The interest rate is usually compounded monthly and fluctuates with the prime rate at the chartered banks.

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APPENDIX A

Home Buying Cost Worksheet

❶ Down Payment/Deposit

Down payment (Amount of savings you're putting towards the purchase less your deposit)	
Deposit (Amount paid when you present the Offer to Purchase)	
Total Down Payment	

❷ Closing Costs

Appraisal fee (if applicable)	
Estoppel certificate fee (condominiums only)	
GST / HST	
Home inspection fee	
Land transfer taxes / property transfer taxes (if applicable)	
Legal fees and disbursements	
Prepaid property taxes and/or utility bills adjustment	
Property insurance	
Survey or Certificate of Location	
Title Insurance fees	
Other	
Total Closing Costs	

❸ Other Expenses

Appliances	
Gardening equipment	
Snow-clearing equipment	
Window treatments	
Decorating materials	
Hand tools	
Dehumidifier	
Moving expenses	
Renovations or repairs	
Service hook-up fees (telephone, cable etc)	
Total Other Costs	

Estimate of funds needed to complete the purchase of your home at closing

❶+❷+❸ = ____________

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APPENDIX B
Monthly Cashflow Worksheet

❶ Your Monthly Income

Salary or wages	
Commission, bonuses, tips	
Interest and investment income	
Child support or alimony	
Other income	
Total Gross Monthly Family Income	

❷ Your Monthly Expenses

Cable	
Car: gas	
Car: insurance + licensing	
Car: Loan or lease payments	
Car: Parking	
Car: repairs and maintenance	
Charitable donations	
Child care	
Debt repayment e.g. credit cards	
Entertainment and recreation	
Groceries	
Medical	
Newspapers, magazines and books	
Personal (clothing, personal care)	
Public transportation	
Savings (e.g. company stock option plan or RRSP monthly contributions)	
Telephone	
Total Monthly Expenses	
Amount Available for all Housing Costs ❶ – ❷ =	

Tip: Talk to me about mortgage options that can reduce or restructure your monthly costs on an ongoing basis (also see step 6 of this guide).

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APPENDIX C

Home Shopping Comparison Worksheet

Home Address:	MLS#:
Asking Price:	Approximate Age of Home:
Property Taxes, Strata Fees:	
Approximate Size:	Approximate Land Size:
Heating and Heating Fuel:	Water Heaters Type:
Central Air:	Central Vacuum:
Other Features:	

EXTERIOR OF HOUSE	TYPE	CONDITION Excellent / Good / Fair	NOTES
Land			
Landscaping			
Façade of the House			
Entrance			
Driveway / Parking			
Garage			
Landscaping			
Outbuildings (storage, garden sheds)			
Deck / Patio			

INTERIOR OF HOUSE	TYPE	CONDITION Excellent / Good / Fair	NOTES
Front Hall			
Living Room			
Dining Room			
Den/Study			
Family Room			
Kitchen			
Bedroom 1			
Bedroom 2			
Bedroom 3			
Bedroom 4			
Recreation Room/Family Room			
Bathroom 1			
Bathroom 2			

APPENDIX C
Home Shopping Comparison Worksheet (continued)

INTERIOR OF HOUSE	TYPE	CONDITION Excellent / Good / Fair	NOTES
Bathroom 3			
Bathroom 4			
Basement / Cold Cellar			
Utility Room			
Laundry Room			
Additional Rooms			

ADDITIONAL CONDOMINIUM DETAILS	TYPE	CONDITION Excellent / Good / Fair	NOTES
Parking Area			
Balcony			
Storage Area			
Recreation Room			
Exercise Facilities			
Lobby			
Other			

Tip: Visit www.mortgageintelligence.com for printable versions of the forms in this guide and for handy mortgage calculators.

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Mortgage Application Form

APPLICANT

Name:	Home Phone:	Work Phone:
Address:	City:	Postal Code:
Email:	Marital Status: Single ❑ Married ❑	Other:
Date of Birth:	S.I.N.:	

EMPLOYMENT INFORMATION

Employed by:	Occupation:	Phone:
How Long with Present Employer:	Previous Employer (if less than 3 years):	

CO-APPLICANT

Name:	Home Phone:	Work Phone:
Address:	City:	Postal Code:
Email:	Marital Status: Single ❑ Married ❑	Other:
Date of Birth:	S.I.N.:	

EMPLOYMENT INFORMATION

Employed by:	Occupation:	Phone:
How Long with Present Employer:	Previous Employer (if less than 3 years):	

GROSS ANNUAL INCOME

Applicant: $

Co-Applicant: $

Other: $

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Mortgage Application Form (continued)

FINANCIAL INFORMATION

ASSETS	LIABILITIES	PAYMENTS
Cash in Bank: $	Loans: $	$
RRSP: $	Mortgages: $	$
Real Estate: $	Lines of Credit: $	$
Car: $	Credit Cards: $	$
Other: $	Other: $	$

MORTGAGE AND NEW PROPERTY INFORMATION

Purchase Price: $

Down Payment (including deposits): $ Source: RRSP ❑ Savings ❑ Gift ❑ Other:

Mortgage Amount: $ Mortgage Type: Conv. ❑ CMHC ❑

Taxes: $ Condo Fees: $

Property Address: Lot Number: Property Description:

Name of Builder: Site:

Realtor Contact: Phone:

Name of Solicitor: Phone: Fax:

Address:

I/We warrant and confirm that the information given in the mortgage application form is true and correct. You are authorized to collect my personal information (collectively, "Information"), including credit reports and other financial information, from and disclose such Information to, your affiliates and services providers and other third parties such as credit reporting agencies, credit bureaus, credit grantors, insurers, government registries and those income sources and personal references that I advise to you. In particular, I understand that you will share my Information with any lender in connection with a mortgage or other loan transaction that you may arrange on my behalf.

My information will be collected, used and disclosed for the following purposes: (i) to provide mortgage brokering services, including arranging and/or renewing loan(s)/mortgage(s), (ii) to evaluate my credit application and verify my creditworthiness and to open, operate and collect on my account(s); (iii) to verify my identity and for internal audit; (iv) to meet legal and regulatory requirements; and (v) for statistical and record keeping purposes, and (vi) to inform me of other financial options and products and services offered or approved by you or by select third parties that may be of interest to me. I may have my name removed from your solicitation lists by contacting you at: Mortgage Intelligence., 5770 Hurontario St., Suite 600, Mississauga, ON, L5R 3G5 Attn: Chief Privacy Officer. You are also authorized to retain my information whether or not the mortgage is approved.

You may use the services of any financial institution or other reliable third party of your choice as your agent or service provider. In particular, you may use affiliated companies and/or third parties in Canada. I understand that, as a result, my Information may be accessed under applicable laws of Canada. Whenever Information is transferred to an agent or service provider, you will require them to protect my information to the standards of confidentiality and security adhered to by you.

The Mortgage Intelligence Privacy Policy is available at www.mortgageintelligence.ca. I understand that I may access my Personal Information in your possession or make corrections to it, by writing to the Chief Privacy Officer at the above address.

Applicant Signature Date:

Co-Applicant Signature: Date:

APPENDIX D

Amortization Payment Table

(per $'000)

Amortization is the length of time over which your payments have been calculated to repay your entire debt. To determine your approximate monthly mortgage payment amount, select the annual interest rate and based on the number of years you would like to pay off your mortgage, multiply that figure in the column by 1,000.

An example is: your mortgage professional indicated that your annual mortgage interest rate was 6.00% and you want to pay your mortgage off in 25 years, so your monthly mortgage payment would be:
6.39 x 1,000 or $639.00 per month.

Amortized Factors

Annual interest rate %	25 years	30 years
2.50	4.48	3.94
3.00	4.73	4.20
3.50	4.99	4.47
4.00	5.26	4.75
4.50	5.53	5.04
5.00	5.81	5.33
5.50	6.10	5.63
6.00	**6.39**	**5.94**

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APPENDIX E
Moving Checklist

About one month before moving

- ❑ Organize important papers in a fire-safe box.
- ❑ Hold a garage sale or donate unwanted items to charity.
- ❑ Hire a moving company (get written estimates and references), or reserve moving truck and equipment.
- ❑ Arrange mail forwarding with Canada Post.
- ❑ Get moving supplies – boxes, packing tape, markers.
- ❑ Pack (and label) boxes of seldom used items.
- ❑ List valuables to insure; arrange moving insurance.

About two weeks before moving

- ❑ Confirm your moving date and time with your moving company.
- ❑ Cancel memberships, as necessary.
- ❑ Arrange to board your pets on moving day.
- ❑ Coordinate disconnect/connect dates for gas, electric and cable TV.
- ❑ Arrange cancellation of newspaper deliveries.
- ❑ Order cheques with new address.
- ❑ Contact your doctors for medical records, dentist for dental records.
- ❑ Arrange for the disconnection or changeover of utilities.
- ❑ Begin packing less-used items. Number and label each box, and create an inventory.
- ❑ Retrieve and return all borrowed items.

The week before moving

- ❑ Clean out safety deposit box. Transfer bank accounts, as necessary.
- ❑ Clean out the cupboards and plan remaining meals so you don't buy any more perishables than you have to.
- ❑ Make an inventory list of all items going with you personally. Keep valuable items such as jewellery and heirlooms with you during the move.
- ❑ Confirm arrangements and dates with moving & storage companies.
- ❑ Clean out and defrost your freezers and refrigerator.
- ❑ Disassemble furniture or others items.
- ❑ Be sure to check yard and sheds for all items to pack.

On moving day

- ❑ If doing the move yourself, load heavy furniture first, pad fragile items and secure the load.
- ❑ Clean the home and check yard before leaving.
- ❑ Keep important documents and keys handy. Double check closets, attic, basement and garage.
- ❑ Leave forwarding address, garage door openers and keys, if agreed to, for the new occupants.
- ❑ Make sure all windows and doors are closed and locked, and all appliances and lights are turned off.
- ❑ Take a box of basics with you, not the movers, and keep it readily available. Things to include: permanent markers, masking tape, scissors, toilet paper, paper towels and cleaning rags, vacuum cleaner, cleaning products, sealable baggies, trash bags, scrub brush, sponges, broom, mop.
- ❑ At your new home, supervise placement of boxes and furniture.
- ❑ Check to see if utilities and phones are working.

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APPENDIX F
Paying Off your Mortgage Faster

One of the highest financial priorities of Canadian homeowners is to pay off their mortgage as quickly as possible. Paying down extra principal in the early years can shorten the life of your mortgage – and dramatically lower the interest you'll pay over the long haul. "Pay-Off Tips" below describes some of the most effective methods that you can apply based on your situation.

1. Mortgage payments made with After Tax Cash
More Canadians are becoming aware that since mortgage interest is not tax-deductible in Canada you are making mortgage payments of both principal and interest with money that you've already paid tax on – "after tax dollars". This makes it even more important to eliminate the drainage of disposable income as soon as possible!

2. Prepayments give great return on investment
If you pay an average of 6.5% in mortgage interest, for each $1,000 by which you reduce your mortgage principal, you will save $65 in after tax cash every year. If you are paying taxes at a marginal rate of 40%, you have to earn $108.33 each year to pay the interest on every $1,000 of principal outstanding...a heavy burden, but also a tremendous implied benefit to reducing this balance. In fact, the example shows that the "return on investment" for making prepayments on your mortgage is 10.833% before tax and 6.5% after tax – far better than most fixed return investments (bonds, GIC's etc.).

3. Increase your payment annually to the most you can afford
The upside is that most lenders will allow you to reduce it again to the previous level if it turns out to be too great a burden or your circumstances change.

4. Utilize your RRSP-driven tax rebate as a mortgage prepayment method
Even if you can only prepay annually, make sure these funds are set aside for that purpose. Many Canadians will borrow (at prime) to buy an RRSP to ensure the maximum rebate. When applied to the mortgage principal, this refund is a "gift that keeps on giving". Combining the refund with the tax-free interest earned on the RRSP over the subsequent years will quickly outpace the short-term interest costs of the RRSP loan.

5. Increase the frequency of your payments
Make accelerated bi-weekly payments to get a "free" principal reduction equivalent to one full mortgage payment every year – painlessly. Unless you are paid weekly it makes little sense to make weekly payments. All you'd be doing is making a smaller payment, and deferring the difference for a week.

6. Make use of double-up privileges wherever possible
Tell yourself that you will "skip-a-payment" whenever necessary... then skip only when you absolutely must.

7. Round your payments up
By adding even a nominal amount of say, $10 per payment, the amount of interest you are saving will be unbelievable, and the extra money relatively painless to part with.

8. Pay a lump sum whenever possible
By decreasing the principal of the mortgage, your payments will not be allocated as much to interest in the future, thereby accelerating your freedom to mortgage-free life.

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APPENDIX F
Paying Off your Mortgage Faster (continued)

9. Keep payments the same when mortgage rates have fallen

If the payment amount has not been a problem so far, then keep it the same thus paying down the principal faster.

10. Raise payments in line with increased income on an after-tax basis

If your income increases, don't keep your mortgage payments the same. Although the disposable income may be fun to spend on unnecessary luxuries in the short-term, the long-term benefits of being mortgage free faster and saving those interest payments will far outweigh the short-term curtailing – just pretend that your income did not increase and maintain your usual lifestyle.

Don't waste your hard-earned money on interest! These methods have allowed many people to shorten their mortgage life by years in a very short period and enjoy a greater lifestyle for a longer period.

Tip: Explore your options with Mortgage Intelligence online calculators:

There are a range of helpful calculators on the Mortgage Intelligence website at www.mortgageintelligence.com which allow homebuyers and homeowners to explore different mortgage scenarios. In particular, the Mortgage Payoff, Bi-Weekly Payment, Mortgage Analyzer and Debt Payment Accelerator calculators can help you understand the financial benefits of paying down your mortgage as quickly as possible. In addition, the home budget calculator can help you to track your spending patterns in order to increase your mortgage payments.

NOTES:

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