



THE MORTGAGE PROFESSIONALS HOMEOWNER FINANCING GUIDE

— THE —
MORTGAGE
— PROFESSIONALS —

LIC. #10280



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ABOUT THE MORTGAGE PROFESSIONALS



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The Mortgage Professionals began in 1989 in the founder's garage. Locally owned and operated for almost thirty years, the company has grown to 30+ staff across 5 offices from Kingston to Gananoque.

The Mortgage Professionals are Eastern Ontario's largest mortgage brokerage, processing over \$300m of mortgage volume annually. We are also Kingston's most recognized mortgage brokerage, having been nominated several times nationally as Mortgage Brokerage of the Year, as Employer of Choice and having won National Mortgage Brokerage of the Year. Our Brokers have been recognized nationally as Top 20 Mortgage Brokers in Canada, locally as Kingston This Week's Favourite Mortgage Brokers and even in the Canadian Mortgage Hall of Fame.

DID YOU KNOW...

Not all Pre-Approvals are Equal...

Have you been Pre-Approved? If your mortgage advisor didn't follow the checklist below, you might be surprised to find that your pre-approval isn't actually valid:

| | |
|--------------------------------------------------|--------------------------|
| INCOME DOCUMENTS CHECKED & APPROVED | <input type="checkbox"/> |
| CREDIT BUREAU REVIEWED | <input type="checkbox"/> |
| PROOF OF DOWNPAYMENT REVIEWED | <input type="checkbox"/> |
| WRITTEN PROOF OF PRE-APPROVAL WITH INTEREST RATE | <input type="checkbox"/> |

Don't risk your dream home - contact me today to get a full pre-approval you can count on.

Our experienced mortgage agents are readily available by email or phone to answer your questions and present you with options

GET IN TOUCH TODAY!





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THE MORTGAGE PROCESS: WHAT TO EXPECT

Review Financial Situation

- BUDGET ✓
- CALCULATE CLOSING COSTS ✓
- HOW MUCH YOU QUALIFY FOR VERSUS HOW MUCH YOU CAN AFFORD ✓
- REVIEW DOWNPAYMENT ✓
- UNDERSTAND HOMEBUYING PROCESS ✓

Typical Documents Requested (See Next Page)

- ✓ Letter of Employment
- ✓ Recent paystub
- ✓ Proof of downpayment
- ✓ MLS Listing and Signed offer to purchase

Submitting the Mortgage Application

- When you put an offer in on a property, please allow at least 7-10 business days for the financing condition
- Once your offer is accepted, (Congrats!), we will apply for financing for you.
- Once we receive a commitment from a Lender (Congrats again!), we will review your documents with your Lender and advise that you can waive your financing condition. (Please do not waive prior to speaking with us).

Sign-Up Appointment

We will set up an appointment for you to come in, review your options and sign your mortgage documents (can also be done by email). We will work with your lawyer to ensure a seamless, timely closing. Additionally, we will thoroughly review your file again prior to closing.

Lawyer Visit

Prior to your closing date you will meet with your lawyer to sign the finalized papers and review the closing process. Before this appointment you must ensure that the balance of your down payment funds are accessible (you will need to provide the lawyer with a Certified Cheque to cover the down payment and closing costs).

Closing Date

Congratulations! On the big day you will receive your keys and take possession of the house. It is important to have your Realtor or a third-party walk through the property to inspect that the condition is as agreed upon. Check for things like missing lights, curtain rods, etc, or property damage that was not disclosed. Welcome home!





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KEY MORTGAGE DOCUMENTS

This is a guideline for standard mortgage financing. For alternative financing, there may be other document requirements and exceptions that can be made.

INCOME:

SALARIED / FULL TIME EMPLOYEE

A dated letter from the employer on employer letterhead confirming full time/non probationary employment, hire date, position, and annual salary. The letter will also need to be signed by a manager along with a name and contact information.

A recent pay stub within 30 days of closing

HOURLY / COMMISSION / PART-TIME EMPLOYEE

A dated letter from the employer(s), on employer letterhead confirming hire date, position, hourly rate, and guaranteed minimum numbers of hours per week. The letter will also need to be signed by the author of the letter along with their name and contact information.

A recent pay stub within 30 days of closing

Last 2 years Notice of Assessments from Revenue Canada

Last 2 years T4's from employer(s)

*Note the lender will use the average of the 2 year Notice of Assessments or the most recent Notice of Assessment, whichever is lower.

BUSINESS FOR SELF – SOLE PROPRIETOR

Last 2 years Notice of Assessments from Revenue Canada

Last 2 years Full T1 Generals including Statements of Business Activities

Business license / HST license / proof of self employment 2 years

BUSINESS FOR SELF – CORPORATION

Last 2 years Notice of Assessments from Revenue Canada

Last 2 years Full T1 Generals including Statements of Business Activities

Business Financials for most recent 2 years

Articles of Incorporation

PENSION INCOME

A letter confirming the pension is permanent

Most recent year T4 / T4A's or paystubs

3 month's bank statements confirming deposits of pensions

RENTAL INCOME

Current lease agreements. For those clients on a month to month / lease agreement expired, a signed declaration by the tenant and landlord confirming rental income and property.

1-2 years T1 Generals including Statement of Real Estate Rentals .

continues on page 2 →



KEY MORTGAGE DOCUMENTS

PROPERTIES OWNED / MORTGAGES / OTHER DEBTS

Since secured and unsecured debt has such an impact on qualification we need to ensure there are no surprises when qualifying someone.

Most debts will show on the credit bureau, but it is helpful to see recent statements for credit cards and lines of credit (secured and unsecured).

FOR OWNED PROPERTIES:

Recent mortgage statements to confirm property address, owners, balances, and payment.

Most recent property tax bill to show annual property taxes and that taxes are up-to-date

DOWNPAYMENT

In a CMHC-based mortgage, borrowers must prove they have a minimum of 5% down, plus 1.5% of the purchase price

SAVINGS / CASH

Must provide no less than 90 days bank transaction history showing their name and account number. Any deposits over \$1,000 will have to prove the source. If cash held outside a bank, unless the source of the cash can be proven through paperwork, cash must be deposited into an account and held for at least 90 days prior to the closing date.

RSP / GIC'S / INVESTMENTS

Must provide a statement evidencing the outstanding balance and transaction history for the last 90 days. A bank statement will also be required proving the deposit of those funds into the client's bank account no later than 15 days prior to closing.

GIFTED DOWN PAYMENT

A gift letter provided by the lender will have to be completed by the client and immediate relative. Then we must show the gift money deposited in the borrower's bank account no later than 15 days before closing.

SECURED LINES OF CREDIT

If down payment is coming from a secured line of credit, we will need a current statement on the amount available. Client will have to qualify and be approved to borrow from a secured line of credit as this is a debt repayment to be applied to the ratios subject to approval guidelines.

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BUDGETING - HOW MUCH DOES OWNING A HOME COST?

Our job is to ensure that you can afford all of the costs associated with owning a home. Many homebuyers don't take into account all of the costs, so financially, they stretch themselves too thin. It's extremely important to work out the costs involved in buying and owning a house and to calculate what you can realistically afford to spend on your new home.

Your experienced Mortgage Professional can advise you and help you create an effective budget that will enable you to get the best mortgage that suits your needs and fits within that budget.



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MONTHLY BUDGET

| | Budgeted Item | Budget | Actual | Difference | Comments |
|------------------|----------------------|--------|--------|------------|----------|
| INCOME | Income 1 | | | | |
| | Income 2 | | | | |
| | Other | | | | |
| SAVINGS | Retirement | | | | |
| | Emergency Fund | | | | |
| | Kids Education | | | | |
| | Other | | | | |
| HOUSING | Mortgage/Rent | | | | |
| | Homeowners Insurance | | | | |
| | Property Taxes | | | | |
| | Maintenance | | | | |
| | Other | | | | |
| AUTO | Auto Payment | | | | |
| | Fuel | | | | |
| | Auto Insurance | | | | |
| | Maintenance | | | | |
| | Licence & Tax | | | | |
| | Other | | | | |
| UTILITIES | Electricity | | | | |
| | Water | | | | |
| | Gas | | | | |
| | Cell Phone | | | | |
| | Internet | | | | |
| | Cable | | | | |
| FOOD | Groceries | | | | |
| | Eating Out | | | | |
| TOTALS | | | | | |

When you tour prospective homes, consider the age of the home and its appliances – the older they are, the quicker they will need to be replaced. In the example below we would recommend you set aside \$180 per month for maintenance to ensure that you have sufficient funds to replace aging appliances:

| Appliance | How old? (yrs) | How long can it last? (yrs) | Cost to replace | Amount to save per month |
|---------------------------------------|----------------|-----------------------------|-----------------|--------------------------|
| Roof | 7 | 20 | 10,000 | \$64 |
| Air Conditioner | 6 | 16 | 3,000 | \$25 |
| Furnace | 8 | 20 | 5,000 | \$35 |
| Oven | 6 | 13 | 1000 | \$12 |
| Fridge | 6 | 15 | 1200 | \$11 |
| Dishwasher | 6 | 12 | 1000 | \$14 |
| Washing Machine | 5 | 12 | 500 | \$6 |
| Dryer | 5 | 8 | 500 | \$14 |
| TOTAL AMOUNT TO SAVE PER MONTH | | | | \$181 |

Come in and speak to your Mortgage Professional today to work through your income and expenses, and determine a budget.



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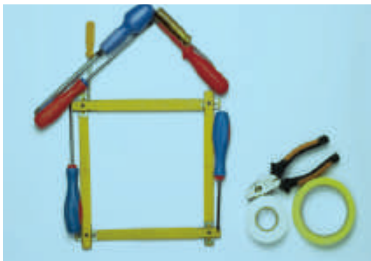
CLOSING COSTS

This worksheet is designed to be reviewed with your Mortgage Professional. There may be other costs associated with your purchase not listed.

| | | |
|---------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| Legal Fees | Basic legal fees start at \$800, plus disbursements. | \$ |
| Title Insurance | Title insurance can safeguard you against fraud and problems with your property title or survey. Fees range from \$300 to \$400. | \$ |
| Land Transfer Tax | Upon the purchase of a house or land, the following tax applies: Up to \$55,000 X 0.5% of property value From \$55,000 to \$250,000 X 1% of property value From \$250,000 to \$400,000 X 1.5% of property value From \$400,000 up X 2% of property value (First-Time Homebuyers get a \$4,000 credit) | \$ |
| Appraisal Fee | Your lender may ask you to have a home appraised to confirm its market value, and though fees may vary, this service typically costs around \$400. | \$ |
| Home Inspection | An inspection can help make you aware of issues related to a house's structures and systems, such as plumbing and electrical. Fees range from \$350-\$400. | \$ |
| Home/Fire Insurance | Your lender will require proof that the property is insured in case of fire and other damages, but depending on the coverage needed, this can cost around \$1000/year | \$ |
| Prepaid Costs | If the seller has paid property taxes, water bills, or utilities in advance, you'll need to reimburse them at closing. | \$ |
| Tax on Mortgage Insurance | If you have less than a 20% downpayment, the PST (8%) on your mortgage insurance is due on closing. | \$ |
| Moving-in Costs: | Before the big day, budget for all those last minute things: \$100 or more to rent a van or a few hundred for professional movers, \$50 to \$60 for a locksmith to rekey your locks, set-up fees for utilities, etc. Such incidentals can easily come to \$500 or more. | \$ |
| TOTAL ESTIMATED CLOSING COSTS: | | \$ |

***DISCLAIMER: All numbers are estimates only and actual costs can be confirmed by lawyer prior to closing.**





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HOW DOES PURCHASE PLUS IMPROVEMENTS WORK?

You've found your "almost" dreamhome ...if you could renovate the kitchen it would be perfect! Here's how to get the funds for the renovation included in your mortgage:

HOW IT WORKS

- Get pre-approved with your Mortgage Professional
- Get an accepted offer on your "almost" dreamhome
- Send your Mortgage Professional a copy of the offer and detail the renovations you'd like to do
- Get quotes for the improvement work (FYI: some lenders require you to complete the work with the same vendors you got the quotes from).
- You will need to fund the improvements upfront (using savings or credit)
- Once the renovations are complete, you can contact your Mortgage Professional who will arrange for an appraiser to complete an inspection of the renovation or collect documents to fulfill lender requirements.
- Once the inspection or documents are approved by the lender, the money is then released to you.

EXAMPLE

You have an accepted offer on your dreamhome for \$250k and are putting 5% downpayment. The kitchen renovation will cost \$15k.

| | PURCHASE | PURCHASE PLUS \$15K IMPROVEMENTS |
|----------------------------------------|-----------|----------------------------------|
| HOME VALUE | \$250,000 | \$265,000 |
| DOWNPAYMENT (5%) | \$12,500 | \$13,250 |
| MONTHLY MORTGAGE PMT (ASSUMES 3% RATE) | \$1,169 | \$1,239 |
| DOWNPAYMENT (5%) | \$12,500 | \$13,250 |

And that's how simple it is! You get a new \$15,000 kitchen for an increase in your monthly payment of only \$70 a month.

Speak to me today about Purchase Plus Improvements!





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DON'T LET YOUR MORTGAGE PENALTY COST YOU YOUR DREAM HOME

Increasingly, bank customers trying to refinance or sell their home are getting stuck with large mortgage penalties – why?

Banks use a 'special calculation' to calculate your mortgage penalty.

We compared the penalty amongst different lenders for the SAME MORTGAGE.

MORTGAGE PENALTY COMPARISON

| | | | |
|-----------------------------------------------------------|------------------|----------------|---------|
| Mortgage Amount | \$272,226 | | |
| Mortgage Start Date | October 29, 2016 | | |
| Amortization | 25 years | | |
| Mortgage Contract Rate for CIBC, Scotia, BMO, RBC and TD | 2.49% | | |
| Posted Rate CIBC, Scotia, BMO, RBC and TD | 4.64% | | |
| Mortgage Contract Rate for MCAP, First National and Merix | 2.44% | | |
| CIBC | \$7,116 | RBC | \$3,858 |
| SCOTIA | \$4,900 | MCAP | \$1,763 |
| TD | \$4,900 | First National | \$1,763 |
| BMO | \$4,254 | Merix | \$1,660 |

Source: Bank Websites, November 2019

The interest rate is unquestionably very important – but the terms and conditions of a mortgage can end up costing you thousands, while you are impacted by only a few hundred on the interest rate. For the same mortgage above, an increase of interest rate of 0.05% would cost you only \$432 over 5 years:

INTEREST RATE COMPARISON

| | | |
|--------------------|------------|------------|
| Mortgage Rate - | 2.79% | 2.84% |
| Monthly Payment - | \$1,387.61 | \$1,395.22 |
| Payment Increase - | | \$7.61 |
| Total 5yr Cost - | | \$456.60 |

When you work with us, you can be assured that you get the best mortgage for YOU. We work for YOU, not for the lender. Our goal is to get you the lowest rate possible, but also the best terms and conditions so there are no surprises down the road.

Speak to us today to get the best mortgage for YOU.



HOME MAINTENANCE CHECKLIST BY SEASON

Follow this checklist to ensure you are staying on top of maintaining your home



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CHECKLIST

SPRING



- Inspect roof shingles
- Remove leaves and debris from gutters and downspouts
- Re-nail any loose siding or trim boards
- Trim trees, bushes and shrubs
- Maintain yard growth
- Inspect and clean outdoor lighting
- Oil garage door tracks
- Repair/replace damaged window screens
- Run water and flush toilets in unused spaces
- Clear dead plants/shrubs
- Inspect septic tank

SUMMER



- Power wash windows and siding
- Clean garage
- Mend cracks and gaps in driveway & walkway
- Look for signs of ants, termites, etc
- Clean and repair deck/patio as needed
- Change furnace filters
- Test carbon monoxide and smoke detectors
- Clean range hood fan
- Check all locks and deadbolts on doors and windows
- Inspect basement for moisture

FALL



- Inspect roof shingles
- Power-wash windows and siding
- Apply fertilizer to lawn
- Rake leaves and debris from gutters and downspouts
- Cover or store outdoor furniture
- Clean and inspect chimney
- Flush hot water heater and remove sediment
- Winterize air conditioning system
- Get furnace inspected
- Check weather stripping on doors and windows
- Test sump pump
- Check exhaust ducts are clear of debris
- Check fire extinguisher

WINTER



- Regularly check for icicles
- Change furnace filters
- Clean range hood fan
- Deep clean and inspect basement
- Vacuum refrigerator coils
- Inspect hoses on washing machine, dishwasher, and icemaker for leaks
- Clean and vacuum curtains
- Replace batteries in smoke and CO2 detectors, and test
- Repair any interior wall damage



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PLEASE
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