



MORTGAGE INTELLIGENCE

Hello...

My name is Steve Garganis and I am a professional Mortgage Consultant with Mortgage Intelligence, Canada's largest and fastest growing mortgage brokerage firm and a subsidiary of GMAC Residential Funding of Canada.

My career in the financial industry includes management level positions with some of Canada's major banks and trust companies and recently, I attained the AMP (Accredited Mortgage Professional) designation. I am proud to say that for more than 15 years, I have been helping thousands of people realize their dreams of home ownership.

My mission is to take the time to identify your needs and long-term goals, so that I can find the right mortgage product for you. An approach that saves not only time but potentially thousands of dollars. And it doesn't end there. After your mortgage is completed, I will continue to monitor changing market trends to ensure that your mortgage continues to work for you. Furthermore, I'm here to answer your questions whenever they might arise.

How much will this cost? That's the best part - absolutely nothing. Mortgage Intelligence is compensated by the lender that funds your mortgage. In some cases, for those difficult mortgages, a consulting fee may apply and will be disclosed to you up front.

My services include mortgages for purchases, refinancing, debt consolidation, rentals, self-employed, renewals and commercial and more.

Obtaining the right mortgage doesn't have to be difficult. With access to over 20 competing banks and trust companies, I'm able to offer my clients a variety of mortgage solutions.

Contact me anytime with your questions or comments.

Steve Garganis, AMP
Mortgage Consultant

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A Comprehensive Guide to Home Ownership

Steve Garganis, AMP
Mortgage Consultant
Mortgage Intelligence Inc.

Home ownership – the key to your dreams

Table of Contents

	Page
Introduction	1
<i>For most people, buying a home is the largest financial decision they will make in their lifetime.</i>	
Pre-Qualification	2
<i>Having the right documents in place will speed up the process.</i>	
Mortgage Options	3
<i>The mortgage you choose will form the foundation of your financial stability.</i>	
Downpayment	4
<i>Homebuyers today have more choice than ever before in terms of what they can use for a downpayment.</i>	
LTT (Land Transfer Tax) Refund & GST New Housing Rebate	6
<i>First time homebuyers can get a land transfer tax refund if they purchase a newly built home. GST New Housing Rebate is also available (not just for first time buyers)</i>	
RRSP Program - Home Buyers' Plan (HBP)	7
<i>You can withdraw RRSP money 'tax free' provided you buy or build a qualifying home</i>	
Purchase Plus Improvements	8
<i>Does your new home require some upgrades? Add the cost to your mortgage before you move in...</i>	
Mortgage Types	9
<i>Arranging to pay for that home is one of the most important financial decisions you will ever make...</i>	
Average 5-year Mortgage Rate	11
<i>How do 5-year rates compare since 1981?</i>	
Payment Tables	12
Repayment Options	13
<i>How you pay your mortgage has a dramatic effect on the amount of interest you pay...</i>	
Closing the Deal	14
<i>There are costs involved in every real estate transaction...be prepared for all the extras...</i>	
Closing Cost Worksheet	16
Glossary of Terms	17
Moving Checklist	20
Mortgage Qualifier - Quick Application	21

While every effort has been made to ensure the accuracy and completeness of this guide, the information contained herein is subject to change. This is of a summary nature only and should not be relied upon as a substitute for professional mortgage advice. Contact **Steve Garganis** to discuss the particular matters referred to herein that are of interest to you.

Introduction

There are few things more important to your family's security than the home you buy...

If you are looking to buy or sell make sure you call Steve Garganis for all of your financial needs.

Mortgage financing has become very complex with constantly changing rates, terms and challenging conditions. Choosing the mortgage best suited to your circumstances has never been more difficult. Banks, trust and insurance companies are continually inventing new mortgage products to capture your attention, and hopefully your business. In addition, ensuring that you get the best possible rate and product depends on aggressively shopping the mortgage marketplace. Often a mortgage lender's posted rate may not be the best rate available. You may be able to qualify for a lower rate, but not know it.

To maximize the benefits to you, you may want to consider enlisting the services of a professional Mortgage Intelligence consultant. We negotiate with major financial institutions, chartered banks, trust and insurance companies, Canada Mortgage and Housing Corporation, Genworth and others to bring our clients the most competitive mortgage rates and terms. Mortgage Intelligence will usually earn a commission or fee from the lender* for all the work, advertising and promotion done on their behalf. Our professional services are provided, in most cases, at no cost to you. A professional Mortgage Intelligence consultant is constantly updated on rate changes and new products being introduced in the market. As our client, you can choose from the widest range of options, obtain the most competitive rate and best product suited to your specific needs. An extensive network of financial institutions has enabled many of our clients to obtain savings of up to 1.40% below posted lender rates.

Mortgage Intelligence, a GMAC Company, is Canada's largest and fastest growing mortgage brokerage firm.

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

**Steve Garganis, AMP
Mortgage Consultant**

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To complete a secure application on-line, visit my Web-page at:

www.needamortgage.ca

** Subject to certain guidelines*

Information required to be pre-qualified for a mortgage:

- Ask your employer to prepare a letter on company letterhead outlining your name, base salary or hourly rate, normal hours worked per week, position and length of service. A recent pay stub and a copy of your T4 from last year may also be required.
- If commission sales, three years personal tax returns together with the Notice of Assessments from Canada Customs & Revenue Agency.
- If self-employed, three years personal tax returns together with the Notice of Assessments from Canada Customs & Revenue Agency, three years business financial statements, and three years business tax returns (if applicable).

Note: New products have been launched to the marketplace including Mortgage Intelligence's **i declare™** mortgage where, with good credit, you can qualify for a mortgage based on your stated income. This type of mortgage was designed for the self-employed, including contractors, freelancers, consultants, commission sales professionals, or small business owners. Talk to us about mortgage approvals specifically for the self-employed.

- Social Insurance Numbers. (Optional).
- At least 3 years history of residence and employment.
- Know your banking information (name of financial institutions, address, and type of accounts, account numbers).
- Know your assets (what you own) and their value, i.e. cash amounts, stocks, bonds, RRSPs, car.
- Know your liabilities (what you owe), i.e. car loan, credit card balances, child or spousal support payments.
- Please let us know about any past credit problems you may have had.
- Write down a list of questions you would like to have answered.

Mortgage Options

The mortgage you choose will form the foundation for your financial stability.

Conventional:

Regulations under The Bank Act prohibit Bank, Trust and Insurance Companies from lending in excess of 75% of the purchase price or the appraised value of a property without obtaining Mortgage Loan (High Ratio) Insurance. A loan for up to 75% of the purchase price of a property is a conventional mortgage.

High ratio:

A loan for 75.1% to 95% of the purchase price of a property.

Mortgage loan insurance (high ratio):

High ratio mortgages must be insured through CMHC (Canada Mortgage and Housing Corporation) or GE (Genworth Financial Canada). CMHC and GE provide default or high ratio insurance to the lenders protecting them against the risk of lending to homebuyers who have less than 25% downpayment available. An insurance premium is paid by the borrower on behalf of the lender. The insurance premium that is paid to CMHC or GE is to protect the lender in the event that the mortgage is not paid. This is not to be confused with life, disability, or job loss insurance.

The insurance premium is calculated as a percentage of the mortgage amount, depending on the loan to value, and may be added to the mortgage amount. The premiums are as follows:

Loan to Value	Premium
75.1 - 80%	1.00%
80.1 - 85%	1.75%
85.1 - 90%	2.00%
90.1 - 95%	2.75% non-borrowed downpayment
90.1 - 95%	2.90% borrowed downpayment

Other high ratio financing costs include an application fee of \$165 (PST applicable).

Premium rates will vary for non-purchase mortgages.

Mortgage money sources:

There is a wide range of financial institutions that are involved in the mortgage industry in Canada. Some of these include:

Chartered Banks	Loan Corporations
Trust Companies	Credit Unions
Finance Companies	Pension Funds
Life Insurance Companies	Private Individuals

Homebuyers today have more choice than ever in terms of what they can use for a downpayment...

Downpayment

If you have less than 25% downpayment, mortgage insurance is required as outlined on the previous page. Homeowners no longer need the minimum 5% downpayment from their own funds to purchase a home. You can now use borrowed funds for your 5% down, but keep in mind that there are higher credit criteria and your insurance premiums increase.

Downpayment from your own resources (non borrowed):

You must supply verification satisfactory to the lender of accumulated savings from non-borrowed funds. This may be in the form of:

- Copy of your bank statement or bankbook (including cover) showing a minimum three-month history. Any large deposits during this time period must be explained and documented.
- Copy of RRSP statement, term deposits, CSBs, or other investments.

Downpayment from a gift (non borrowed):

All or part of the minimum equity requirement (5% for downpayment plus 1.5% for closing costs) may be provided by way of a financial gift, as long as all of the following conditions are met:

- The donor is an immediate relative of the borrower (recipient); and
- The Approved Lender has verified that the money is a genuine gift; and
- The Approved Lender has verified that the funds are in the borrower's (recipient's) possession at least 15 days prior to closing.

The Approved Lender will verify the authenticity of the gift by obtaining a written confirmation, signed by the donor and the borrower (recipient), which will include the following points:

- The money is a genuine gift from the donor and does not ever have to be repaid;
- No part of the financial gift is being provided by any third party having any interest (direct or indirect) in the sale of the subject property.

Borrowed downpayment

Effective March 1, 2004, homebuyers can get their downpayment from borrowed sources that include:

- Lender cash back incentives;
- Personal loans, lines of credit or credit cards;
- Unsubstantiated gifts.

When using a borrowed downpayment, there are higher credit criteria and also increased insurance premiums.

Downpayment (cont'd)

Downpayment from the sale of an existing property:

You will be required to provide a copy of the unconditional Agreement of Purchase and Sale on your existing property. This needs to be accompanied by a copy of a recent mortgage statement, showing the balance owing, on any mortgages presently registered against the property. The difference between the sale price and the mortgages owing will substantiate the funds available for your downpayment.

0% downpayment mortgages

- If you can afford mortgage payments but can't seem to save for a downpayment, there are numerous no downpayment mortgage options, including the borrowed downpayment program.
- No downpayment mortgages can be ideal for:
 - professionals and other high income earners just starting out who may have large student loans.
 - also consider renters who often worry they won't be able to find an affordable home by the time they've saved enough for a downpayment.
- Mortgage Intelligence offers the unique **i 107™** mortgage that can get you the home you want and 3% cash back if you have good credit. The 3% cash back can be used for expenses related to the move such as legal fees, land transfer costs, moving expenses, furniture, appliances, or to pay off other more expensive debt such as credit cards.

To be sure, 0% downpayment mortgages are not for everyone. The objective is not to take on a higher debt load than can be comfortably handled. But for Canadians with good credit and steady incomes, these mortgages can definitely help to make the dream of home ownership a reality.

LTT Refund & GST New Housing Rebate

Ontario Land Transfer Tax refund to be extended

To continue helping families buy their first home and to support job creation in the housing industry, Ontario passed legislation (fiscal 2000) to extend the Land Transfer Tax (LTT) refund. The Land Transfer Tax refund applies to first-time buyers of newly built homes. The maximum refund is \$2,000 and equals the land transfer tax payable on a house valued at \$227,500.

First time homebuyers can get a land transfer tax refund if they purchase a newly built home...

How do I know if I qualify for a refund?

- You must be at least 18 years old.
- The refund applies to a newly built home.
- Applications for refund must be made within 18 months after the date of conveyance.
- The purchaser must occupy the home as his or her principle residence within 9 months of the date of conveyance.
- You cannot have previously owned a home, or an interest in a home, anywhere in the world.
- If you have a spouse or same-sex partner, he or she cannot have owned a home, or an interest in a home, anywhere in the world while he/she was your spouse or same-sex partner.
- You cannot have received an OHOSP-based refund of land transfer tax.

How much is the refund?

The amount of the refund will be the entire amount of tax paid or payable, up to a maximum of \$2,000. If you own less than 100% interest in the new home, the amount will be reduced and calculated according to the amount of your interest in the new home.

How do I get the refund?

You can receive an immediate refund at the time of registration by submitting a properly completed – **Land Transfer Tax Refund Affidavit for First Time Purchasers of Newly Constructed Homes** – to the Land Registry Office.

GST New Housing Rebate?

You may be able to claim a rebate for a portion of the GST you pay on the purchase price or cost of building your home if you buy a new or substantially renovated home, mobile home, floating or modular home from a builder or vendor. Or, you buy a share in the capital stock of a co-operative housing corporation, or construct or substantially renovate your home (or hire someone to do so). Also applicable if your home is destroyed by fire and is rebuilt. Contact the Canada Customs and Revenue Agency in your community for the Completion Guide and Application Form. In most cases, your solicitor will take care of this for you.

GST New Housing Rebate is also available (not just for first time buyers)

*You can withdraw RRSP money
'tax free' provided you buy or build
a qualifying home...*

RRSP Program

Home Buyers' Plan (HBP)

The HBP is a program that allows you to withdraw up to \$20,000 per person (or \$40,000 per couple) from your registered retirement savings plans (RRSPs) to buy or build a qualifying home. Withdrawals that meet all conditions do not have to be included in income and there is no withholding tax.

Conditions for participating in the HBP:

- You have entered into a written agreement to buy or build a qualifying home. You intend to occupy the home as your principal residence.
- You or your spouse or common law partner have to be considered a first-time homebuyer i.e. have never owned or have not owned in the last 4 calendar years and 31 days before the withdrawal.
- Your HBP balance on January 1 of the year of the withdrawal has to be zero i.e. nothing is outstanding from a previous purchase.
- Neither you, nor your spouse or common-law partner can own the home more than 30 days before a withdrawal is made.
- You must be a resident of Canada.
- You must complete Form T1036.
- You have to receive all withdrawals in the same year.
- You have to buy or build the home before October 1 of the year after the year of the withdrawal.
- When an RRSP contribution is made, you must wait 90 days before withdrawing funds under the HBP or you may be denied the right to use that contribution as an RRSP deduction for that year.
- The home can be for yourself or it can be for a related disabled person if it is more accessible to that person than his or her current home, or it is better suited to that person's needs. You can acquire the home for the disabled person, or you can provide the withdrawn funds to the disabled person to acquire the home.

Repayment of the RRSP funds:

Repayment of the funds back to your RRSP must be made within a period of no more than 15 years. Generally, in each year of your repayment period, you have to repay 1/15 of the total amount you withdrew until the full amount is repaid. Your repayment period starts the second year following the year in which you made your withdrawals. If the required amount is not repaid in a year, that year's repayment amount will be added to your income and taxed accordingly. Repayment can occur earlier if you wish.

Does your new home require some upgrades? Add the cost to your mortgage before your move in...

Purchase Plus Improvements

This special program is designed for people who wish to purchase a home that may require some immediate upgrades... a new electrical service, a new roof, central air, a new furnace, new siding, eaves, soffits, fascia, doors, windows, a new kitchen, carpeting... or any other renovation that would increase the value of the home.

The way it works is like this: Let's assume that you are a first time buyer and have 5% downpayment. Before the mortgage financing is arranged, written quotes are obtained from licensed contractors for the repairs and or the improvements to be done to the home. When the application for mortgage financing is made, the request is made for 95% of the purchase price PLUS 95% of the cost to complete the improvements. Note: The lender will "hold-back" on closing the "improvement" portion of the mortgage until the work has been completed and inspected, normally within 30 to 60 days of closing. Once the work has been completed, the lender will advance the balance of the funds and the contractor can be paid.

What does this mean? Let us give you an example...

Purchase price:	\$ 100,000	x 95%	=	\$ 95,000
Cost of improvements:	\$ 10,000	x 95%	=	\$ 9,500
Total mortgage:	\$ 110,000	x 95%	=	\$ 104,500

Therefore, an application is made for a mortgage in the amount of \$104,500, which represents 95% of the purchase price plus 95% of the improvements.

On closing this is what happens... The Mortgage advanced to complete the purchase is \$95,000 plus the original 5% from the purchaser's downpayment (\$5,000) sufficient funds to complete the purchase of \$100,000.

After closing the contractor completes the improvements (normally within 30 to 60 days after the closing) the lender advances the hold-back of \$9,500, the purchaser pays the additional 5% of the cost of the improvements (\$500) and the \$10,000 owed to the contractor can be paid as per the original quote for the work.

Everyone's a winner!

The purchaser is happy because they got \$10,000 of improvements done to the home with a cash outlay of only \$500 (the balance was financed with their mortgage).

The lender is happy because they now have a mortgage on an improved home.

Mortgage Types

Term of a mortgage:

The actual length of time money is loaned at the contractual rate of interest. Terms range from three months to twenty-five years. Traditionally the longer the term, the higher the rate.

First mortgage:

Mortgage given first priority at the registry office. Usually the only financing required. Gives borrowers the best rate of interest.

Second mortgage:

A higher interest rate loan that provides borrowers with additional financing if the first mortgage does not meet their total financial requirements. Mortgage Intelligence's fixed or variable rate **i second™** mortgage can provide the money that is needed at competitive and flexible terms, including a rate maximum. It is ideal for those looking for secondary financing to bypass mortgage insurance, port an existing mortgage, or for debt consolidation.

Fully open mortgage, with no penalty of notice:

With this type of mortgage, the entire principal or any part of it can be prepaid to the lender at any time, without having to pay any penalty or bonus interest to the lender.

Open mortgage, with a predetermined penalty or notice:

All or part of the principal can be prepaid at any time by paying a penalty or giving a set amount of written notice. The amount of the penalty or the notice period would have been predetermined at the time the mortgage was arranged.

Partially open mortgage, with no penalty or notice on that open portion:

This type of mortgage is partially open, but not fully open. The mortgage contract permits a limited, fixed percentage to be returned to the lender each year (up to 10%, 15% or even 20% depending on the lender), in addition to the regular payment without any penalty being paid or notice being given. There may also be some restrictions as to when during the year this prepayment can be made. The balance of the mortgage (80%-90%) is closed and can only be prepaid if the lender allows – and then on the lender's terms!

Partially open mortgage, with a predetermined penalty or notice on that open portion:

As above, this mortgage is partially open, but not fully open. The mortgage contract would allow for a fixed percentage of principal to be prepaid, but subject to a predetermined penalty (i.e. 3 months interest) or with a pre-established amount of written notice. The lender may also have some restrictions as to when the prepayment can be made during the year. The balance of the mortgage is closed and does not allow for automatic early prepayment of the loan.

...and more Canadians are opting for the professional advice of a mortgage broker to help them sort through their options

Mortgage Types (cont'd)

Fully closed mortgage:

These types of mortgages have no pre-payment privileges at all. All mortgages fall into this category unless the prepayment privileges appear right in the mortgage documents. Although, all mortgages are fully open on maturity.

Convertible mortgage:

You can get the low rate typically associated with the short term, but the freedom to lock in at any time for longer, if you think rates are headed up. To win, however, you've got to be an assiduous rate-watcher. These mortgages are usually offered with a 3-month, 6-month or 12-month term.

Variable rate mortgage:

A loan whose interest rate is changed monthly or more frequently to keep it in line with the general interest rate trends. Lenders often set the rate based on their prime-lending rate. While the loan rate changes, the payment may stay level each month. In that case, the amounts going to pay interest and principal each month are adjusted to reflect the rate. VRMs are handy mortgages when rates are falling because those rate breaks get passed along quickly as rates are adjusted. However, if you fail to act quickly when rates begin to rise, you may also miss the chance to switch to a fixed-term mortgage. Increases in interest rates could create problems if your VRM monthly payment doesn't include any cushion for rate hikes. In that case the lender may require you to increase your payment to prevent a "deficit interest" situation.

Hybrid (mutant) mortgages:

Lenders have different product names for their own mortgages to try to make them sound unique or for marketing purposes, but all mortgages fall into one of the above categories. Variations between and within each category help distinguish different lender's packages. Let your Mortgage Intelligence consultant arrange the financing package best suited to your needs.

Mortgages for recreational & investment properties:

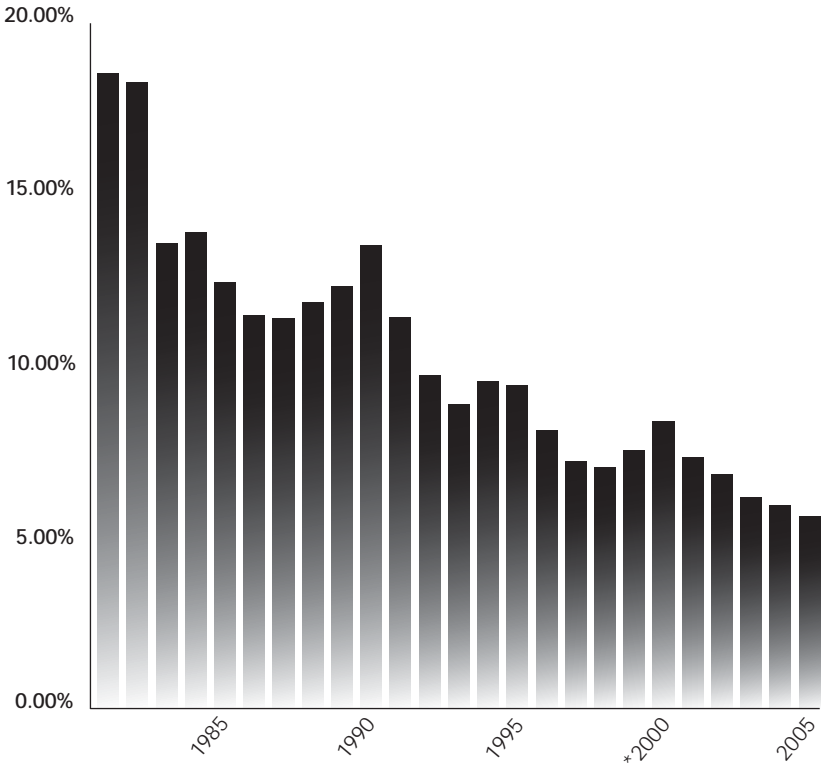
Mortgage Intelligence offers mortgages for specific needs such as recreational or investment properties. With the **i relax™** mortgage, you can realize your dream of vacation property ownership with as little as 15% down. With the investment property mortgage, you can qualify for the funds you need without costly insurance premiums, or leveraging the equity in your principal home.

Mortgages for impaired credit:

Mortgage Intelligence has a mortgage that can help clients who are considered to have impaired credit because they have maximized their credit cards and other debt. Even though they may be able to make their payments each month, they may be considered a high risk borrower. This mortgage allows them to consolidate debts and restore their credit rating. They can also save on interest costs and have a more manageable monthly payment.

5-year Rates Comparison

How does the average 5-year posted mortgage rate compare since 1981?



Source: Bank of Canada

1981 - 18.15%	1990 - 13.24%	1999 - 7.39%
1982 - 17.89%	1991 - 11.16%	2000* - 8.20%
1983 - 13.29%	1992* - 9.52%	2001 - 7.18%
1984* - 13.61%	1993 - 8.70%	2002 - 6.70%
1985 - 12.18%	1994 - 9.34%	2003 - 6.04%
1986 - 11.22%	1995 - 9.22%	2004* - 5.80%
1987 - 11.14%	1996* - 7.94%	2005 - 5.48%
1988* - 11.60%	1997 - 7.07%	
1989 - 12.05%	1998 - 6.90%	

**25-year Average
10.04%**

* U.S. Election Year

Payment Tables

We are not just another mortgage company!

We are here to assist you in the best possible way
by providing "Hands on Service"!

We are here because a qualified purchaser can demand the best!

AMORTIZED PAYMENT TABLE (per \$ thousand)											
AMORTIZED FACTORS						AMORTIZED FACTORS					
Annual Interest Rate	YEARS					Annual Interest Rate	YEARS				
	15	20	25	30	35		15	20	25	30	35
4.00%	7.38	6.04	5.26	4.76	4.41	8.00%	9.48	8.28	7.63	7.25	7.01
4.25%	7.50	6.17	5.40	4.90	4.56	8.25%	9.62	8.44	7.79	7.42	7.18
4.50%	7.63	6.30	5.53	5.04	4.71	8.50%	9.76	8.59	7.95	7.59	7.36
4.75%	7.75	6.44	5.67	5.19	4.86	8.75%	9.90	8.74	8.12	7.76	7.54
5.00%	7.88	6.57	5.82	5.34	5.01	9.00%	10.05	8.86	8.28	7.93	7.72
5.25%	8.01	6.74	5.96	5.49	5.17	9.25%	10.19	9.05	8.45	8.10	7.90
5.50%	8.14	6.85	6.10	5.64	5.33	9.50%	10.33	9.20	8.62	8.28	8.08
5.75%	8.27	6.98	6.25	5.79	5.49	9.75%	10.48	9.36	8.78	8.45	8.26
6.00%	8.40	7.12	6.40	5.95	5.65	10.00%	10.63	9.52	8.95	8.63	8.44
6.25%	8.53	7.26	6.55	6.11	5.82	10.25%	10.77	9.68	9.12	8.80	8.63
6.50%	8.66	7.41	6.70	6.26	5.98	10.50%	10.92	9.84	9.29	8.98	8.81
6.75%	8.80	7.55	6.85	6.42	6.15	10.75%	11.06	10.00	9.46	9.16	8.99
7.00%	8.93	7.69	7.00	6.59	6.32	11.00%	11.22	10.16	9.63	9.34	9.18
7.25%	9.07	7.84	7.16	6.75	6.49	11.25%	11.36	10.32	9.80	9.52	9.37
7.50%	9.21	7.99	7.32	6.91	6.66	11.50%	11.52	10.49	9.97	9.70	9.55
7.75%	9.34	8.14	7.47	7.08	6.83	11.75%	11.66	10.65	10.15	9.88	9.74

When you have any financing related questions, we are here to help!
Mortgage Intelligence puts the information you need in your hands.

Call us today!

How you pay your mortgage has a dramatic effect on the amount of interest you pay...

Repayment Options

Amortization:

The gradual repayment of a debt by means of partial payments on the principal at regular intervals. The amortization period is the time required to repay the debt completely.

The amortization period has a dramatic effect on the amount of interest paid over the length of the mortgage. Consider the following example*:

\$100,000 mortgage with an interest rate of 5.50%

- With a 25-year amortization the monthly payments are \$610.
- With a 20-year amortization the monthly payments are only increased by \$75 to \$685. The savings in interest would be \$18,864*.
- With a 15-year amortization the monthly payments are increased by only \$204 to \$814. The savings in interest would be \$36,635*.

Payment Schedules:

Most mortgages have very flexible payment alternatives. Weekly, bi-weekly, or monthly payments are most common. These choices also have a great effect on the overall interest payments. Consider the following example*:

\$100,000 mortgage at 5.50% interest over a 5-year term

	Payment	Balance (at end of term)	Potential Interest Savings (over amortization)
Accelerated Weekly	\$152	\$85,609	\$14,583*
Accelerated Bi-weekly	\$305	\$85,633	\$14,418*
Monthly	\$610	\$89,188	—

* The example assumes the interest rate will remain constant through the whole amortization period.

Closing the Deal

There are costs involved in every real estate transaction

Rule of Thumb: 2-3% of the Purchase Price

To avoid any surprises on closing, here is a list of what to expect in the way of costs.

Deposit: Part of your downpayment, a deposit is due upon acceptance of your offer.

Home Inspection: Prepared by a qualified inspector to assess the property for defects and poor maintenance.

Appraisal: Prepared by an appraiser chosen by the lender, CMHC or GE (if applicable).

Legal Fee/Disbursements: Your lawyer will quote the fee for closing the purchase and mortgage(s) plus an approximation for the disbursements, which includes registration fees, courier costs, photocopies, etc. Ask for an estimate.

Land Survey or Title Insurance: Your lawyer or the lender will specify whether a survey is necessary or if title insurance will be acceptable in lieu of a survey.

Fire Insurance: You will have to arrange and maintain fire and extended coverage insurance for the outstanding balance of the mortgage or the replacement value of the building.

Ontario Land Transfer Tax: 0.5% on the first \$55,000 of the purchase price; plus, 1% on the balance of the purchase price up to \$250,000; plus, 1.5% on any amount over \$250,000 up to \$400,000; and then 2.0% on the balance of the purchase price over \$400,000. The land transfer tax is due on closing and reflected in the "Statement of Adjustments" which your lawyer prepares prior to closing day.

Interest Adjustment: Monthly mortgage payments are usually due on the first of the month. Unless the closing date is the first of the month, you must prepay the amount of the interest accruing up to the 1st day of the following month known as the "interest adjustment date" (IAD). If however, you choose bi-weekly or weekly payments your interest adjustment period may be much shorter.

CMHC or GE (High Ratio Insurance) & PST: If your mortgage is insured by CMHC or GE the insurance premium will usually be added to the mortgage so it is not a cash requirement on closing. In Ontario the premium is subject to 8% PST, and this tax must be paid on closing.

Prepaid Expenses: If the Vendor has prepaid any other expenses such as utilities, water and sewage taxes, oil in tank or property taxes, they must be compensated. This will be reflected in the Statement of Adjustments.

Property Tax Hold-back: If the lender is collecting and paying property taxes you may be required to pay to the lender an amount to ensure sufficient funds are available to pay the next instalment of property taxes when due. An alternative to a property tax holdback is for the lender to increase the tax portion of the regular payment proportionately to ensure sufficient funds are on hand in time to pay the taxes when due.

Other Fees: Occasionally, a lender or the broker will charge a fee for providing the mortgage. If so, these costs should be disclosed to you at the time the Statement of Mortgage (disclosure statement) is issued to you.

GST: Is payable on all new homes, commercial properties and land. GST is NOT payable on un-renovated residential resales.

Moving Expenses: You may have to allow for the expense of a professional mover or the rental of a moving van.

Appliances: You will likely need four major appliances.

Decorating: Carpets, drapes, furniture and painting may be necessary.

Repairs: You may have some immediate renovations to do especially if the financial institution withholds some of the mortgage money on the condition specific repairs be made.

Tools: You may need lawn tools, garbage cans and snow removal equipment.

Utility Hook-up: You may have to pay to have the telephone, gas and electricity connected and in some cases, pay a deposit. Contact the local utility companies directly.

Closing Cost Worksheet

SALE OF EXISTING PROPERTY

Selling Price: \$ _____

Real estate commission (\$)	\$ _____
GST on commission (7%):	\$ _____
Legal fees on sale:	\$ _____
Disbursements on sale:	\$ _____
Payout 1st mortgage (obtain balance in writing)	\$ _____
Penalty to discharge 1st mortgage (if applicable):	\$ _____
Discharge administration fee:	\$ _____
Payout 2nd mortgage (obtain balance in writing):	\$ _____
Penalty to discharge 2nd mortgage (if applicable):	\$ _____
Discharge administration fee:	\$ _____
Property taxes (paid up to date):	\$ _____
Other debts to be paid out from sale:	\$ _____
TOTAL EXPENSES:	\$ _____

Net Cash Available From Sale: \$ _____

PURCHASE OF NEW PROPERTY

Purchase Price: \$ _____

Downpayment:	\$ _____
Home inspection:	\$ _____
Land transfer tax:	\$ _____
Legal fees on purchase:	\$ _____
Registration costs / disbursements on purchase:	\$ _____
Survey / title insurance:	\$ _____
Adjustments / incidentals:	\$ _____
Mortgage application / appraisal fee:	\$ _____
Lender's application / commitment fee:	\$ _____
CMHC/GE insurance premium \$ _____	(added to mortgage)
PST on CMHC/GE insurance premium (8%)	\$ _____
Interest adjustment (lender):	\$ _____
Property tax holdback (lender):	\$ _____
Pre-pay property taxes:	\$ _____
Home (fire) insurance:	\$ _____
Moving expenses / utility hook ups / condo fees:	\$ _____
Repairs / renovations / paint, etc.:	\$ _____
Appliances / furniture, etc.:	\$ _____
Other:	\$ _____
TOTAL EXPENSES:	\$ _____
Less: DEPOSIT MADE WITH OFFER:	(\$ _____)

Cash Required to Complete the Transaction: \$ _____

Glossary of Terms

Agreement of Purchase and Sale:	A contract by which one party agrees to sell and another agrees to purchase.
Amortization:	Period of time required to reduce debt to zero when payments are made regularly.
Appraisal:	Process by which the mortgage lending value of a property is determined.
Bridge Financing:	Interim financing to bridge between the closing date on the purchase of the new home and the closing date on the sale of the current home.
Broker:	An intermediary between the buyer and seller who is licensed to carry out such activities.
Building Permit:	A certificate that must be obtained from the municipality by the property owner or contractor before a building can be erected or renovated.
Closing Date:	The date on which the sale of the property becomes final and the new owner takes possession.
Commitment:	A notice from a mortgage lender to a prospective borrower that the lender will advance mortgage funds of a specified amount under certain conditions.
Condition:	A condition in a contract that calls for the happening of some event or performance of some act before the agreement becomes binding.
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 a time limit in which the specified conditions must be met is stipulated.
Conventional Mortgage:	A mortgage loan of up to a maximum of 75% of the lending value of the property for which a lender does not require loan insurance.
Debt Service Ratio:	The percentage of the borrower's income that will be used for monthly payments.
Default:	Non-payment of instalments due under the terms of the mortgage.
Deposit:	Payment of money or other valuables in consideration as a pledge for fulfillment of the contract.
Discharge:	The removal of all mortgages and financial encumbrances on the property.

Glossary of Terms (cont'd)

Easement:	The right acquired for access to or over another person's land for a specific purpose, such as for a driveway or public utilities.
High Ratio Mortgage:	Loan that exceeds 75% of the property lending value, and which is insured through a mortgage insurance plan.
Holdback:	An amount of money withheld by the lender during the progress of construction of a house to ensure that construction is satisfactory at every stage. The amount of the holdback is generally equivalent to the estimated cost to complete construction.
Mortgage Insurance Premium:	A premium that is added to the mortgage and paid by the borrower over the life of the mortgage. The mortgage insurance insures the lender against loss in case of default on the part of the borrower.
Mortgage Life Insurance:	A form of reducing term insurance available for all mortgagors. In the event of a death of the owner or one of the owners, the insurance pays the balance owing on the mortgage. The intent is to protect survivors from losing their home.
Mortgagee:	The entity that lends the money.
Mortgagor:	The entity that borrows the money.
Offer to Purchase:	A written contract setting forth the terms under which a buyer agrees to purchase a property. Upon acceptance by the seller, it forms a contract, which will form the basis for the final document to be prepared by a lawyer or notary. It includes the legal and/or municipal description (this may consist of lot numbers as well as street address), purchase price, closing date, mortgage and terms of repayment, and lists specific items included as part of the sale.
P & I & T:	Principal, interest and taxes due on a mortgage.
P & I:	Principal and interest due on a mortgage.
Penalty:	A sum of money paid to a lender for the privilege of prepaying a mortgage in part or in full.
Power of Sale:	The right of a mortgagee to force the sale of the property without judicial proceedings should default occur.
Prepayment Option:	The right to prepay a specified amount of the principal balance. Penalty interest may be incurred on prepayment options.
Prepayment:	Full or partial payment of all or part of the principal, separate from the regular payments called for under a mortgage agreement.

Glossary of Terms (cont'd)

Principal:	The amount owing to the lender at any time.
Purchaser:	Buyer of real property.
Rate (interest):	The return the lender receives for lending you the money for the mortgage.
Real Estate:	Includes real property, leasehold and business whether with or without premises, fixtures, stock in trade, good of chattels in connection with the operation of the business.
Rollover Mortgage:	A mortgage loan where the interest rate is established for a specific term. At the end of this term, the mortgage is said to “roll-over” and the borrower and lender may agree to extend the loan. If satisfactory terms cannot be agreed upon, the lender is entitled to be repaid in full. In this case, the borrower may seek alternative financing.
Sales Representative:	A licensed employee of a Real Estate Broker authorized to trade in real estate.
Survey:	The accurate mathematical measurement of land and building thereon.
Term:	The length of time that you pay a specific interest rate on your mortgage loan. At the end of the term you may repay the balance of the loan or re-negotiate at current rates and conditions.
Title:	Evidence of ownership.
Vendor:	Seller of real property.
Vendor Take Back:	Where the seller of a property provides some, or all of the mortgage financing in order to sell the property.
Zoning Laws:	Municipal laws restricting the use of land for special purposes.

Moving Checklist

MOVING OUT

Utilities & Services

- Electric
- Gas
- Water
- Telephone
- Cable Service
- Fuel
- Appliance Service

Professional Services

- Doctor
- Dentist
- Chiropractor
- Lawyer
- Broker
- Accountant

Business Accounts

- Banks
- Finance Companies
- Credit Cards
- Charge Accounts
- Dry Cleaner
- Drug Store
- Service Station
- Diaper Service

Insurance Agencies

- Life
- Accident
- Personal Property
- Business & Professional

Government Offices

Local

- Schools
- Library

Provincial

- Health & Hospital Insurance
- Vehicle Registration
- Driver's License

Federal

- Post Office
- Income Tax
- Child Tax Credit
- Old Age Security
- Canada Pension Plan
- Unemployment Insurance

Publications

- Newspaper
- Record Club
- Magazines
- Mail Order Houses

People & Organizations

- Friends
- Relatives (optional)
- Church
- Business Associates
- Athletic & Health Club

PRE-CLOSING DATE

- Send outstanding documents to: **Steve Garganis**
- All conditions of approval satisfied
- Appointment confirmed with Lawyer
- New telephone installation
- Arrange for moving day child care
- Arrange for moving day pet care

MOVING DAY

- Drop off keys
- All meters read
- Telephone disconnected
- Windows and doors shut and locked
- Pick up new keys

Other

- _____
- _____
- _____

Mortgage Qualifier

To complete a secure application
on-line, visit our web-page at:
www.needamortgage.ca

A QUALIFIED PURCHASER CAN DEMAND THE BEST! If you are currently in the market for a new home and would like us to help you determine what the mortgage market has available, please fill out the questionnaire and return it to either your Real Estate Professional, or fax it directly to: **1.877.868.0661**

	Applicant		Co-Applicant	
Name:				
Address:				
City/Province:				
Postal Code:				
Home Telephone Number:	()		()	
Email Address:				
Date of Birth:				
SIN:				
Employer:				
Occupation:				
Years of Service:				
Business Telephone Number:	()		()	
Annual Income:	\$	salaried/commission	\$	salaried/commission
Details: <small>i.e. hourly rate, normal hours worked per week, base salary, salary plus commission, self-employed</small>				
Assets	Balance/Value	Liabilities	Balance	Monthly Payment
Cash in Bank:	\$	Bank Loans:	\$	\$
Real Estate:	\$	Mortgages:	\$	\$
Vehicles:	\$	Credit Cards:	\$	\$
Other Assets:	\$	Other Loans:	\$	\$
Total Assets:	\$	Total Liabilities:	\$	\$
I/we have the sum of \$ _____ available for a downpayment.				

You certify that the information provided is true and accurate, that all debts are current and in good standing, that you have no outstanding judgments and that you have not declared bankruptcy in the past 6 years. You authorize **Mortgage Intelligence Inc.** to obtain information about you as permitted by law, and to use your social insurance number for the express purpose of obtaining and sharing said information with other credit grantors, credit bureau, suppliers of services and mortgage insurers, and also keep this application for our records.

Applicant's Signature: _____ Date: _____

Co-Applicant's Signature: _____ Date: _____

Notes

*“Call me anytime with your questions.
No cost. No obligation.”*



Steve Garganis, AMP
Mortgage Consultant

Tel: 416.224.0114

Cell: 905.334.4263

www.needamortgage.ca



MORTGAGE INTELLIGENCE

Leading the way to a better mortgage