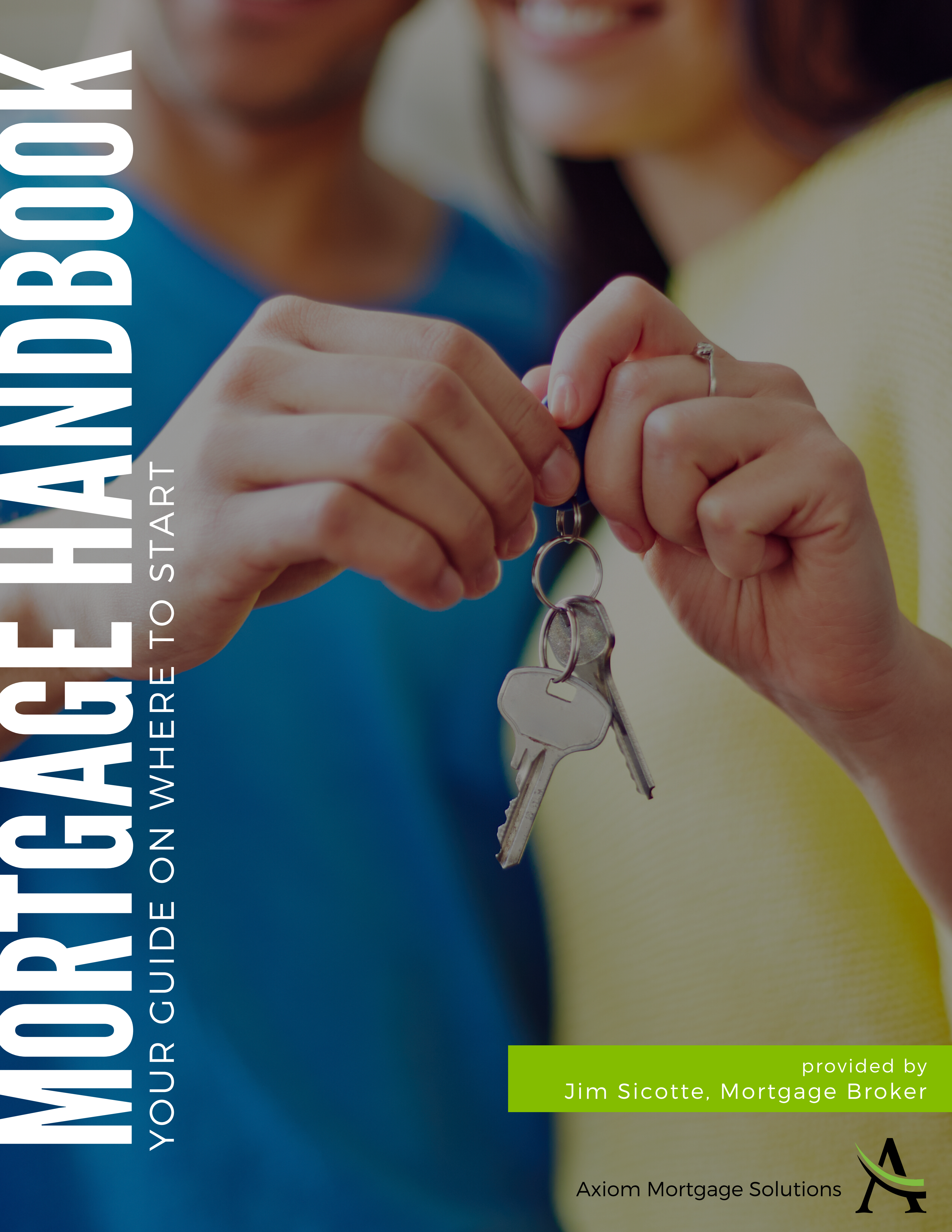

MORTGAGE HANDBOOK

YOUR GUIDE ON WHERE TO START

provided by
Jim Sicotte, Mortgage Broker

Axiom Mortgage Solutions

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INTRODUCTION

About the Handbook

This handbook will look at some of the different sources of mortgage funds available, general qualification guidelines and explain the differences between mortgage products.

It also looks at mortgage insurance and the associated costs. There is a lot of information contained in this handbook. To be sure you fully understand all of your financing options it is best to have an individual consultation with a Licensed Mortgage Broker (Agent). This handbook is your starting point.

The mortgage industry is dynamic and ever-changing. We are exposed to on-going regulatory changes; please be sure to discuss the current climate with your mortgage broker. Contents within are subject to change.

A Mortgage Broker Can Help!

"Hello, I am Jim Sicotte. I'm a father, husband, Mortgage Broker, Entrepreneur, and Real Estate Investor. I was born and raised in Edmonton and Ardrossan, and now live in Spruce Grove. I grew up in the oilfield industry, graduated from university with an Environmental Sciences Degree, and found my passion in real estate investing. Along the way I rebuilt airplanes, sold water, taught kids about money, was a licensed REALTOR®, licensed investment broker, played hockey, hiked many a mountain, and have been raising two wonderful children. My focus is helping my clients get into a home with a financing option that best suits their situation, and then helping them get the financing paid off so they can enjoy the freedom of being mortgage free. To me it's more important how you do it, than what you do."

JIM SICOTTE, MORTGAGE BROKER
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WHERE TO BEGIN?

Assembling Your Team

Chances are you will likely be in need of a mortgage to acquire your new property. Your own financial institution is one place to start, but it is certainly not the only source for available mortgage funds. A licensed mortgage professional is another.

When searching for a mortgage loan to suit your needs, it is important to work with a mortgage broker you are comfortable with and can trust. One of the most important things you can do prior to starting to shop for your perfect home is to put together a strong team of professionals to help you get the job done!

The following are some of the key players you'll want to assemble:

Mortgage Broker

Mortgage brokers work on your behalf (usually at no cost to you) and are paid by the institution that provides you with your mortgage. Mortgage brokers are licensed and regulated. They are skilled and qualified to give you mortgage advice and provide not only mortgage solutions but options in both mortgage product(s) and lender(s).

A broker arranges for a pre-approval/final approval of the loan and helps to overcome any barriers. By starting the process with a strong pre-approval, you can be better prepared and shop with confidence. A pre-approval is at no cost or obligation and will help protect you from rising interest rates with a guaranteed rate hold period.

Realtor®

Will help you identify your housing needs and will find you a suitable home to match those needs. The REALTOR® is often the quarterback; coordinating the efforts and timing of other professionals involved in your purchasing process.

Home Inspector

Will ensure that you know what you are purchasing; the good with the bad. He/she will check the systems and bones of the property.

Lawyer

Will make sure the transaction closes smoothly and that your interests are protected. They will register the mortgage (title) and coordinate the transfer of mortgage funds.

APPLYING/QUALIFYING FOR YOUR MORTGAGE

Once you have decided you need financing to obtain your home, you will need to apply for a mortgage loan. This usually begins with a pre-approval and moves on to final approval. Here's how that looks:

Pre-Approval/Approval

This usually begins with a pre-approval done prior to beginning the house shopping experience. Acquiring a pre-approval will demonstrate how you can shop within your means, provide the opportunity to secure a rate, and address any credit issues in advance of placing your Offer to Purchase. The Pre-approval determines your purchasing power and viability as a borrower. It is you, the borrower who is "pre-approved". An approval requires a property. Once you find your property and your Offer to Purchase has been accepted by the seller you are ready to proceed to your final Approval.

The Mortgage Stress Test

To qualify for a mortgage in Canada you will need to pass a “stress test”. This is a federal government lending guideline that applies to all those seeking a mortgage loan within Canada.

The stress test or "qualifying rate" is the rate used to prove you can afford payments in the face of economic change/in the event of higher interest rates. The qualifying interest rate is subject to change as are other interest rates; it is typically higher than the actual rate you can expect to pay aka "the contract rate" (the interest rate you will be given on your mortgage loan). Qualification tests are dependant on whether or not you will have an insured (ie CMHC, Genworth, Canada Guaranty) or uninsured mortgage

Insured qualification:
The qualifying rate for the stress test on insured mortgages (usually those with less than 20% down payment) will be based on the weekly median 5-year fixed insured mortgage rate, plus 2%.

Un-insured qualification:
You will need to qualify at the contracted mortgage interest rate plus two per cent or the Bank of Canada’s five-year benchmark rate, whichever is greater.

6-STEP MORTGAGE PROCESS

STEP 1: APPLICATION

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

STEP 2: CREDIT REVIEW

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

STEP 3: DOCUMENTATION COLLECTED

Your broker will collect all supporting documents: proof of income (i.e. paystub, employment letter, other) and down payment verification. Your broker will do a full review of required documents through the pre-approval process. Employment type plays a role to what may be requested.

STEP 4: PRE-APPROVAL COMPLETION

Once the application and credit report have been reviewed to determine the amount of mortgage you qualify for, your broker will work with you to select an appropriate lender. Once the application has been submitted you will receive a mortgage pre-approval, subject to the provision of any outstanding documentation and satisfactory appraisal and/or mortgage insurer approval of the property you choose. The pre-approval allows you to shop for your new home knowing that your finances are in order.

If your broker is unable to issue you a pre-approval, they will work with you to help you to qualify. This may be as simple as reducing your debt load or it may take some time if you need to increase your savings or re-establish some credit. Your broker will point you in the right direction.

THE MORTGAGE PROCESS
CONTINUED

STEP 5: (FINAL) APPROVAL

Once you find a property, if your mortgage is a high ratio mortgage (less than 20% down payment) it requires mortgage insurance, your lender will submit the application (along with the property information) to either CMHC, Canada Guaranty or Genworth for approval of both you and the property. If your mortgage does not need mortgage insurance, your lender may require an appraisal to ensure the lending value of the property meets their approval.

Once your mortgage has been approved by both the lender and (if applicable) the insurer, it is time to make sure that you have provided all the requested documentation (aka lender conditions) to your broker. Once this documentation is reviewed and satisfied (approved) by the lender your broker will advise of your final approval.

STEP 6: FUNDING

You will be required to have your mortgage registered within the province/jurisdiction your purchased property is located. This is typically done by a lawyer. It is recommended you enlist the services of a lawyer specializing in real estate to avoid any delays. Please speak to your mortgage broker should you require the services of a real estate lawyer in your area.

Researching Your Own Mortgage

The Internet can be a valuable tool to help you research mortgage options. However, information published on the Internet is not guaranteed to be accurate and you should be wary of anyone promising deals that sound too good to be true or those promising miracle cures for bad credit for a fee.

Be sure the information you are reading is Canadian. Much of the mortgage information published on the Internet will be based on U.S. availability. The Canadian and U.S. mortgage markets are quite different. Speak to a mortgage broker.

QUALIFICATION

the 3 essential components

This section will give you an idea of what to expect based on traditional guidelines. Remember, these are just guidelines; everyone's situation is unique. If it appears that you may not qualify for the amount of mortgage you require, speak to your broker to identify if this is truly the case; there may be options available you are unaware of.

Over the years, qualification guidelines have become fairly standard within the lending industry. While each institution may have some unique guidelines, the basic qualifying criteria are the same. The following section will explain these basic requirements.

There are three essential components we look at when qualifying a potential borrower:

1 **INCOME**

2 **EQUITY**

3 **CREDIT**

QUALIFICATION

the 3 essential components:

1 INCOME

Some forms of income that represent revenue to your household may not count as income for qualification purposes. The important thing when it comes to income is to demonstrate consistency and sustainability. Your broker can discuss this in detail.

Here are some of the many sources of income and some of the guidelines for using them when qualifying for a mortgage:

Employed

You are an employee of a company or corporation. You are employed (with no probationary period for new employment).

Probation period: if you're with a new company and still within a probationary period you may have some difficulty using this income for qualifying purposes. However, there are a number of cases where individuals on probation have still been considered for mortgage financing. Discuss your specific situation with your broker to determine further options.

Overtime /Part-time/Seasonal

If you want to use overtime or part-time employment income most lenders will want to see a consistent history. Typically, you will be required to provide a two or three-year track record of your overtime income (ie. last two years Notice of Assessment (NOA) and/or T4s).

Seasonal income is acceptable, but you will likely be required to demonstrate sustainability by providing a 2-3 year track record. Usually an average of income over these years will be used for qualifying purposes.

Self-Employed

If you are self-employed, you can still qualify. Most lenders will require a track record of consistent income.

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

Child Tax Credit/Child Support AISH/Pension

The child tax credit as well as spousal and child support are considered as usable income by many lenders. Amount allowable varies by lender.

Guaranteed pension incomes are usually acceptable sources of income, although some lenders are hesitant to lend if a borrower's sole source of income is AISH.

If you wish to have any of these income types considered with your mortgage application please speak to your mortgage broker at the time of application about which lenders will allow their use. We aim to provide you with the best options to suit your situation.

QUALIFICATION

the 3 essential components:

INCOME
(TO DEBT RATIO)

The amount of mortgage you may qualify for depends on two things: income and the amount of debt you are carrying.

Financial institutions use two different ratios to measure your borrowing ability.

The first is your Gross Debt Service Ratio (GDSR).
The second is your Total Debt Service Ratio (TDSR).

GROSS DEBT SERVICE RATIO

Your Gross Debt Service Ratio is the percentage of your gross monthly income that is used toward your housing expenses. The expenses used in this calculation are Principal and Interest, Taxes and Heat, plus half your monthly condo fees, if applicable. These expenses can be remembered by the acronym P.I.T.H., where principal and interest are what makes up your mortgage payment.

To qualify for a mortgage, most lenders require that your GDS(R) is at or below 39% of your gross annual income.

TOTAL DEBT SERVICE RATIO

Your Total Debt Service Ratio is the percentage of your gross monthly income that is used towards your housing expenses plus your other monthly obligations. The expenses used in this calculation are principal and interest, taxes and heat plus half your monthly condo fees, if applicable, plus student loan payments, credit card payments and car loan payments, etc.

In order to qualify for a mortgage, lenders require that your TDS(R) be at or below 44% of your gross annual income.

QUALIFICATION

the 3 essential components:

2

CREDIT

Credit is a critical component to your mortgage loan. It is also one of the easiest to improve given time. If you do not know your credit status, obtaining a credit report is one of the first steps you should take. Your mortgage broker can assist you with "pulling your credit" report. A consumer credit bureau (one you could acquire) will differ from the credit bureau your mortgage broker will see. Lenders will look to the score shown on the bureau your broker acquires.

Let's take a look at some FAQ's surrounding Credit:

What is a credit report?

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

What is a credit bureau?

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

What is reported?

Below is a list of the major sections found in a credit report:

Personal identification: Name, address, date of birth and Social Insurance Number (SIN).
Credit/Trade Line History: Details of credit accounts, transactions and history of late payments.
Public record information: Secured loans, bankruptcies and/or judgments.
Third-party collections: Any involvement with a collection agency trying to collect on a debt.
Inquiries: All organizations or individuals that have requested a copy of the credit report in the past three years.

QUALIFICATION

the 3 essential components:

CREDIT
(FAQ's cont'd)

How is my credit rated?

A credit rating for each trade item is reported on your credit report as well as an overall credit score.

The rating for each individual trade line is made up of the following numbering system:
0 Too new to rate
1 Paid within 30 days, as required
2 Over 30 days but less than 60 days
3 Over 60 days but less than 90 days
4 Over 90 days but less than 120 days
5 Over 120 days but not yet sent for collection
7 Making payments under consolidation order or similar agreement
8 Repossession
9 Bad debt, placed for collection or skip

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

How do I improve my score?

Pay all of your obligations on time.
Paying late or carrying a balance at or over limit, or having your account sent to a collection agency, has a negative impact on your credit score. Do not run your balances up to your credit limit. Keeping your account balances below 50-65% of your available credit may also help your score.
Avoid applying for credit unless you have a genuine need for a new account.
Too many inquiries in a short period of time can sometimes be interpreted as a sign you are opening numerous credit accounts due to financial difficulties, or overextending yourself by taking on more debt than you can actually repay. A flurry of inquiries will prompt most lenders to ask why.
Do not close accounts.
Talk to your mortgage broker prior to closing accounts. This can hurt your credit score in some cases by increasing your overall debt load to available credit.

QUALIFICATION

the 3 essential components:

3 EQUITY

Equity is the degree of ownership in any asset after subtracting all debts associated with that asset. So, in the case of a mortgage we are referring to the amount of down payment you will be placing on the loan (= your ownership stake within a property).

Traditionally, the minimum amount of down payment required to purchase a home has been and remains 5% of the purchase price.

Recent innovations in Mortgage Loan Insurance have allowed lenders to give home buyers the opportunity to cover the requisite down payment by borrowing the funds from an alternate credit source such as personal line of credit or credit card. Gifted down payment from an immediate family member is also an option in some cases.

If you do not fit the stringent credit criteria for these programs, the 5% down payment must come from your own resources and cannot be borrowed.

Ask your Axiom Mortgage Broker what options may be available to you.

VERIFYING YOUR DOWNPAYMENT: DOWNPAYMENT SOURCES & THE DOCUMENTS REQUIRED

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

SAVINGS
Three months of bank statements showing accumulation of funds.

GIC, MUTUAL FUND OR TERM DEPOSIT
A recent statement from your financial institution identifying you as the account holder and the current value of the account plus three months history to show the accumulation of funds.

GIFTED DOWNPAYMENT
The lender will require a gift letter stating the funds are a gift (not repayable), and a deposit slip showing the gifted funds deposited into the borrower's account prior to closing.

RRSP
A recent statement from your financial institution identifying you as the account holder and the current value of the account plus three months history to show the accumulation of funds.

WHAT TO DO IF YOU DON'T QUALIFY?

If you find that your Mortgage Broker is currently unable to qualify you for the mortgage amount that you desire, there are steps you can take to improve your situation and possibly increase the amount that you may qualify for.

The first step is to identify the obstacles to approval and pinpoint the areas that need improvement. From there, you and your broker can develop a plan to overcome those hurdles. There are also alternative lending options should you not qualify under the traditional guidelines discussed in this handbook. Talk to your Axiom broker about these options.

Here are some tips for improving common blockages to mortgage approval:

Income and Debt

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

Credit

Ensure that you always make at least the minimum payment on all of your bills. Every late payment that is recorded on your credit bureau report has a negative impact on your rating. If you need to rebuild your credit, talk to your mortgage broker for advice. An RRSP loan or a secured credit card is an easy way to start re-establishing your credit.

Down Payment

A good household budget coupled with a strong savings plan is one of the best ways of saving for a down payment. You may also be able to use your RRSP as a savings vehicle. If you are a first-time homebuyer you may be eligible to use up to $35,000 of RRSP savings toward the purchase of a new home under the Home Buyers' Plan (HBP) or through The First-Time Home Buyer Incentive (FTHBI) - a shared-equity mortgage with the Government of Canada.

By saving through your RRSP, you also receive a tax deduction that may give you a refund at tax time, allowing you to add even more to your down payment savings pool. The Home Buyers' Plan is a program that allows you to withdraw up to $35,000 from your registered retirement savings plan to buy or build a qualifying home for yourself. Withdrawals that meet all applicable HBP conditions do not have to be included in your income, and your RRSP issuer will not withhold tax on these amounts. If you buy the qualifying home together with your spouse or common-law partner, or other individuals, each of you can withdraw up to $35,000.

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

UNDERSTANDING YOUR MORTGAGE

It is important to choose the type of mortgage that is right for you; this should be based on your current and future needs.

Having an in-depth conversation with your mortgage broker regarding what you hope to achieve and being educated along the way will lead to your best chances of success.

It is important to understand the basic terminology and components to your mortgage.

This is not a complete list of all components of all types of available mortgages. Further options regarding your individual situation/mortgage requirements should be discussed. A full assessment should be completed with your broker.

This is a jump-off point for you to familiarize yourself with some of the common components/terms you can expect to discover through the mortgage process.

DISCOVER:

contractual life of your mortgage (aka mortgage term)

types of mortgages/rate

payment frequencies

mortgage insurance

programs for new home buyers

MORTGAGE UNIVERSITY

mortgage terminology - "term"

M U

Contractual Life & Term of Your Mortgage

The term of the mortgage is the contractual life of your mortgage loan. It represents the length of time (in months or years) that you and the financial institution are obligated to each other with respect to your mortgage.

As you choose your mortgage, the term is one of the decisions you will need to make. The term of the mortgage (ie 5 year term) is usually shorter than the amortization (life) of your mortgage (ie 25 years). Once the term has expired, the mortgage is completely open for renegotiation. At that time, you have the right to find a new lender if you wish and your financial institution has the right to re-qualify you before renewing your mortgage. In practice, as long as your mortgage is current and all payments have been made as agreed, financial institutions will often automatically renew your mortgage, and not require that you re-qualify. Talk to your broker prior to your renewal date to ensure you are getting the best rate and options available (do not assume your current lender will offer best rates).

short vs long term

A short-term mortgage is usually for three years or less. Short term mortgages are appropriate if you believe interest rates will be lower at renewal time. Or if you expect the need to come out of the mortgage early (ie. job mobility etc).

A long-term mortgage is generally for three years or more. Long term mortgages are suitable when current rates are reasonable and borrowers want the security of budgeting for the future. This is often important for first time homebuyers. The key in choosing between short and long term is comfort level, your current situation and long term plans.

MORTGAGE UNIVERSITY

mortgage terminology - "term type"

MU

open vs closed term

An open mortgage is 100% open for prepayment at any time throughout the term of the loan. This means that you have the option to repay any or all of the mortgage balance at any time without penalty. This type of mortgage may be important to you if you can foresee repaying your mortgage loan in the near future. Open mortgages typically have higher rates due to the flexibility of repayment.

A closed mortgage has increased restrictions on payment of the principal (original borrowed amount). You will want a clear understanding of what your "pre-payment" and "payout penalties" are with the mortgage product you are considering.

Consider Your Situation When Choosing a Term

You may be planning to sell your home within the term of the mortgage and paying it out in full, or you may be expecting an inheritance that will allow you to fully repay your mortgage loan. In these types of situations you will need more flexibility on both the amount of time you are committed to the loan, and the amount of principle you are allowed to repay within that term; also known as "pre-payment privileges". An open mortgage term might be a viable solution. Rate type will also play a role and will be discussed in the coming page(s).

If you do not have plans to come out of a longer term mortgage (ie 5 years), then a closed mortgage with a longer term might be an opportunity for additional rate security and/or to capitalize on much sought after rate promotions put out via lenders (lenders often promote the five-year term through rate).

As mentioned previously, a closed mortgage does have restrictions on how much of the principal can be repaid. The amount you can prepay depends on the lending institution but usually ranges from 10% to 20% of the original principal amount per year.

Your mortgage broker can discuss each of these with you as the policies with each institution can vary widely.

MORTGAGE UNIVERSITY

mortgage terminology - "rate"

fixed rate vs variable rate

A **fixed rate mortgage** is where the interest rate is set at the time you get your mortgage loan and will not change for the entire term of the loan.

For example, if you take out a 5-year term, fixed rate mortgage you know that your rate and payment is fixed for five years and will not change. This type of mortgage offers you security and peace of mind (you know exactly what the interest rate and payments will be).

A **variable rate mortgage** is a mortgage where the interest rate is tied to and floats with the bank's prime rate. If the prime rate goes up, then your rate goes up. If the prime rate goes down, then your rate goes down.

Variable rate mortgages can often offer the lowest available rate because you are taking the risk that rates may rise. There are many variations of variable rate mortgages.

Your Axiom Agent will help you review all of the options and consequences of the numerous variable rate products available.

Home Equity Lines of Credit (HELOC)/ Interest Only Payment Options

There are hybrid mortgage products available for those looking for additional flexibility in a mortgage product.

If you have 20% or more in down payment or 20%+ equity in your home you may want to consider a Line of Credit option. Lines of credit allow for an interest only payment option, prepayment flexibility, re-advancement options and typically have lower total monthly payments. A Home Equity Line of Credit (HELOC) can be considered up to 80% of the value of a property. Up to 65% of this can be considered in a Line of Credit; with the remaining 15% (if needed) topped up with a variable or fixed rate mortgage.

More details are available through your broker.

MORTGAGE UNIVERSITY

mortgage terminology - "payment"

MU

payment (frequency)

Most lenders allow several options for payment frequency (how often you make your mortgage payments). The payment you choose can assist in how quickly you pay off your mortgage.

Most lenders will allow you to make payments either weekly, bi-weekly (every two weeks or 26 payments/year), semi-monthly (twice a month or 24 payments/year) or monthly.

Deciding which type of payment to make will be a matter of convenience; but it can often be advantageous to pay more frequently than monthly. When you increase the payment frequency, you reduce the principal faster, pay less interest and pay off the mortgage sooner.

Increased payment frequency can save you a lot of money over the life of your mortgage. If you are paid every two weeks, you likely know that there will be two months out of the year where you receive three pay cheques. The same is true for your mortgage payments. There will be two months of the year where you make three payments and effectively make the equivalent of one month’s extra payment each year.

Cash Backs & Other Incentives

Many financial institutions offer cash back and other incentives to attract borrowers.

A cash back offer is usually a percentage of the mortgage amount that is paid to the borrower at, or shortly after, closing. Typically, with a cash back offer, the borrower is required to pay the lending institution’s posted rate on the mortgage.

You should consider the real cost of the incentive. Talk to your Axiom mortgage broker today.

MORTGAGE UNIVERSITY

mortgage terminology - "mortgage insurance"

MU

mortgage (default) insurance

What is mortgage loan insurance?

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

Why do we need mortgage loan insurance?

According to federal legislation, a lending institution cannot lend more than 80% of the value of a property (by way of a mortgage loan) unless the loan is insured. Mortgage insurance allows for the general public to borrow up to 95% of the value of their home by way of a mortgage when it is backed by one of three providers (CMHC, Canada Guaranty, Genworth).

The only criteria for the minimum 5% down payment is that the home has to be owner occupied and cannot be rented out (rental properties do not qualify for mortgage insurance). One of the benefits that mortgage loan insurance affords is an insured mortgage with attractive first mortgage interest rates; it allows home buyers to purchase without having access to a 20% or more down payment.

There is often very little difference between insurers but because policies and players can change, you should consult with your Axiom mortgage broker to determine the best insurer for you.

Protect Your Investment

Your lender will require that you provide proof of insurance in the case of loss (fire at minimum) by way of **home owners insurance**. You will be required to name them in your policy. You should speak to your insurance provider to ensure best coverage options.

Your Axiom mortgage associate will also discuss with you your **mortgage payment protection insurance** options. Life happens. We want you covered.

programs for first time home buyers

HOME BUYERS PLAN (HBP)

New home buyers can withdraw $35,000 from RSPs under the New Home Buyers Program.The Home Buyers' Plan (HBP) is a program that allows you to withdraw from your registered retirement savings plans (RRSPs) to buy or build a qualifying home for yourself or for a related person with a disability.

FIRST-TIME HOME BUYER INCENTIVE (CMHC)

The First-Time Home Buyer Incentive helps qualified first-time homebuyers reduce their monthly mortgage payments without adding to their financial burdens. The First-Time Home Buyer Incentive is a shared-equity mortgage with the Government of Canada via the Canadian Housing & Mortgage Corporation (CMHC). It offers:

5% or 10% for a first-time buyer's purchase of a newly constructed home; 5% for a first-time buyer's purchase of a resale (existing) home; 5% for a first-time buyer's purchase of a new or resale mobile/manufactured home.

The Incentive's shared-equity mortgage is one where the government has a shared investment in the home. As a result, the government shares in both the upside and downside of the property value. By obtaining the Incentive, the borrower may not have to save as much of a down payment to be able to afford the payments associated with the mortgage. The effect of the larger down payment is a smaller mortgage, and, ultimately, lower monthly costs. The homebuyer will have to repay the Incentive based on the property's fair market value at the time of repayment. If a homebuyer received a 5% Incentive, they would repay 5% of the home's value at repayment. If a homebuyer received 10%, they would repay 10%. The homebuyer must repay the Incentive after 25 years, or when the property is sold, whichever comes first. The homebuyer can also repay the Incentive in full any time before the 25 years, without a pre-payment penalty.