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## Types of Mortgages

- Mortgages can be open or closed, fixed or variable.
- An open mortgage is open to payout without a penalty, while a closed mortgage is not. Most closed mortgages allow at least a 15% prepayment annually, however, without a fee.
- A fixed rate locks in your rate for the term you select and a variable rate floats with the Prime rate. When Prime changes, so will your rate and payment.

# Borrower Qualification

- Must have immigrated or relocated to Canada within the last 36 months for the New to Canada Program
- 3 months minimum full-time employment in Canada (transfers under a corporate relocation program exempt)
- Must have a valid work permit or obtained landed immigrant status
- For 5% down payment, funds must be from own resources. For down payments above 5%, the remainder may be gifted from an immediate family member or a corporate subsidy

## Borrower Qualification

- All debts held outside of the country must be included in the total debt servicing ratio (rental income earned outside of Canada excluded from GDS/TDS calculation).
- GDS/TDS Guidelines:

Credit	GDS	TDS
<680	35%	42%
680+	No limit	44%

## Credit Score

- All banks and most credit card companies, including department stores, report to Equifax Canada (the credit reporting agency used by most lenders) and TransUnion Canada
- Establish a credit report by applying and getting approved for a credit card, loan or line of credit. If you're having trouble getting approved, some lenders offer a "secured" credit card, where they keep a deposit on hand about equal to your credit card limit, and give you a credit card

## International Credit Score

- Your credit score from another country will be taken into consideration in Canada
- It's important to supply paperwork showing that you are a responsible borrower
- If you can't supply an International Credit Report, lenders will accept other forms of confirmation such as mortgage/rent payments, utilities, cable, insurance premiums and/or childcare for the previous 12 months
- A letter of recommendation from your current financial institution would also be helpful

## Location, Location, Location!

### Neighbourhood:

- Best predictor of future value is past/current price trends of similar homes in the neighbourhood
- Development opportunities

### Proximity:

- To schools, amenities, city core, transportation

### Long-term/resale value:

- Desire of future buyers to buy same property





**Determine your precise requirements in a home “needs vs wants”**

**List your space needs, including:**

- living space requirements (ie, how many bedrooms?)
- what you’re bringing with you from your old house

**Top features of a property**

- Kitchens and Bathrooms
- Bedrooms – size, number
- Storage/closets
- Windows and doors
- Upgraded electrical
- Sewers, access to city water

**Less important features of a property**

- Finished basements
- Swimming pools



## Condo or House?



- **Lifestyle**

What are your needs? Now, 1-3 years, 5 years plus?

- **Affordability**

What can you afford? Down payment, heating, condo fees, maintenance, repairs, renovations, property taxes

## Condominiums Are:

- Generally less expensive
- Less maintenance than a house
- Include extras, such as security systems and recreation facilities
- Condo Fees:

Be prepared to pay monthly condominium fees that contribute to the corporation's reserve fund and go toward covering the collective cost of property maintenance, repairs, replacements and insurance



## Your home buying team includes...

### **NEIGHBOURHOOD Dominion Lending Centres Mortgage Expert**

- Will arrange your financing and ensure that it is in place before your closing. Will also ensure that your financing meets your financial goals. Is reputable and knowledgeable, and is a licensed professional

### **Real Estate Agent**

- Knows neighbourhood, understands market, will listen and advise, is an expert at type of property you are buying, is “in-the-know”, will add you to email lists to send you timely information

Your home buying team includes...

## Home Inspector

- Preferably referred, flat-fee structure, will provide full, written report



## Your home buying team includes...

### Lawyer/Solicitor

- Required to obtain mortgage financing. Must provide you with all fees upfront. Will make you aware of what monies you need to provide and when. Must advise about title, encumbrances, liens on property, etc. May discuss “title insurance”. Will receive funds from bank/lender “in trust”

### Home & Fire Insurer

- Required by lender to obtain mortgage financing. Must be “proven” in order to take possession of home

### Builder (if buying new)



## Mortgage Basics

- Interest rates – Cost of borrowing money paid to the lender
- Term – determines the length of time your mortgage rate is set
- Amortization – The length of time over which the entire debt will be paid. The longer the amortization, the smaller the monthly payment, up to 30 years

# The NEIGHBOURHOOD DLC Advantage

- NEIGHBOURHOOD DLC Mortgage Experts are equipped to offer you your best possible “mortgage strategy”, enabling you to save thousands in interest over time
- NEIGHBOURHOOD DLC Mortgage Experts offer multi-brands including our own Dominion Mortgage



### The Purchase (Buyer) Agreement Typically states:

- How much you are willing to pay
- A proposed closing date
- Agreement expiry date
- Buyer's conditions, subject to
  - a date for arranging a suitable mortgage
  - selling a current home owned
  - seller providing a current survey
  - a home inspection to detail home's safety, construction or condition

### The Purchase (Buyer) Agreement

- A legal binding contract
- A deposit of 5 to 10% of the purchase price must be presented with the offer and held in trust until closing The amount will be applied to the purchase of the home
- The deposit will be returned with an unaccepted offer, but if you cancel an accepted unconditional offer, the deposit *may* be kept

### What Happens Now?

- 1) You may choose to have your lawyer review your accepted offer
- 2) Fax your accepted Offer to Purchase and MLS listing to your Dominion Mortgage Expert



### What Happens Now?

#### 3) The Mortgage Process:

- A. Your NEIGHBOURHOOD DLC Mortgage Expert will review your financing need, current rates and mortgage “strategy” determined in pre-approval process
- B. Your NEIGHBOURHOOD DLC Mortgage Expert will submit your application to the selected lender for review
- C. Lender issues a “Mortgage Commitment” that must be signed by all applicants

### What Happens Now?

- D. Your NEIGHBOURHOOD DLC Mortgage Expert will review the “Mortgage Commitment” and explain required conditions (ie, proof of income, down payment) and all other required documents
- E. Once all conditions are collected and all documents are signed, your NEIGHBOURHOOD DLC Mortgage Expert will forward these to the lender for final review and approval
- F. Once approved, lender instructs the solicitor

### What Happens Now?

- 4) All conditions of your offer are to be met, complete home inspection, obtain mortgage approval
- 5) Land survey is obtained and/or Title Insurance
- 6) Lawyer searches title
- 7) Check into taxes and liens
- 8) Arrange your utilities
- 9) Go to your lawyer to sign final documentation shortly before your closing date

### What Happens Now?

- 10) Mortgage proceeds advanced to lawyer “In Trust” by lender
- 11) Your lawyer and your seller’s lawyer exchange on closing day, documents, funds, and register all documents on title
- 12) You meet with your realtor for your new house keys and move

