

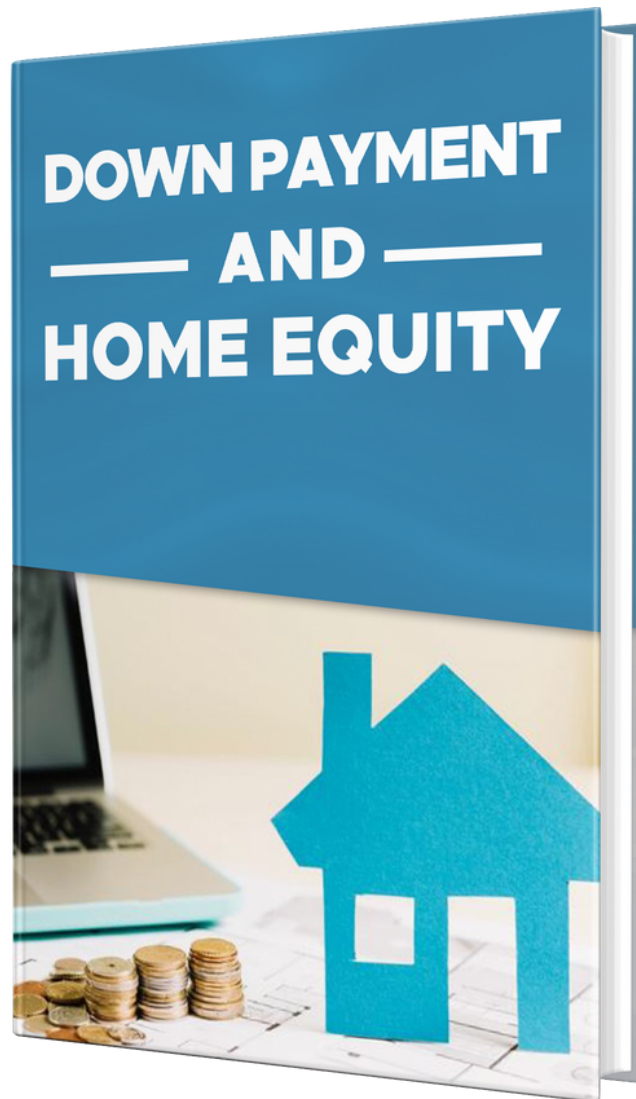
Homeowners! Your Bonus Material Is Below!

THE ULTIMATE HOME TRANSITION BLUEPRINT —CHECKLIST



The Ultimate Home Transition Blueprint—BONUS

DOWN PAYMENT AND HOME EQUITY



For Homeowners Planning To Transition
6, 12, or 18+ Months From Now!

MEET THE TEAM

YOUR HOME TRANSITION SPECIALIST

Chad Moore

Chad has been helping Calgary homeowners transition between homes since 2014. Chad will help you plan, execute and bring your Real Estate dreams to life.

Once your Mortgage is in place, Chad will help manage your Mortgage—seeking opportunities for you to save, where your bank will make less.

This Ultimate Home Transition Blueprint Checklist is designed to help you, before we are in touch working together!



MESSAGE FROM CHAD MOORE

Over many years I've noticed the most Mortgage myths around down payment.

Often times people mistake what the minimum down payment is for their first purchase, or second purchase. Regularly, people don't know how to calculate their home equity either.

Why?

Mortgage qualifying rules have changed over the years, so information can be passed around that is well intentioned, but outdated.

The Ultimate Home Transition Blueprint Checklist, and this bonus, are to help you understand eligible down payment (and hopefully save you paperwork).

I hope this is helpful!

Talk soon,
Chad Moore



***“My Outcome Is
Determined By My
Set Up”.***

***Let's Get You
Set Up!***

THE ULTIMATE HOME TRANSITION BLUEPRINT —BONUS MATERIAL!

Down Payment And Home Equity—Explained!

Hey homeowners! As part of the Ultimate Home Transition Blueprint—Checklist document I created for you; I'm also giving you this additional bonus content!

Why?

Because I thought this information was important enough on it's own to be a stand-alone document. Also, if I included all this information in the original checklist, that document would have been even longer. I think chunking down information like this is better for the reader.

Often in my meetings with clients we discuss your Mortgage approval. And I reference your approval like a big puzzle we are putting together. Your home equity and total down payment are a piece of that puzzle.

Other pieces of the Mortgage approval puzzle are covered in the Ultimate Home Transition Blueprint, and additional bonus downloads (qualifying ratios, credit, income etc)!

The material below is helpful in understanding your home equity and total down payment for Mortgage qualifying.

Your down payment can increase your purchase price, lower your Mortgage amount and ultimately save you thousands in interest!

If you're reading this bonus material, as part of planning your home sale and purchase—I recommend we personally connect right away.

You're here, online, and reading this material, which tells me you're serious about planning your smooth home transition. And I think that makes us a great fit to begin strategizing your next Mortgage approval! If you're 6, 12 or even 18 months from your planned home transition date—*let's connect!*

I look forward to hearing from you, by email or phone call!



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BONUS: DOWN PAYMENT

BONUS: DOWN PAYMENT AND HOME EQUITY

Let's learn about down payment in Canada so you're well prepared for your future home purchase!!

1. What is a down payment?
2. Down payment percentages.
3. Mortgage insurance.
4. Down Payment eligibility.
5. Tips & tricks.

What Is Down Payment?

Mortgages exist because people are allowed to purchase homes without having enough money to purchase the home in full.

I find it pretty rare that a buyer has cash to purchase a home (especially first time buyers) so there is a BIG market for people to borrow money. However, eventually becoming Mortgage free OR purchasing a home with cash does become more common for homeowners later in life.

When people have money saved, or from home equity, to put towards the purchase price of their home—this is referred to as their down payment.

Down Payment Percentages.

The minimum down payment in Canada is 5% of the purchase price of the home up to \$500,000. The minimum down payment for homes over \$500,000 is 5% of the first \$500,000 and 10% of the remaining balance. **This applies to ANY primary or second home purchase (not just your first purchase).**

Quick example of minimum down payments:

The minimum down payment for a buyer purchasing a home valued at \$590,000 is \$34,000.

Remember, the first \$500K is a minimum of 5% and the remaining balance requires a minimum down payment of 10%. The calculation is this: $\$500,000 * 0.05 = \$25,000$. $\$90,000 * 0.10 = \$9,000$. $\$25,000 + \$9,000 = \$34,000$.

A down payment can be as little as 5% or any number up to the total purchase value of the home. Various down payment percentages, lower than 20%, will trigger different percentages of Mortgage Default Insurance.

Mortgage Default Insurance.

In Canada, Mortgage Default Insurance is required for any down payment less than 20% of the purchase price. The Mortgage borrower pays the Mortgage insurance premium, by adding the premium into the Mortgage balance. Mortgage default insurance provides Mortgage lenders with default protection.

Said another way ...the insurance premium is capitalized (added into) the total Mortgage loan balance. The Mortgage insurance protects the Mortgage lender from any financial loss should the homeowner default on their Mortgage.

BONUS: DOWN PAYMENT AND HOME EQUITY

Mortgage default is when the borrower cannot pay their Mortgage payments. The homeowner falls into payment arrears which leads to the Mortgage lender initiating foreclosure proceedings. In the worst and most extreme cases of foreclosure, the home is sold for less than the Mortgage amount creating a loss for the Mortgage lender. The lender would file a default insurance claim to the Mortgage insurance company to cover the financial shortfall.

Should the Mortgage be ported to another property, it is possible to port the Mortgage Default Insurance certificate too.

To be noted; Mortgage Default Insurance is distinct from Mortgage Life & Disability insurance. Remember, Mortgage Default Insurance protects the Mortgage lender from any financial loss. Mortgage Life & Disability insurance protects the client in the event of any claim/loss. These are separate and distinct insurance tools that can cause confusion.

There are three Mortgage Default Insurance companies in Canada. The largest, with the most brand recognition is Canada Mortgage and Housing Corporation (CMHC). This is a crown owned corporation. The other two Mortgage Default Insurance companies are private. Their names are Sagen and Canada Guaranty.

Each of these Mortgage Default Insurance companies have virtually the same Mortgage underwriting guidelines and regulations. However, I have had Mortgage Default Insurance companies decline a file, and have another Insurer approve it. This is another benefit of working with an independent Mortgage Broker. I have access to Mortgage lenders that prefer certain Mortgage Insurance companies over others where I can make custom Insurer requests.

Down Payment Eligibility.

Down payment eligibility is something many people do not have a clear understanding of. Ill preparation of presenting down payment documentation to a Mortgage lender may result in a file being declined, delaying the home purchase, extending financing conditions OR creating a seemingly endless request of document verification.

Note: when providing down payment paperwork please ensure your name, date and account numbers are legible/available for viewing. Please do not blackout any information from these documents.

90 Day Rule (non-home equity).

Please be aware of the “90 Day Rule”. For money to be eligible for purchasing a home in Canada, the Mortgage lenders need to know of its’ whereabouts for the past 90 days.

BONUS: DOWN PAYMENT AND HOME EQUITY

There needs to be paperwork verifying the money earmarked for down payment has been in the applicants possession for 90 days. Examples of this are 3 months bank statements or a most recent quarterly investment statement.

I suggest freezing any large irregular money transfers between accounts. Although seemingly harmless, this will create additional questioning and paperwork to verify original sources of money.

The 90-day rule also applies to money arriving from overseas. For the majority of the time, the 90 day rule will apply for money arriving from commonwealth countries. There are some black-list countries where the origin of money is not acceptable—so please call ahead to plan your money coming in from overseas.

I think it is prudent to plan to show a 90 day history of money from overseas, and for that money to land in a Canadian bank account at least 30 days before the possession of your home.

Home Equity.

The proceeds of your home sale do not require a 90 day history. The money is tied up in the sale of your home. The paperwork to verify your home equity is the firm sale of your home, sale listing agreement (confirming commission), your Mortgage statement, Mortgage penalty (if applicable) and paying out other debt.

Gift Money.

Gift money is from an immediate family member, and is a non-repayable sum of money. This is acceptable by all Mortgage lenders.

Some lenders will allow money to be given to the Mortgage applicants from non-immediate family. However, this sum of money is accounted for a liability on the Mortgage application—and this will effect home affordability. Please check in with me so we can plan this for you.

If money is gifted to the applicant for down payment, there does not need to be a 90 day history of this money. In rare cases, it is possible the Mortgage lenders wish to see the source of the gift money. Proving the source simply means seeing its origin. This request is usually made with large amounts of gift money (\$100,000+).

Gifted down payment also requires a gift letter to be signed and dated by the giftee and gifter. Customized gift letters are provided to you for each Mortgage lender. To verify the gifted funds are in the Mortgage applicants possession, one simple statement is required proving the gifted money is in the applicants account. That statement needs to show the date, account number/name of applicant and amount of gift money matching the same details of the gift letter.

BONUS: DOWN PAYMENT AND HOME EQUITY

Borrowed Down Payment.

Money from a Home Equity Line Of Credit (HELOC) is eligible to be used for down payment with most Mortgage lenders.

When qualifying for a Mortgage some lenders will apply different philosophies to their application underwriting practices. Some lenders will use the outstanding balance of the HELOC as a payment for Mortgage qualifying. Other lenders will use a payment of the entire limit of the HELOC.

When planning to use your HELOC for your down payment, or a part of your down payment, be sure to understand the lenders underwriting policy.

Borrowed money from a personal line of credit is also eligible as a source of down payment with some lenders. However, the applicant has to be able to debt-service the borrowed money from the line of credit. This debt-servicing payment is higher than money borrowed from a HELOC. Anytime a liability is added to the Mortgage application, that will have an effect on maximum home affordability

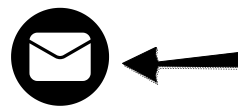
In Conclusion ...

I hope this information has been helpful for you. I like to market my services primarily through relevant education to attract clients who want to work with me. I find this is a mutually beneficial relationship.

I'd like to acknowledge you for a moment because you've taken the time to educate yourself to plan your home transition. And that's why I think you would be a great fit to learn even more about my Mortgage strategies and ongoing Mortgage management to help save you money, protect your Mortgage from inflation and higher interest rates.

Reach out to connect with me soon!

Chad Moore

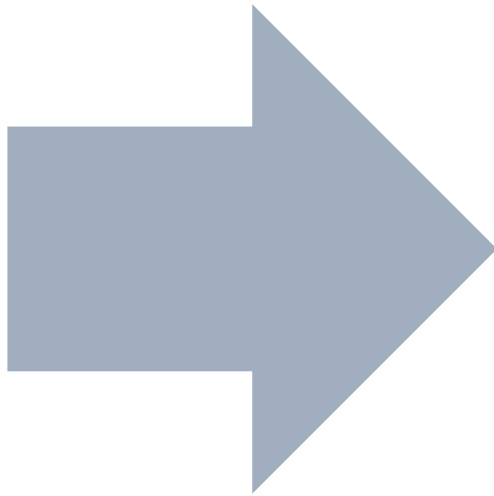


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BONUS TO THE BONUS: HOME EQUITY CALCULATOR!

(click to download)



WHAT TO DO NEXT?

The key is planning your home transition well in advance. Why? Because there are going to be opportunities to improve your file, assist in decision making, and reduce regret. This is a big move for your family. A bit of time invested up front to plan your transition will save you stress, time and energy.



No. 01 – Let's Connect!

Reach out via email, phone or get your Mortgage application started.



No. 02 – Let's Make A Plan!

The sooner we plan your home transition, the better. I don't see a downside to how early we start planning.



No. 03 – Execute The Plan!

The home transition plan we create for you will be unique and customized! I'll make this clear so you know exactly what to do next.



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QUALIFICATIONS

The Ultimate Home Transition Blueprint and bonus material is focused on helping plan your home transition—but that's not all I can help you with! Below is a list of other areas you might have a need for that I am professionally qualified to assist you with (no particular order):

- Mortgage renewal & refinancing.
- Rental or second home purchases.
- Debt consolidation, credit repair, HELOC's.
- First time home purchases.
- Alternative lending solutions.
- Divorce/separation financing.

Thank you again for reading this content. I look forward to speaking with you soon!



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