

ABOUT THE MORTGAGE PROCESS

1. Your Mortgage Broker will discuss your mortgage financing needs and prepare and send your mortgage application to the lenders that best suit your needs.
2. The lenders will review the application and send their offers back to your Mortgage Specialist who will in turn select the best offer. That lender will then issue a "Mortgage Commitment" which must be accepted and signed by the borrower.
3. A Mortgage Commitment will usually have a number of conditions and documentation requirements and your Mortgage Specialist will prepare this documentation for you and send it to the lender on your behalf. This documentation usually includes confirmation of your employment and income, verification of your down-payment, appraisal of the property to confirm value (your mortgage specialist will arrange this on your behalf as well), and review of your credit history.
4. Next, a Solicitor will work on your behalf to review
 - a. The offer to purchase,
 - b. Copies of the Mortgage Commitment,
 - c. Any Potential encumbrances, liens, easements, restrictions, encroachments, or other claims registered on title.
 - d. Contact the lending institution and arrange transfer of the funds
 - e. Contact the utilities and property tax department to determine amounts, if any, required for closing the mortgage
5. You then meet with the Solicitor shortly before the closing date to review and sign closing documents (mortgages, deeds, declarations, undertakings etc.).
6. You should also have either accepted or waived your right to credit life insurance by this stage. In some cases this happens at your solicitors office. Ask your mortgage broker for more information.
7. On the closing day, your Solicitor and the vendors' Solicitor exchange documents, funds, keys and register all documents on title.
8. Congratulations! You've bought a house!

UNDERSTANDING YOUR CREDIT SCORE

A 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 that you will pay back the loan.

It is important to understand that a credit score is only one piece of your financial picture that a lender will use in making credit decisions. For example, in mortgage lending, the lender will take into account the property being purchased and the homeowner's equity. Each lender will have its own policies and your Mortgage Broker can help you understand these policies as they vary from lender to lender.

HOW DO LENDERS USE MY SCORE?

Your credit score is an important indicator of your creditworthiness. In general, the higher your score, the lower the probability that you will not pay back credit extended to you. And while many lenders use bureau scores to help them make lending decisions it is not the only factor

Because your credit report is updated every day, your bureau score is recalculated continuously. So your credit score from a month ago is probably not the same score today.

HOW DO LENDERS USE MY SCORE?

- 1. Payment history:** Indicates whether you have made your credit card and other payments on time. Payment History accounts for approximately 35% of your score.
- 2. Amounts owed:** Compares how much you owe to your credit limits with various lenders. This accounts for about 30% of your credit score.
- 3. Length of time in file:** Indicates how long you have had credit accounts - about 15% of your score.
- 4. New credit:** Shows how often you are looking for new credit and how you handle accounts - about 10% of your score.
- 5. Type of credit:** Considers the type of loans you have - car loans, lines of credit, credit card balances - about 10% of your credit score.

**Note: Any Mortgage information that may appear in your credit report is not used to calculate your credit score.*

UNDERSTANDING YOUR CREDIT SCORE

WILL INACCURATE INFORMATION IN MY CREDIT REPORT AFFECT MY CREDIT SCORE?

This will depend upon what information is wrong. If the inaccurate information is from Credit Information, Public Record and Collections sections of your credit report, your score will definitely be affected.

We encourage all consumers to request and review their credit report on a regular basis. By doing this, you can ensure that your report contains information that accurately reflects your credit history. You have the right to dispute any discrepancies by immediately notifying the credit reporting agency.

WHAT CAN I DO TO IMPROVE MY CREDIT SCORE?

Pay all of your bills on time – even if it's just the minimum payment. Paying late, or having your account sent to a collection agency has a negative impact on your credit score.

1. Try not to run your balances up to your credit limit. Keeping your account balances below 75% of your available credit may also help your score.
2. 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 that you are getting into difficulty.

MORTGAGE CLOSING COSTS

INFORMATION ABOUT CANADIAN MORTGAGE CLOSING COSTS

BASIC INFORMATION YOU NEED

- Social Insurance Number (SIN)
- Employee Job Letter. Proof-of-employment document must have job title, start date, salary, the fact that you are a full-time permanent employee. It must be on company letterhead, must be dated and must have the complete contact information of the signing authority.
- Income
- Previous Employer (if current employment is less than 3 years)
- Age / Date of Birth.
- Number of dependants (children, parents).
- Name and address of the bank you deal with.
- Copy of photo identification such as driver's license, passport or other government ID.
- Credit score is accessed by the lender to qualify for the mortgage. (Your written consent is required for the lender to do this).

ASSETS AND LIABILITIES DOCUMENTS

Documentation of loans such as credit cards, car loans, mortgages, student loans and other debts you must repay may be required.

INCOME VERIFICATION DOCUMENTS

- 3 Most recent pay stubs or pay slips showing amount you earned this year to date
- Letter confirming your employment.
- If you get paid hourly, then the letter must state hourly rate and hours you work per week
- If you get paid a regular salary then the letter must state the amount you get annually (per year)
- T1 General Income Tax Form – most recent copy.
- Notice of Assessment for any self employed or interest income. Must be from the most recent tax return to show if there are any taxes owed.
- Financial bank statements to show deposits of pay cheques

MORTGAGE CLOSING COSTS

INFORMATION ABOUT CANADIAN MORTGAGE CLOSING COSTS

REAL ESTATE PROPERTY DOCUMENTATION

- Mortgage Statement showing outstanding balance and product terms
- Agreement of Purchase and Sale for purchases (i.e. the actual offer)
- All waivers for conditions for purchases
- Appraisal documents for purchases
- Home inspection report