Client Care Packet

Lesley Tenaglia
MORTGAGE AGENT

Welcome

It is my pleasure to welcome you to Fuse Mortgage Inc. We are a dedicated team of professionals with the mission to ease your stress of the mortgage process.

We will provide service tailored to your needs and mortgage advice specific to your financial goals.

This Client Welcome Packet will give you insight into your mortgage journey and it will outline the process from start to finish. It also includes additional information that we feel you will find valuable.

We are excited to assist you with your mortgage journey!

Kind Regards,

Lesley Tenaglia
Mortgage Agent # M10002427

fuse MORTGAGE

Fuse Mortgage Inc | Mortgage Brokerage Licence #13274
119 Woodington Ave. Toronto, Ontario, M4C 3K2 | www.lesleysmortgages.com

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Meet Our Team

Lesley Tenaglia

Broker Lic: M10002427

After years in the hospitality industry, then in accounting, becoming a mortgage agent seemed a natural fit for Lesley. It allows her to practice her two favorite things, customer service and numbers. With over 10 years in the mortgage industry, Lesley has gained the skills and expertise to be able to provide her clients with the tools and knowledge needed to feel confident in their mortgage decisions.

When not working, Lesley loves to walk the trails of Toronto with her dog, tween twins and husband. Lesley is passionate about holistic healthy living, loves to read and is alway striving to expand her knowledge on many different topics.

Odette Davies

Agent Lic: M11002532

Odette has been in the mortgage space as a Client Care Specialist for 11years. With her upbeat, positive energy she assists clients with enthusiasm. Her knowledge and attention to detail helps make the process smooth and efficient. She is hardworking and a valuable asset to Lesley's team. She enjoys her spare time by reading, cooking and being with her family and pets.

What You Can Expect

Professionalism

When it comes to mortgage financing, we understand what's at stake. Thousands of dollars! We do not take that lightly and we treat all our clients with integrity, honesty and the utmost respect. Mortgages can be boring, however we aim to make it fun.

Quality

We strive to provide top notch service and have our clients be our best advertisers. Our mission is to help our clients navigate the ins and outs of the difficult world of mortgages so they are educated and make the best decisions to meet their financial goals.

Options

The mortgage industry is constantly changing, much like your personal life. Each client has their own individual needs and we excel at finding solutions unique to you. With access to more than 30 lenders including banks, credit unions, monoline lenders (lenders that only deal in mortgages), short term loans, and reverse mortgages just to name a few, we have you covered.

Summary Of The Service Package

Overview

When you work with a licensed Mortgage Agent/Broker you are tapping into a wealth of knowledge and expertise that will be to your benefit. The value that a Mortgage Agent/Broker provides will save you time, aggravation and money. We guide you through the difficult waters of mortgage lending by providing clarification, guidance, and assistance to ensure you make the best decisions that align with your financial goals.

Outcomes / Deliverables

During the mortgage process we are committed to providing you with mortgage solutions that line up with your financial goals based on our conversations. Our main goal is to ensure you receive the best possible mortgage product that suits your needs today and for years to come.

Compensation

We are compensated for our professional consulting services, time, and expertise by the lender only when your mortgage funds. Sourcing mortgage solutions and maintaining valuable relationships with you and our lending partners is a full-time commitment to provide the best possible mortgage solution.

If circumstances warrant alternative lending solutions, fees will be applicable. These fees will be discussed with you so you may make an informed decision.

We look forward to working with you on your behalf with the understanding we have your commitment and your mortgage will be funded through us.

How We Will Communicate

Contact Info

Lesley Tenaglia
lesley@lesleysmortgages.com
416-917-9427

Odette Davies
odette.Davies@premieremortgage.ca
905-693-2104

Business Hours
Monday to Friday ~ 9:00am to 5:00pm
Weekends and evenings by appointment only

Response Time
Please expect a reply within 24 hours or less.

Preferred Method
Email

The Process

1. Application

Your information is collected by a secure online application. It is quicker and more efficient than doing it over the phone. It can be completed at a time that is convenient for you and the other applicants. Should you prefer to complete this step on a call, I am happy to arrange this.

2. Discovery Call

This call allows us to obtain information about you and any other applicants that may be applying for financing. In addition to understanding your immediate needs and future goals, we will ask questions about your employment, credit history, finances, and other items that we deem necessary to present your application to prospective lenders.

3. Document Collection

Please be aware that lenders require documentation to support your application and to comply with government regulations. If we are asking for a document, it is because it is required by the lender and/or the insurer to properly assess your overall situation and make sound credit decisions. Sending documents in a PDF format is preferred. We promise we will not ask for a DNA test :-).

4. Application Review And Assessment

Once your application and supporting documents are received, we can now move to the next step of assessing your financial situation. This involves reviewing your credit history, income, assets, liabilities and determining what you can carry in accordance with the lender, insurer (if applicable), and government regulations. If we have additional questions after the review, we will reach out to you to clarify and/or obtain.

5. Communication Of Your Options

Now that we have completed the review and assessment stage, we will clearly communicate what options and rates are available to you. This will give you an idea of your maximum purchase price, options for refinance or mortgage renewal.

The Process

6. Permission To Proceed

At this stage, if you are a home buyer, let the house hunting begin! If you are refinancing or requiring other services such as a mortgage renewal, we will proceed to submit your application to a lender for financing.

7. The Search Is Over

Congratulations, you found a home! At this stage we will require a copy of your agreement of purchase and sale, MLS listing (if applicable) and any other documents that may be required to submit to the lender to secure your mortgage financing.

8. But Wait.....There's More!

Once the lender has reviewed your file and has provided us with an approval, additional documents and/or an appraisal to assess the value of the home you purchased may be required. At this point the signing package, including the lender commitment and other documents, will be sent to you for signing.

9. Almost There

Once we have submitted your signed commitment and the remainder of the documents to the lender, they will deem your application complete. At this time, your lawyer will be instructed by the lender. The lawyer will then advise you on your next steps.

10. Show Me The Love

At this point we trust we have exceeded your needs and expectations. We will continue to maintain a smooth transaction and communicate with you over the life of your mortgage. Be on the lookout for instructions as to how to show us the love and please share your experience by honouring us with a 5-star google review. This will help us serve others in the same way that we helped you and assist us in growing our business.

Guidelines

1. Documents

- Send documents in PDF format
- Ensure all bank statements include your name, account number and bank name
- Communicating via email will result in quicker response times
- Send required documents all at once
- Properly labeling your documents will speed up the process
- Include all pages of your documents i.e, your complete tax return

2. Material Changes

- Do not change jobs during the process
- Do not obtain any new credit such as loans, lines of credit or credit cards
- Do not spend your down payment. Keep it secure and readily available
- Do not co-sign any credit for anyone
- It is extremely important nothing changes with your situation after you are pre-qualified and before your mortgage funds

3. Down Payment

- Avoid multiple transfers between accounts
- Out of country assets must be in Canada a minimum of 30-90 days depending on the lender
- Ensure RRSPs have been in the account for a minimum of 90 days in order to use towards a Home Buyers Withdrawal
- Lenders look for a 90-day history of down payment to ensure it is accumulated savings and that the funds are not borrowed
- Do NOT redact any bank account statements, alter, or void out any items on your statement
- If you are receiving gifted down payment, please let us know up front
- Gifted funds must be from an immediate family member (MOTHER, FATHER, SISTER, BROTHER, SIBLING, GRANDPARENT).

Guidelines

4. Self Employed Individuals

- Sole Proprietorship - We will require of the following:
  - copy of your business license
  - the last two years of your complete personal tax return along with the statement of business activities
  - previous two years Notice of Assessment
- Incorporated - We will require a copy of the following:
  - Articles of Incorporation
  - Last two years Financial Statements
  - Last two years of your full personal tax returns
  - previous two years Notice of Assessment

5. Salaried Individuals

- Most recent pay stub dated within the last 30 days
- Letter of Employment on company letterhead stating your position, start date, guaranteed hours per week, and signed by the author
- Last two years T4's

6. Credit History

- Dispute any errors that could hurt your score
- Get free copies of your credit reports from either Equifax or Transunion
- Pay all your bills on time, and keep credit balances as low as possible (preferably 50% below the limit)
- Do not obtain new credit, unless advised to
- Ensure minimum credit is established (minimum 2 credit accounts with 2k limit for 2 years)

7. Miscellaneous

- When a co-signer is involved, consider 99/1% (tenants in common)
- If purchasing a principal home that is rented, ensure you get vacant possession
- Work with a professional team (Mortgage Agent/Broker, Realtor, Lawyer, Home Inspector and get pre-qualified BEFORE shopping
- Do not take on any additional debt after your pre-qualification
- Confirm your lawyer is insured to do real estate and has no disciplinary actions
- When in doubt, ask!

Tools & Resources

What are the Risks of Condition Free Offers?

In today's market, buyers are often in multiple offer situations and want to submit a clean offer that has no conditions. This is never advisable, but we do understand that this is a very competitive market.

If you have been pre-qualified by a licensed Mortgage Agent/Broker, you may have been vetted by one or more lenders, however, the property has NOT been vetted. Below are some issues that could affect a lender's willingness to lend on a particular property. Please note that this list is not exhaustive. There could be other issues impacting a lender's decision.

- Water damage, leaks in foundation
- Roof in poor condition
- Knob and Tube or aluminum wiring
- Insulbrick
- Former use as a grow-op, meth lab, etc
- UFFI
- Asbestos
- Low square footage
- Locks on bedrooms (suggesting home is/will be used as a rooming house)
- Previous use as a short-term rental such as an AirBnB or Homeaway
- Below average condition
- Surrounding adverse influences (located downhill from a gas station, nearby a half-way house)
- Murder or suicide in the home
- Status certificate with low reserve funds, deferred maintenance, or unresolved lawsuits
- Inability to arrange adequate home insurance
- Zoning other than residential

Properties that were formally used as grow-op, meth lab, murder/suicide DO need to be disclosed by the seller in advance. If there are no adverse influences, it comes down to whether the appraisal supports the purchase price. What if it doesn't?

Lenders provide mortgages based on the LOWER of the appraised value or the purchase price. If the appraisal is lower than the actual purchase price, you may be required to find additional money (from a non-borrowed source) to increase your down payment. See the next page for an example of how things could be affected based on a low appraisal.

Risks of Condition Free Offers

Scenario 1	Scenario 2	Scenario 3
$1,800,000 Actual Purchase Price	**$1,300,000** Actual Purchase Price	**$850,000** Actual Purchase Price
$360,000 20% Downpayment	**$260,000** 20% Downpayment	**$85,000** 10% Downpayment
$1,440,000 Required Mortgage @ 80% of Purchase Price	**$1,040,000** Required Mortgage @ 80% of Purchase Price	**$765,000** Required Mortgage @ 90% of Purchase Price Plus Insurer Premium
$1,700,000 Appraised Value	**$1,200,000** Appraised Value	**$810,000** Appraised Value
$440,000 Required Downpayment	**$340,000** Required Downpayment	**$121,000** Required Downpayment
$1,360,000 Mortgage Amount @ 80% of Appraised Value	**$960,000** Mortgage Amount @ 80% of Appraised Value	**$729,000** Mortgage Amount @ 90% of Appraised Value
$80,000 Additional Funds Required	**$80,000** Additional Funds Required	**$36,000** Additional Funds Required

If you're confident that you're not overpaying and that there aren't any adverse influences, then you may want to consider a firm offer but keep in mind the associated risk and whether or not you can find additional funds in the event the appraisal is an issue. In working with a broker, one company may have issues with a given property, while another may not. You may find yourself with limited lenders and higher rates should there be an issue with the appraisal or the property itself. Only you can decide what your risk tolerance is.

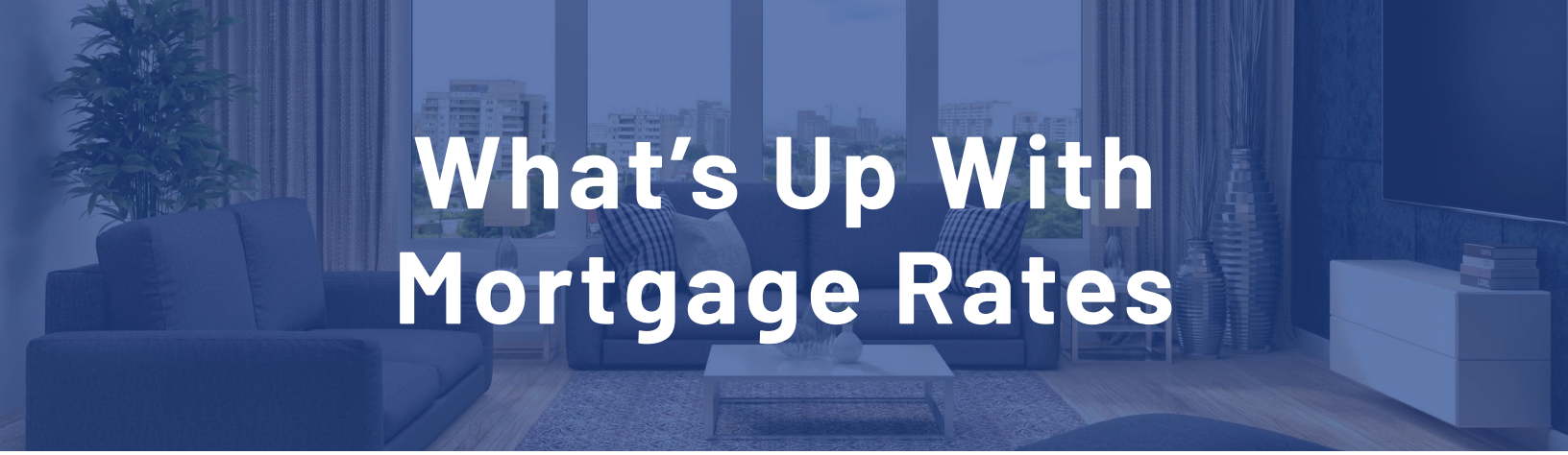
In a high ratio insured transaction (less than 20% down), there may be a possibility that you could qualify with a higher premium using the same down payment. However, each individual's situation is different and it may not be possible. You may still have to provide further down payment.

What's Up With Mortgage Rates

Do you ever wonder why your friend received a lower or different mortgage rate than you? Mortgage Rates are like car insurance as they are based on a variety of factors.

There are 3 categories which determine mortgage rates:

Insured Rates (less than 20% down payment)	Insurable Rates	Uninsurable Rates
Generally, the lowest rate available	Rates are slightly higher than Insured Mortgages	Cannot be default insured
Owner-occupied single-family dwelling	Insured but the lender pays the premium (lowers risk for the lender)	Rates are slightly higher than Insurable Mortgages
2-4 Units with one unit being owner occupied	Owner-occupied single-family dwelling	Purchase price can be over $1 Million
Client pays a premium to protect the lender against default	2-4 Units with one unit being owner occupied	Amortization can be greater than 25 years
Must qualify at one of the 3 insurers (CMHC, Sagen or Canada Guaranty)	Purchase price less than $ 1 Million	All refinance transactions
Purchase price less than $ 1 Million	Down payment of 20% or more	Non owner-occupied single unit rental properties
Purchase transaction only	Straight transfer (no new money being added and no refinances)	No insurance premium applicable
Minimum beacon score of 600	Minimum beacon score of 600	2-4 units (rental) with 20% down or more
Stress Tested*	Stress Tested*	Rates are typically higher than insured/insurable transactions depending on the loan to value amount
Maximum amortization of 25 years	Maximum amortization of 25 years	
	Rates are typically higher than insured transactions depending on the loan to value amount	



What's Up With Mortgage Rates

What Is A Stress Test?

The **Mortgage Stress Test** is a set of rules mandated by the government. The test is used by mortgage lenders to assist in determining if you qualify for a mortgage and if so, how much.

Lenders are required to use the higher of the benchmark rate (currently 5.25%) OR the contract rate (the mortgage rate) plus 2% to qualify the mortgage.

Mortgage Stress Test Example

Let's say you are receiving a rate of 3.00% and the Bank of Canada's qualifying rate is 5.25%. Even if you are receiving a lower rate, your lender must run affordability calculations using the higher of:

1

3.00%

YOUR CONTRACTED RATE PLUS 2%

OR

2

5.25%

BENCHMARK RATE

Reference Links:

OFSI: https://www.osfi-bsif.gc.ca/

CMHC: https://www.cmhc-schl.gc.ca/

Sagen: https://www.sagen.ca/

Canada Guaranty: https://www.canadaguaranty.ca/

Contact us today to find out YOUR mortgage rate!

FAQ'S

1. What is a Stress test?

The Mortgage Stress Test is a set of rules mandated by the government. The test is used by mortgage lenders to assist in determining if you qualify for a mortgage and if so, how much.

Lenders are required to use the higher of the benchmark rate (currently 5.25%) OR the contract rate (the mortgage rate) plus 2% to qualify for the mortgage.

For example, let's say you are receiving a rate of 3.00% and the Bank of Canada's benchmark rate is 5.25%. Even if you are receiving a lower rate, your lender must run the affordability calculations using the higher or the two which in this case, would be the benchmark rate of 5.25%.

2. How does a Mortgage Agent/Broker get paid?

In the majority of cases, we are compensated for our consulting to you by the lender once your mortgage funds. If your application has some challenges, then there will likely be additional fees involved to compensate for the complexity of your unique situation. If this is the case with you, we will advise you well in advance and before we source alternative options for you.

3. What's the best rate I can get?

Your credit score plays a big part in the interest rate for which you will qualify, as the riskier you appear as a borrower, the higher your rate will be. Rate is not the most important aspect of a mortgage, however, as many rock-bottom rates often come from no frills mortgage products. In other words, even if you qualify for the lowest rate, you often have to give up other things such as prepayments and porting privileges when opting for the lowest-rate product.

4. What's the maximum mortgage amount for which I can qualify?

To determine the amount for which you will qualify, there are two calculations you'll need to complete. The first is your Gross Debt Service (GDS) ratio. GDS looks at your proposed new housing costs (mortgage payments, taxes, heating costs and 50% of strata/condo fees, if applicable). Generally speaking, this amount should be no more than 35-39% of your gross monthly income. For example, if your gross monthly income is $4,000, you should not be spending more than $1,560 in monthly housing expenses.

Second, you will need to calculate your Total Debt Service (TDS) ratio. The TDS ratio measures your total debt obligations (including housing costs, loans, car payments and credit card bills). Generally speaking, your TDS ratio should be no more than 44% of your gross monthly income. Keep in mind that these numbers are prescribed maximums and that you should strive for lower ratios for a more affordable lifestyle. Before falling in love with a potential new home, you may want to obtain a pre-approved mortgage. This will help you stay within your price range and spend your time looking at homes you can reasonably afford.

5. How much money do I need for a down payment?

The minimum down payment required is 5% of the purchase price of the home up to $ 500,000.00 and then 10% of the amount over and above the purchase price. There are some lenders that will allow a Flex Down Product where you can borrow the down payment however, the cost of the borrowed funds must be accounted for in the ratios. In order to avoid paying mortgage default insurance, you need to have at least a 20% down payment. Larger purchases may require larger down payments. Ask for details.

FAQ'S

6. What happens if I don't have the full down payment amount?

There are programs available that enable you to use other forms of down payment, such as from your RRSPs or a gift. Ask for details.

7. What will a lender look at when qualifying me for a mortgage?

Most lenders look at five factors when determining whether you qualify for a mortgage:

Income, Debts, Employment History, Credit history and the Value of the Property you are looking to purchase or refinance.

One of the first things a lender will consider is how much of your total income you'll be spending on housing. This helps the lender decide whether you can comfortably carry the debt. A lender will then look at your monthly obligations, which generally include monthly housing costs, payments on all loans, credit cards, child support, etc. A history of steady employment, usually within the same job for a few years. A short history in your current job shouldn't prevent you from getting a mortgage, as long as there have been no gaps in income over the past two years. Good credit is also very important in qualifying for a mortgage. The lender will also want to know that the house is worth the price you plan to pay.

8. Should I go with a fixed- or variable-rate mortgage?

The answer depends on your risk tolerance and future plans. If, for instance, you're a first-time homebuyer and/or you have a set budget that you can comfortably spend on your mortgage, you may want to consider a fixed mortgage with predictable payments over a specific period of time. Ask for details.

9. What happens if my credit score isn't great?

There are several things you can do to boost your credit fairly quickly. Reach out for steps on how to improve your credit score.

10. How much will I have to pay for closing costs?

As a general rule of thumb, it's recommended that you put aside at least 2-4% of the purchase price (in addition to the down payment) strictly to cover closing costs. Ask your lawyer for details.

11. How much will my mortgage payments be?

Mortgage payments vary based on several factors, including: the size of your mortgage; whether you're paying mortgage default insurance; mortgage amortization; interest rate; and your frequency of payments. This is something that we discuss and finalize once we have completed your application and collected the supporting documentation.

Fee's

The following are a list of fees that may or may not be applicable to your application. Please note these are estimates and they can change based on your circumstances and type of transaction that you are doing. Typically, 2-3% of the home's price is a guideline. This can be lower if you are a First Time Homebuyer.

1. Home Inspection

Average cost: $ 200 to $ 500 per inspection

2. Legal Fees

Average cost: $ 1,800+, including both fee and disbursements for title search fees, couriers and administration.

3. Provincial Land Transfer Tax

Average cost: Varies by property value. For example: a $ 900,000 home purchased in Ontario, outside of the GTA, would incur land transfer tax of $ 14,475. TIP: First-time buyers in Ontario can apply for a rebate of up to $ 4,000. Rebate on Provincial Land Transfer Tax - Click Here

4. Municipal Land Transfer Tax (Toronto)

Average cost: Varies by property value. See example above. Rebate on Municipal Land Transfer Tax - Click Here

5. Appraisal Fee

Average cost: Between $ 300 - 1,500 depending on the size and location of the home.

6. Title Insurance

Average cost: Varies depending on freehold properties, condos and amount of the mortgage charge. Starting fee is typically around $ 250.00 and can be as high as $ 2,500.

7. Home Property Insurance

Average cost: Plan to allocate between $ 500 - $ 2,000. Again depending on the size, location and type of property the costs may be higher. Condo insurance will not be as high as freehold property coverage.

8. Property Survey

Average cost: Varies depending on the size and location of the property. Approximately $ 1,000 - $ 2,000

9. Status Certificate (condominiums)

Average cost: $ 100 - $ 150

Fee's

10. PST on Default Insurance

Average cost: If your mortgage is default insured (less than 20% down payment), you will pay 8% PST on the insurance premium.

11. Mortgage Discharge Fee

Average cost: Varies depending on the lender but expect between $ 200 - $ 500

12. Mortgage Penalty

Average cost: Varies depending on the mortgage balance, length of term remaining, current rates and your existing rate. It will be either a 3 month interest penalty OR an interest rate differential penalty, whichever is greater.

13. Water Quality Inspection

Average cost: Approximately $ 150 - $ 200.

14. Prepaid Expenses on Purchase

Average cost: This is referring to prepaid property taxes or utilities that the current homeowner may have paid. Your lawyer will advise you on what is required to be paid back. Expect between $ 250 - $ 1,000

15. Moving Expenses

Average cost: Varies depending on the amount of work involved. Expect between $ 1,500 - $ 5,000

16. Occupancy Fees

Average cost: If you purchased a condo, there will be occupancy fees that are required to be paid to the builder until the property is registered and a set closing date is assigned. This does not go towards your down payment and is similar to paying rent. The builder will advise you on the amount.

17. New Build Costs

Average cost: Varies depending on the value of the home, municipality, and whether or not you are a first time buyer. Plan of 2-4% of the cost of the build. Ensure your purchase agreement is reviewed by a lawyer before you firm up your purchase. The lawyer can assess if there is a cap on development costs.

18. New Build Property Taxes

Average cost: When you purchase a new home from a builder, the city may not have determined your property tax amount. In order to prepare for your future bill, we suggest you set aside an allotment each month so that sufficient funds are on hand to cover the property tax costs.

The Next Step

Now that you have read your client packet and are more aware of how the mortgage process works, your next steps are to reach out and get started!

Please use the contact information in the "How We Communicate" section on the preferred way to get in touch.

We look forward to hearing from you!

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