

Questions to ask when discussing a switch application with a client

1. When you purchased your home, do you recall how much you put as down payment? Was it 5%? 10%? 20%?"

If answer is yes to less than 20%, obtain the insurer/mortgage reference #. This can be found on the clients original mortgage documents. If they do not have them, you can call Sagen, CMHC or Canadian Guaranty via 1-800 # to obtain with clients name and address. If the mortgage was set-up over 5 years ago, I suggest start with CMHC or Sagen. The contact number for the insurers are:

- CMHC – 1-888-463-6454
- Sagen – 1-800-511-8888
- CGI – 1-877-244-8422

2. Do you remember the approximate date you bought your home? What year or how long ago?

This information can also be obtain via Purview

3. What type of charge is the mortgage (standard or collateral)? Or ask “When you obtained this mortgage, was it a combo type product, with a mortgage and line of credit? Or was it mortgage only?”

Purview is a good source to figure this out. If the original charge is equal to or more than the purchase price {both are on the Purview report} it is likely a collateral charge. As well, if the product happens to have a combination Mortgage + Heloc 1st charge it would be a collateral charge

4. Are you adding any additional funds to the mortgage?

Note - there is a \$3k cap of discharge / penalty allowed. Anything above that must be paid from the clients own resources.) Any ETO(Equity Take Out) on the request would be considered a refinance and uninsurable (insured or insurable does not apply unless you are combining a first collateral charge mortgage + heloc current balance owing

5. Information to obtain from clients for a switch or refinance to input on your application. You can also obtain most of the information below from Purview.

Ask the client for the following information:

1. Original Purchase Price
2. Approximate Market Value Today
3. Original Amortization
4. Name of Lender

Note to include to the lender upon submission

- 1) *Are you using grandfathered mortgage insurance rules? Indicate this in your notes and which grandfather rules you are using.*
- 2) *Provide the original purchase price, date, insurer, and insurer reference # if applicable in your notes to the lender*
- 3) *Indicate if you will be capping in >\$3k for the penalty or fees or if client is paying anything out of pocket to cover fees etc. in your notes.*

MORTGAGE INSURANCE RULES

Insured Mortgage - Switch

- Must have Insurer reference number - premium paid by client
 - Qualify on contract rate
 - No restriction on current property value (>\$1M)
- Existing amortization (am) remains (even if >25 years). Remaining am not to exceed the original am minus the time elapsed since original mortgage was registered. The current contractual amortization would be on the clients renewal or annual statement. No extension to the contractual amortization remaining.

No change to dollar amount currently owing.

Most lenders will allow \$3,000 max to be capped into mortgage for penalties or discharge fees

Insurable before Nov. 30, 2016 - Switch

- Qualify on contract rate for 5 year fixed term or longer.
 - No restriction on property value (>\$1M).
 - Amortization must be reduced to ≤25 years.
- If the current mortgage was refinanced prior to Nov 30, 2016 we can still qualify the transfer on contract rate.
- Can combine current Mortgage portion and current HELOC balance owing into one new mortgage(collateral charge)

Most lenders will allow \$3,000 max to be capped into mortgage for penalties or discharge fees

Insurable funded after Nov. 30, 2016 - Switch

- Qualify on greater of contract rate or Bank of Canada benchmark rate(stress test rate - MQR).
 - Property value must be <\$1M.
 - Amortization must be reduced to ≤25 years.
 - If refinanced after Nov 30/2016 and current property value is <\$1M we can proceed if full appraisal shows <\$1M.
- If refinanced after November 30, 2016 and current property value is >\$1M we cannot proceed as an insurable transfer.

Application must be processed as an uninsurable transfer.

Most lenders will allow \$3,000 max to be capped into mortgage for penalties or discharge fees

Uninsurable

- Qualify on greater of contract rate or Bank of Canada benchmark rate(stress test rate - MQR).
 - No restriction on property value (>\$1M).
 - Amortization can be extended up to 30 years (A lenders - note B lenders may be higher)
- If refinanced after November 30, 2016 and current property value is >\$1M application must be processed as an uninsurable transfer even if no new funds or change to amortization.

