



# Collateral Transfer

## (Partnership with First Canadian Title)

<b>Purpose</b>	<ul style="list-style-type: none"> <li>Transfer in of a collateral mortgage charge into a first mortgage charge with MCAP</li> <li>Transfer in of 2 separate charges into a first mortgage charge with MCAP (Insurable/Uninsurable ONLY)</li> </ul>
<b>Property Type</b>	Standard property guidelines 1-4 units
<b>Occupancy</b>	Owner occupied / Secondary Homes / Rentals
<b>Product</b>	<ul style="list-style-type: none"> <li>3,4,5 &amp; 10 yr Standard Fixed terms</li> <li>VIP MPower ARM</li> <li>MCAP Value Flex Fixed/ARM</li> <li>MCAP Fusion</li> </ul>
<b>Minimum/Maximum Loan Amounts</b>	<p>Minimum:</p> <ul style="list-style-type: none"> <li>3-5 year fixed &amp; VIP MPower ARM - \$45K</li> <li>10 year fixed, MCAP Value Flex, MCAP Fusion, Second Home &amp; Small Rental Programs - \$50K</li> </ul> <p>Maximum:</p> <ul style="list-style-type: none"> <li>Insured - \$924,999</li> <li>Insurable - \$799,999</li> <li>Uninsurable - \$2M*</li> <li>Uninsurable MCAP Fusion - \$2M* GTA/GVA, \$1M Rest of Canada</li> </ul> <p>*Max loan amount is subject to property location.</p>
<b>Maximum Loan to Value (LTV)</b>	Up to 95% (refer to BDM for possible exception)
<b>Borrower Qualification</b>	<ul style="list-style-type: none"> <li>Minimum 650 credit score for all applicants</li> <li>GDS/TDS 39% / 44%</li> <li>Insurable / Uninsurable must qualify using the greater of contract rate + 2% or the minimum qualifying rate</li> <li>Existing Insured Collateral Transfers qualify using contract rate</li> </ul> <p>MCAP Fusion qualifying:</p> <ul style="list-style-type: none"> <li>HELOC limit -&gt; of HELOC contract rate + 2% or Minimum Qualifying rate</li> <li>Amortizing Segment -&gt; of contract rate + 2% or Minimum Qualifying rate</li> </ul>
<b>Amortization</b>	<ul style="list-style-type: none"> <li>Minimum 5 years</li> </ul> <p>Insured:</p> <ul style="list-style-type: none"> <li>Maximum: Original scheduled amortization minus time elapsed since the original mortgage registration</li> </ul> <p>Uninsurable:</p> <ul style="list-style-type: none"> <li>Maximum 25 years <ul style="list-style-type: none"> <li>Remaining amortization = Original amortization less time elapsed since original mortgage registration OR</li> <li>Single charge mortgages are eligible for amortization extension to 25 years</li> <li>Two separate charges being combined to one charge are subject to a blended amortization</li> <li>Blended amortization calculator located in "Tools" - underwriter will confirm final amortization once file is submitted</li> </ul> </li> </ul> <p>Uninsurable:</p> <ul style="list-style-type: none"> <li>Maximum 30 years</li> </ul>

**MCAP** is one of Canada's largest, independent real estate lending companies for residential mortgages and commercial mortgages & construction loans.

**MCAP** originates and underwrites mortgages through offices across the country and employs over 1500 people.

We believe Brokers play a key role in helping borrowers get the best mortgage — one tailored to their specific needs.



January 2024

MCAP Service Corporation  
 Ontario Mortgage Brokerage #10515  
 Ontario Mortgage Administrator #11692

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<b>Payment Options</b>	Monthly, semi-monthly, bi-weekly, weekly (accelerated)
<b>Prepayment Privilege</b>	<ul style="list-style-type: none"> <li>• Applicable to all products: <ul style="list-style-type: none"> <li>— 20% lump sum allowance based on the original principal amount (minimum \$100)</li> <li>— 20% increase in payment, incremental fixed amount can be added to principal and interest payment</li> </ul> </li> </ul>
<b>Conversions</b>	<ul style="list-style-type: none"> <li>• VIP MPower ARM: Can convert to fixed term with no penalty (new term plus elapsed term must be equal or greater than 5 years)</li> <li>• MCAP Value Flex ARM – Can convert to MCAP Value Flex Fixed 5 year term product with no penalty</li> <li>• MCAP Fusion ARM - Can convert to MCAP Fusion 5 year fixed term with no penalty</li> </ul>
<b>Early Payout</b>	<ul style="list-style-type: none"> <li>• Fixed Term Penalty: <ul style="list-style-type: none"> <li>— Greater of 3 months interest or IRD. After 5th anniversary, 3 mos interest only</li> </ul> </li> <li>• ARM Penalty: <ul style="list-style-type: none"> <li>— 3 months interest based on greater of MCAP Prime Rate or Contract Rate</li> </ul> </li> <li>• MCAP Fusion HELOC segment - no penalty</li> </ul> <p>NOTE: Payout of MCAP Value Flex products prior to the end of the term is allowed only upon bona fide arm's length sale. The above penalty calculations are applicable where payout is allowed.</p>
<b>Documentation</b>	<ul style="list-style-type: none"> <li>• Fully qualified income documentation required</li> <li>• AVM or Appraisal <ul style="list-style-type: none"> <li>— Where appraisal required, MCAP will order once signed commitment is received</li> <li>— MCAP will cover the cost of the AVM/appraisal for FUNDED transfer files only</li> </ul> </li> <li>• Payout Authorization Form, Current Renewal Agreement, Fire Insurance particulars, Insurer Certificate Number (if applicable), &amp; proof of municipal &amp; school taxes are paid and up to date</li> </ul>
<b>Fees</b>	<ul style="list-style-type: none"> <li>• Discharge fee paid by MCAP up to \$300</li> <li>• Appraisal fee paid by MCAP for FUNDED transfer files only</li> <li>• FCT Legal Fees: <ul style="list-style-type: none"> <li>— Paid by MCAP - reduce commission by 10 bps</li> <li>— Paid by client - standard commission</li> <li>— Fees vary by province / premium for mortgages above \$750,000</li> </ul> </li> <li>• MPoints can be used to cover FCT fee</li> <li>• FCT Legal fee can be capitalized into loan amount (with restrictions)</li> <li>• Pre-payment penalties and/or fees charged by the current lender may be capitalized to the mortgage loan under the following circumstances only: <ul style="list-style-type: none"> <li>— Not to exceed a maximum of \$3,000 in penalties or fees, AND</li> <li>— Mortgage amount with capitalized penalties and/or fees is not to exceed the original registered mortgage amount</li> </ul> </li> </ul>
<b>Portable/Assumable</b>	Yes, subject to MCAP approval
<b>Lending Area</b>	All provinces (see separate Collateral Transfer product sheet for the province of Quebec)
<b>Broker Requirements</b>	<ul style="list-style-type: none"> <li>• Insurer Certificate Number (for all existing insured applications: CMHC, Sagen or Canada Guaranty)</li> <li>• FCT Payout Authorization Form</li> <li>• Request "Collateral Charge Transfer" in notes section of application</li> <li>• For extended amortization requests, the following must be provided UPFRONT: <ul style="list-style-type: none"> <li>— Broker to request in submission notes</li> <li>— Broker confirmation that current mortgage is registered as a collateral charge</li> <li>— Broker to provide a copy of mortgage statement, current within 90 days - must include current balance and amortization</li> </ul> </li> </ul>
<b>Rate Buydowns</b>	<ul style="list-style-type: none"> <li>• Specific to product</li> <li>• Allowed using commissions or MPoints (Excluding MCAP Value Flex)</li> </ul>
<b>Broker Compensation</b>	<ul style="list-style-type: none"> <li>• Standard broker compensation applies as it relates to Standard Fixed, VIP MPower, MCAP Fusion &amp; MCAP Value Flex mortgages</li> </ul>

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### Covenant Changes – Removal/Addition of a covenant

- Will ONLY be permitted under the following scenarios, where there is no exchange of monies:
  - Removal/Addition - of a child, parent, spouse (including common law spouse), siblings, grandparents, grandchildren or deceased individual where title held as joint tenants (confirmed via death certificate)
- Will NOT be permitted for marital breakdowns, arms-length transactions, deceased individuals where title registered as “tenants in common”
- If unable to meet requirements, confirmation that covenant change has been completed prior to transfer must be obtained OR application will have to be processed as a Refinance.
- Additional FCT Legal Fees may apply depending on scenario & province.

### Other

- **Insurable/Uninsurable** - Transfer in of 2 separate charges into a first mortgage charge - both charges to be from approved Canadian financial institutions. No Privates. A small additional FCT fee will apply to discharge 2 mortgages (not available for Insured loans).
- **Insured ONLY** - If secondary financing is currently registered against the property behind the existing collateral mortgage, MCAP will not proceed with a Collateral Transfer
- MCAP requires the most current collateral mortgage statement confirming the up-to-date total loan amount for all components (including HELOC balances)
- At funding, the MCAP mortgage will payout the existing mortgage component (this may include a payment of the penalty/fees up to a maximum of \$3000 if applicable)
- When file is 100% complete, FCT will be instructed to obtain discharge statement and setup client signing appointment

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