



Resmor Trust Underwriting Guidelines

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Product Information

Mortgage Terms/Payment Frequency:

1, 2, 3, & 5 year terms available. All mortgages must be CMHC/GE insured.
Monthly, semi-monthly, bi-weekly & weekly available

Coborrower Release Policy:

Available after 12 months of A1 repayment. *see the Coborrower release sheet for full details.

Prepayment Privileges:

When not in default, clients can prepay up to 25% of the original mortgage amount, and/or increase the regular monthly payment up to 25% of the original principal and interest payment;
If the mortgaged property is being sold pursuant to a bona fide arms length agreement a 3 months interest penalty will apply. In addition, the mortgage may be repaid at any time with the greater of a 3 month interest penalty or the interest rate differential to the bond rate.

Rate Drop Policy:

All mortgages will get the benefit of the rate at time of approval or the rate at time of funding whichever is lower; the broker may also request in writing 1 rate drop at any time.

Rate Hold Policy:

Rate given at the time of approval will remain valid for a period of 90 days.

Cashback:

Up to 4% cashback allowed on the 5 year term mortgage * see cashback tips sheet for calculations.

Transfer/Switches:

ResMor Trust Company will cover up to \$200.00 in transfer fees and legal costs when switching the mortgage to Resmor Trust; mortgage must be currently CMHC/GE insured. Minimum mortgage amount is \$50,000.00

Mortgage Amounts:

\$50,000.00 – standard rates will apply
\$35,000.00 - \$49,000.00 an additional .25% will be added to our standard rates;
Below \$35,000.00 an additional 1.00% will be added to our standard rates (will be reviewed on a file by file basis)

Property types:

Single Family (attached/detached), Condominiums (townhouse/apartment), Duplex/Triplex/4 plex (one unit must be owner/occupied), mobile/manufactured homes (on owned land).

Draw Mortgages:

Must meet CMHC/GE guidelines.

Underwriting mandate:

4 hour response from the time the application is received by ResMor Trust Company; the underwriter will be in contact with the broker within the timeframe with one of the following messages: approval on the system, decline on the system or a phone call stating the status of the file.

Down Payment Verification

Purchasers accumulated savings:

Bank statement to clearly show the purchaser's name and account number, Statement to show the accumulation of the down payment, including the deposit shown on the offer to purchase, plus closing costs (95% financing) Funds must be from a non borrowed source. Any cash "at home" must be declared to the lender immediately and be deposited to the bank account and remain there for 90 days.

Gifted funds:

Receipt of a gift letter from an immediate relative indicating the amount of the gift and that the gift is non-repayable, the letter must be signed by the giftor and the giftee. The funds must be on deposit to the bank account a minimum of 15 days (not required for GE) prior to the advance of mortgage proceeds, proof must be provided.

Sale of an existing property:

Receipt of a fully executed Offer to Purchase to include any addendums, proof of the sale proceeds into the bank account or a final statement of disbursements from the solicitor handling the transaction.

Sale of a vehicle or similar asset:

Proof of ownership of the seller, bill of sale showing the buyer and seller's name (if the vendor or realtor is purchasing the asset, an appraisal, verification of the value of the asset, proof the asset is registered in the vendors name are required) Copy of the cheque from the buyer to the seller and proof the funds have been deposited to the bank account.

Cashing in of RSP's, Mutual Funds, Stocks, etc..:

Copy of the most current investment statement.

Purchaser Sweat Equity:

Offer to Purchase to show the full details of the sweat equity to be completed by the purchaser and the value given. Sweat equity cannot exceed 50% of the full down payment amount. The purchaser must provide a letter of their qualification to complete the work. Builder must warrant the work to CMHC for 1 year, if structural, Builder must warrant work for 5 years.

Inheritance/Insurance Settlement:

Copy of the correspondence from the Executor or Insurance Company, and proof of the deposit into the bank account.

Builder Guarantee:

Copies of both Offer to Purchases, appraisals on both properties and a payout statement on the existing property. If the builder purchases the existing property, covenant must be released from the existing property prior to funds being advanced for the new mortgage.

Rent to Own funds:

Must meet CMHC/GE guidelines.

Lottery Winnings:

Copy of the correspondence to the purchaser showing the details of the winnings and proof the funds have been deposited to the bank account.

5% Cash Back Program

Product Overview:

This product is available through GE Mortgage Insurance only. The product is designed for borrowers who have excellent credit but are not able, or choose not, to use cash resources for the down payment. The Cash-back amount will be 5% of the purchase price.

Features

The program is the same as GE's 95% product except as follows:

- ▶ Single advance only.
- ▶ Not available for Family plan, Foreign Employee and Purchase Plus.
- ▶ Maximum 1 unit which must be the borrower(s) principal residence. (no co-borrowers or guarantors)
- ▶ 5% cashback must be advanced directly to the lawyer at closing.
- ▶ Minimum credit score of 680 for deal submission purposes. GE will adjudicate all deals using its own proprietary scoring model.
- ▶ Applicants must have 1.5% of the purchase price in liquid assets from their own resources for closing costs at the time of application

Portability and Assumptions

Usual guidelines for the 95% program apply.

Amortization Options

Minimum 5 year term, 25 years maximum amortization

Claw-back

Normal claw back provisions will apply.

Income Criteria

Usual guidelines for the 95% program apply.

Insurance Premium Pricing

3.4% - will be added to the mortgage.

ResMor Rate

	Finders Fee: 1.25%
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Pricing

For more information contact:

For Business Inquiries Contact Your Local Business Development Manager.

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Source of Income and Verification Required

Salaried Income (Over 1 year)

- Employment Letter

Salaried Income (Less than 1 year)

- Employment Letter
- Current pay stub
-

Hourly Income (With guaranteed hours over 1 year)

- Employment letter outlining number of guaranteed hours per week and hourly rate

Hourly Income (No guarantee of hours – on call, casual)

- Employment letter
- Current year to date pay slip
- Previous years CCRA Notice of Assessment

Self-Employed Income

- Previous 3 years full T1 generals & CCRA Notice of Assessment
- 3 years Business Financial Statements (if applicable)
- Add backs to be done at the discretion of ResMor

Part Time Income- Guaranteed Hours

- Employment Letter
- Current year to date pay slip
-

Part time income No Guaranteed Hours and as Secondary Income

- Employment letter
- Current year to date pay slip
- Previous years Notice of Assessment
- Two year average will be used

Support/ Alimony income

- Copy of Divorce agreement
- Confirmation receipt for last 3 months

Rental Income

- Rental agreement
- Only 50% of rental income to be used when calculating GDSR/TDSR
- 100% of the mortgage payment (PIT) to be included in TDSR.
- Confirmation of market rents

Commission, Bonus, Overtime

- Employment Letter
- Current year to date pay slip
- Previous Notice of Assessment
- If 1-2 year history, 50% can be used to calculate GDSR
- If 2 plus years of history, 100% of 2 year average can be used

Pension income

- T4 from Government, **or**
- Copies of bank statement showing automatic deposits, **or**
- Copy of monthly stub.

Investment Income or Farming income

- To be reviewed on a case by case basis

Maternity Leave

- Letter of employment confirming that applicant has a position to return to and any top up of income employer gives is to be outlined

Foster Care Income- ONTARIO

- Copy of contract
- Letter from Agency outlining \$'s earned for past 3 years (prior to re-imburement of expenses) a 100% of this income can be used

Alberta Saskatchewan Manitoba

- Copy of contract
- Letter \$'s earned for the previous 3 years
- 50% of a 3 year average can be used

BC

- Copy of contract
- Letter outlining \$'s made each year
- % of income can be used if contracts have been in place less three years
- % income used on 3 year average

Low Docs Program

Product Overview:

Self-Employed borrowers and Commissioned Sales people that cannot provide traditional income verification can now qualify for a high ratio mortgage for purchase or refinance purposes.

Acceptable Loan Purpose:

- Purchases, refinance for repayment of existing financing, renovation, asset enhancements. Single advance only
- Ineligible Loan Purposes include, Insured Progress Advances, Default management purposes, Foreign Employee Applicants

Eligible Properties: (Maximum Value \$500,000):

- Maximum 2 units where at least 1 unit must be occupied as the principal residence
- Existing properties and new construction (not for progress advance new construction)
- Readily marketable residential dwellings up to 2 units, located in markets with demonstrated ongoing re-sale demand
- Older homes (pre 1950) must have been substantially modernized and the estimated remaining property life must exceed the amortization by a minimum of 10 years.
- New construction must be covered by a GE approved New Home Warranty Program
- Full Appraisal will be done on every property

Loan To Value Ratio Limits:

- Maximum LTV ratio purchase: 90.00%
- Maximum LTV ratio refinance: 85.00%

Equity Removal Limits:

- Equity removal is limited to \$100,000 for debt consolidation purposes or \$200,000 for asset enhancing purposes (except when the loan purpose is to consolidate existing first and second mortgages, in which case the maximum LTV ratios will apply)
- Proper documentation must be provided for refinance purposes. (Ex: estimates/contracts must be provided for renovations.)

Assumptions/Assignments:

- Mortgages issued under this product may be assumed.

Occupancy:

- Owner occupied, primary residence. All applicants used to qualify must occupy the property. Spousal guarantors acceptable provided they occupy the subject property.
- Non Occupant Co-borrowers or guarantors not permitted
- No mortgages in the name of the business

Amortization Options:

- Maximum 25 years

Terms/Qualifying Interest Rates:

- Min. 1-year term. For applicants with an LTV > 75% and bureau score between 660 and 700, the current housing expense must be validated and payment shock for new financing may not exceed 30%. There is no payment shock test for applicants with a bureau score of 701 or more. For each applicant, GE will average the credit scores pulled from both credit bureaus. For joint borrowers, both applicants' average score must exceed 700.

Pricing:

- Underwriting fee:
Full Service (GE Excel™ and paper. Full appraisal on every file) \$300
- Full Service (GE Excel™ and paper. LTV < 75%) \$165
- Premium rates: Premiums may be capitalized into the mortgage balance.
- Where the first and second mortgages are insured concurrently, the total premium will be equal to the amount that would be required if insured as a single first mortgage
- In a refinance transaction, the premium payable is the lesser of a) the new loan amount multiplied by the full premium rate below, or b) the increase in loan amount (top-up amount) multiplied by the top-up premium rate in the table below.

Purchase First Mortgage		
LTV Ratio	Single Premium	
Up to 65.00%	0.80%	
65.1 to 75%	1.00%	
75.1 to 80%	1.64%	
80.1 to 85%	3.65%	
85.1 to 90%	7.30%	
Refinance First Mortgage		
LTV Ratio:	Single Premium	<i>Top-Up Premium</i>
Up to 65.00%	0.90%	1.50%
65.1 to 75%	1.10%	2.60%
75.1 to 80%	1.75%	3.85%
80.1 to 85%	4.40%	7.30%

Borrower Qualification:

- Strong credit and credit score (minimum 680 bureau score if LTV is greater than 85%, 660 for other LTV's)
- The minimum credit score is defined as the lowest score obtained from both credit bureaus for all borrowers

- No mortgage, installment or revolving credit delinquencies appearing on the credit bureau in the past 12 months
- No reported defaults on residential mortgages for the past 7 years
- No previous bankruptcy
- Copy of current lenders offer of renewal where mortgage is being switched or refinanced at maturity.No gifted down payment.

Portability:

- Mortgage insurance is portable under the conditions described below, allowing the insured borrower to take advantage of ResMor’s portability plan to port the mortgage insurance to a new loan.
- Portability benefits will only apply to existing GE insured mortgages being ported from an existing “Low-Docs” to another “Low-Docs” loan, or from an existing “Low-Docs” loan to a standard GE insured loan.
- The premium payable will be calculated as described in the Portability Feature Product Overview, except that in a port from an “Low-Docs” to another “Low-Docs” mortgage, the top-up premium rates will be those defined in the table above.

Commissioned Sales:

- A commissioned sales applicant is defined as someone who receives 100% of their income on a commission basis, regardless of whether they receive a T4 or not.
- A minimum Bureau score of 740 will be required. GE will average the scores pulled from both credit bureaus for each borrower and the minimum score requirement will apply to all commissioned sales borrowers on the application.
- ResMor is responsible for ensuring that the borrower is a commissioned sales applicant as defined above, for example by way of letter of employment, T1 General or T4.
- ResMor must also ensure that the borrower has no tax arrears, (NOA will suffice).
- Commissioned sales applicants who are paid a salary plus commission are **NOT** eligible under this program and must qualify in the usual manner (e.g. GDSR/TDSR and income confirmation will be required)

Documentation/Information Requirements:

Self Employed

- At least two forms of written third party documentation evidencing at least 3 full years self-employment,
- Examples: individual credit bureau, business credit report, business license, GST Return, articles of incorporation

Employment Documentation: Salaried (If there is a 2nd borrower that is salaried)

Usual written evidence in the form of letters or NOA's plus employer telephone to be validated by ResMor.

CASH BACK TIPS

We allow cash back from 1% to a maximum of 4 %, to ensure the proper interest rate is used add the following % to the 5 year rate:

1%	cash back, add	.30%
1.5%	cash back, add	.45%
2%	cash back, add	.60%
2.5%	cash back, add	.75%
3%	cash back, add	.90%
3.5%	cash back, add	1.05%
4%	cash back, add	1.20%

COBORROWER RELEASE POLICY

Clients must make payment for 12 consecutive months and qualify under ResMor Trust Company underwriting guidelines. ResMor will require the following documentation:

- written request by the borrower(s)
- current credit application and credit bureau
- \$125.00 non-refundable processing fee.

The release will be solely at the discretion of ResMor Trust Company.

Gift letter to: ResMor Trust Company

This letter confirms that the undersigned is making a financial gift of

\$ _____ to: _____
(Print the names of the recipients)

For use towards the purchase of the property located at:

(Address of the property being mortgaged)

We, the undersigned recipients and donors, hereby certify that:

- these funds are a genuine gift from the donors and do not have to be repaid, and
- no part of the financial gift is being provided by any third party having any interest (direct or indirect) in the sale of the subject property, and
- the donor is an immediate family member.

Recipients:

Name _____
Signature _____
Date _____

Name _____
Signature _____
Date _____

Donors:

Name _____
Signature _____
Relationship _____
Date _____
Address _____
Telephone _____

Name _____
Signature _____
Relationship _____
Date _____

**ResMor Trust Company
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