

RMAC CASE STUDY

Scenario
and
Supporting Documents

Scenario and Supporting Documents

Today is January 20th, 2012.

You are a mortgage agent at Sample Mortgages Inc., registration number 12345, located at 2175 Sheppard Avenue East, Suite 213, North York Ontario, M2J 1W8. Your clients, a married couple named Jack and Susan Adams has responded to an ad that you had placed in the Toronto Star. They've told you that they would like to refinance their existing mortgage for \$400,000 on their owner occupied house, which is coming up for renewal shortly.

In speaking with them you have learned that they purchased this home on February 1st, 2009, after living at their previous address for 2 years. They wish to pay off their credit cards and their loan. The purchase price was \$450,000 and they obtained a \$400,000 1st mortgage from REMIC's Savings and Loan. Approximately one year after buying the home, Jack and Susan remodeled their kitchen and finished the basement.

The property taxes have not changed since they purchased the home. You have determined the best course of action is to refinance their mortgage with SuperBank, which offers better rates and pre-payment privileges. On January 16, 2012 you completed their application, and gathered supporting documents, which are included in the next several pages.

His social insurance number is 450-120-843 while hers is 499-921-012. They have provided their contact information, which is as follows:

Home Telephone Number: (416) 555-1492

His Cell: (647) 555-1822 His Email: jadams@hotmail.com

Her Cell: (647) 555-1492 Her Email: sus.adams@gmail.com

You have learned that they have a 2010 Ford Focus, which they value at \$13,000; an RRSP with a value of \$26,000; \$11,500 cash in the bank and household goods valued at \$21,000. They have informed you that their first mortgage is currently up to date and they have never missed a mortgage payment. You have decided that if this mortgage is approved you will not charge a brokerage fee since you are being paid a finder's fee of 85 bps from the lender. On January 17th, 2012, SuperBank provided you with an approval. If required, the title insurance policy will cost \$450. Please refer to the approval in the following pages for its terms and conditions before completing your calculations.

The lender required an appraisal be conducted by Wonderful Appraisals Inc. and on January 19th, 2012 that appraisal was completed showing that their house was valued at \$506,000. The cost of this appraisal, which the clients paid, was \$435 including tax. You completed filling out the borrower disclosure today, January 20th, 2012 and are meeting with the clients tomorrow, January 21st, 2012, at which time they will sign the borrower disclosure.

Please complete the following tasks using all information in this Case Study.

1. Section 1: Fill in the Mortgage Application
2. Section 2: Answer the Short Answer Questions
3. Section 3: Answer questions on the Borrower Disclosure
4. Section 4: Compute Financial Calculations

REMIC's Savings and Loan

December 30, 2011

Mr. and Mrs. Adams
123 Secord Street,
Toronto, ON, M1S 1M1

Mortgage Number: 1155667898

Mortgage Statement

Statement Period: February 1, 2011 to February 1, 2012
Property Address: 123 Secord Street, Toronto, ON, M1S 1M1

Mortgage Details

Maturity Date	February 1, 2012
Interest Rate (as at statement date)	6.89%
Payment Frequency	Monthly
Principal and interest payment	\$2,774.55
Principal, interest and tax payment	\$2,966.81

Transaction Summary

Opening Principal Balance	\$386,924.66
Advances During Statement Period	\$0.00
Principal Paid (including any privilege payments)	\$7,232.73
Closing Principal Balance	\$379,691.92
Interest Paid (during statement period)	\$26,061.87

Tax Account Summary

Opening Tax Balance	\$0.00 CR
Tax Payments Received	\$2,307.12
Taxes Paid to Authority	\$2,307.12
Closing Tax Balance	\$0.00 CR

Please Note: DR is a Debit = Minus to your account. CR is a Credit = Plus to your account

If you have any questions, please feel free to contact our Customer Service Toll-Free Number at 1-866-555-9900

If any of the balances, interest rates or other financial data appear incorrect, please contact our auditors detailing any discrepancies:
Pricewatershed
Suite 1000, 123-53rd Ave
Toronto, ON
Attention: Joseph Blank
Tel: (416) 555-9900
Fax: (416) 555-9911

T & J Manufacturing Inc

1234 John Street,
Toronto, ON
M4M 4M4
Tel: (416) 555-1212
Fax: (416) 555-2121

January 10, 2012

Re: Employment Verification of Mr. Jack Adams

To Whom It May Concern,

As requested by Mr. Jack Adams this letter is to verify that Mr. Jack Adams is employed at T & J Manufacturing Inc. as a salaried Assembly Line Operator. He has been employed in this position since January 17th, 2005 and earns a salary of \$75,500 per year.

If you have any questions please do not hesitate to contact the undersigned.

Sincerely,

Sarah Clifford

Sarah Clifford
HR Assistant
T & J Manufacturing INC.

Uptown Accounting LLP

1105A King Street,
Toronto, ON
M4M 1B1
Tel: (416) 555-9998
Fax: (416) 555-9997

January 12, 2012

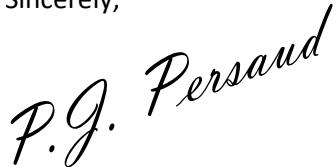
Re: Employment Verification of Susan Adams

To Whom It May Concern,

As requested by Susan Adams this letter is to verify that she is employed at Uptown Accounting LLP. as a salaried Accountant. She has been employed in this position since March 20th, 2004 and earns \$82,000 per year in salary.

If you have any questions please do not hesitate to contact the undersigned.

Sincerely,



P.J. Persaud
HR Manager
Uptown Accounting LLP

NM – ADAMS, JACK
 CA - 123 Secord Street, Toronto, ON, M1S 1M1
 FA - 5678 Oakwoods Boulevard, Toronto, ON, M1S 1N1
 ID - BDS-05-22-1970, SSS-450-120-843, SSC-499-921-012
 ES – T & J Manufacturing Inc., Assembly Line Operator

Equifax and Affiliate Bureaus - Refer Consumer inquiries to 1-800-465-7166

FN 00-0008095-07-265 UN 2060576929 01/16/2012

RISK SCORE : 745

ADAMS, JACK, SUSAN SINCE 01/05/1997 FAD 01/16/2012
 123 Secord Street, Toronto, ON, M1S 1M1 ,RPTD 02/2009
 5678 Oakwoods Boulevard, Toronto, ON, M1S 1N1, RPTD 09/2007
 933, Mountainview RD, KELOWNA, BC C1C 1C1
 BDS-05/22/1970, SSS-450-120-843

INQS-SUBJECT SHOWS 1 INQUIRY SINCE 01/2011

01/11/2011	ROGERS VIDEO	(555) 111-1111
09/16/2010	TD CANADA TRUST	(555) 222-2222
09/10/2010	ROYAL BANK	(555) 333-3333
01/22/2009	FORD CREDIT	(555) 444-4444
01/12/2009	MBNA	(555) 555-5555

INQS – 36

ES – Assembly Line Operator, T & J Manufacturing Inc., TORONTO, ON, EMP 01/2005
 EF – Assembly Line Operator, Western Automotive, KELOWNA, BC, EMP 12/02,VR 02/03, LEFT 01/2004
 EC - Accountant, Uptown Accounting LLP, TORONTO,ON, EMP 03/2004,VER 10/2005

SUMMARY 05/1997 - 12/2011, 1-PR/OI, FB-NO, TOTAL-3, HC\$5K-10K, 3-ONE
 04/2005 SECLN CENT REG TOR, FP CASE NO-HONDA CREDIT, TOR, MATURE 04/2010

TRADE INFORMATION SECTION

BUS/ID CODE	RPTD	OPND	H/C	TRMS	BAL	P/D	RT	30/60/90	MR	DLA
TD VISA (555)555-1212										
J650DC16	12/2011	12/1997	8000	186	6200	0	R1	00/00/00	168	12/2011
BMO MASTERCARD (888)555-1212										
J6500N28	12/2011	12/2003	10000	255	8500	0	R1	02/00/00	96	12/2011
PREV HI RATES: R2 06/2011, R2 08/2011										
CIBC (555)555-2981										
J650AT12	12/2011	12/2007	5000	420	1260	0	I1	00/00/00	48	12/2011

NM – ADAMS, SUSAN
 CA - 123 Secord Street, Toronto, ON, M1S 1M1
 FA - 5678 Oakwoods Boulevard, Toronto, ON, M1S 1N1
 ID - BDS-04-08-1972, SSS-499-921-012, SSC-450-120-843
 ES – UPTOWN ACCOUNTING LLP., Accountant

Equifax and Affiliate Bureaus - Refer Consumer inquiries to 1-800-465-7166

FN 00-0008095-07-265 UN 2060576929 01/16/2012

RISK SCORE : 791

ADAMS, SUSAN, JACK SINCE 01/05/1997 FAD 01/16/2012
 123 Secord Street, Toronto, ON, M1S 1M1 ,RPTD 01/2009
 5678 Oakwoods Boulevard, Toronto, ON, M1S 1N1, RPTD 09/2007
 933, Mountainview RD, KELOWNA, BC C1C 1C1
 BDS-04/08/1972, SSS-499-921-012

INQS-SUBJECT SHOWS 1 INQUIRY SINCE 01/2009

01/11/2011	ROGERS VIDEO	(555) 111-1111
15/12/2010	BNS VISA	(555) 111-1222
09/16/2010	TD CANADA TRUST	(555) 222-2222
09/10/2010	ROYAL BANK	(555) 333-3333
01/22/2009	FORD CREDIT	(555) 444-4444
01/12/2009	MBNA	(555) 555-5555

INQS – 37

ES – Accountant, Uptown Accounting LLP, TORONTO,ON, EMP 03/2004,VER 10/2005
 EF – Accountant, Mountain Financial, KELOWNA, BC, EMP 12/02, VR 02/03, LEFT 02/2004
 EC - Assembly Line Operator, T & J Manufacturing Inc., TORONTO, ON, EMP 01/2005

SUMMARY 05/1997 - 12/2011, 1-PR/OI, FB-NO, TOTAL-4, HC\$5K-12K, 4-ONE
 04/2005 SECLN CENT REG TOR, FP CASE NO-HONDA CREDIT, TOR, MATURE 04/2010
 TRADE INFORMATION SECTION

BUS/ID CODE	RPTD	OPND	H/C	TRMS	BAL	P/D	RT	30/60/90	MR	DLA
TD VISA (555)555-1212										
J650DC16	12/2011	12/1997	8000	186	6200	0	R1	00/00/00	168	12/2011
BMO MASTERCARD (888)555-1212										
J6500N28	12/2011	12/2003	10000	255	8500	0	R1	02/00/00	96	12/2011
PREV HI RATES: R2 06/2011, R2 08/2011										
CIBC (555)555-2981										
J650AT12	12/2011	12/2007	5000	420	1260	0	I1	00/00/00	48	12/2011
BNS VISA (555)555-3000										
650AT20	12/2011	12/2010	12000	0	0	0	R1	00/00/00	12	12/2011

	123 Secord Street	\$450,000 For Sale
	Toronto, Ontario M1S1M1	
	Pt Lt 10R Plan M1234	Taxes: \$2,307.12/2008
	City of Toronto	
	SPIS: N	Last Status: New
	Semi-Detached	Fronting On: E
	2-Storey	Acreage: < .49
	Dir/Cross St: Jane/King	Bedrooms: 3
		Washrooms: 3
	Lot: 6.85X34 Meters	2x4, 1x2
	Lot Irreg: Backs Westerly Sun	

MLS#: W12345

Occup: Owner

Open House: Oct 1 **From:** 9 am **To:** 5 pm **DOM:** 10 **Holdover:** 90 **Possession:** February 01/Tba/Fix

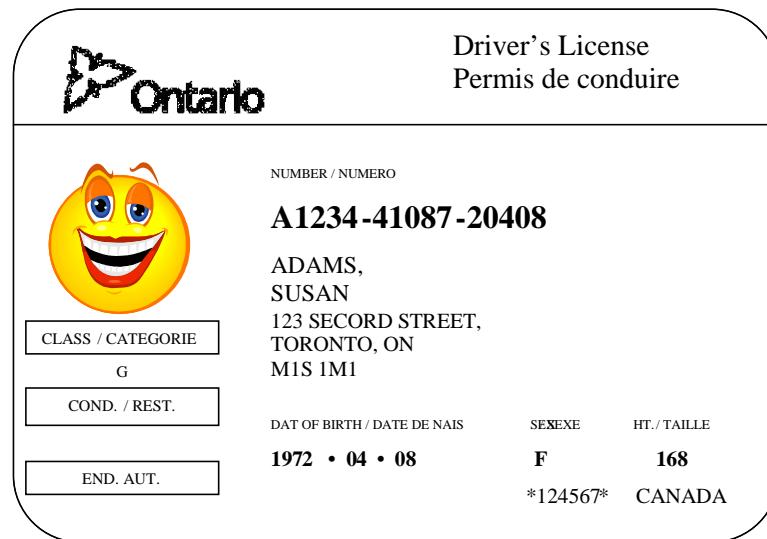
Open House Notes: Please leave shoes on porch

PIN#:

Kitchens: 1	Exterior: Brick	Zoning: Residential
Fam Rm: N	Other	Cable TV: Hydro:
Basement: Finished Full	Drive: Mutual	Gas: Phone:
Fireplace/Stv: N	GarType/Spaces: Attached/1	Water: Municipal
Heat: Gas Forced Air	Parking Spaces: 2	Water Supply:
CAC: Y	UFFI: No	Sewers: Sewers
Apx Age: 6-15	Pool: None	Spec Desig: Unknown
Apx Sqft: 1100-1500	Sloping	Farm/Agr:
Assessment:	Public Transit Rec Centre	

<u># Room</u>	<u>Level</u>	<u>Dimensions (ft)</u>			
1 Living	Ground	10.99 x 14.8	Hardwood Floor	Open Concept	Overlook Patio
2 Dining	Ground	9.91 x 11.38	Hardwood Floor	Combined W/Living	Open Concept
3 Kitchen	Ground	9.88 x 10.01	Ceramic Floor	B/I Dishwasher	Ceramic Back Splash
4 Breakfast	Ground	10.5 x 10.1	Ceramic Floor	Family Size Kitchen	W/O To Deck

5 Master	2Nd	18.01 x 10.1	Semi Ensuite	His/Hers Closets	Broadloom
6 2nd Br	2Nd	10.99 x 10.01	Wainscotting	Broadloom	Large Closet
7 3rd Br	2Nd	10.01 x 9.55	Closet Organizers	Window	Broadloom
8 Rec	Bsmt	15.49 x 10.2	Finished	Stucco Ceiling	Broadloom
9 Laundry	Bsmt	9.42 x 6.33	Partly Finished	Fluorescent	4 Pc Bath
Immaculate&Clean Thru-Out Home&Area,Bright Home,Upgrades Galore, Beautiful Strip Hdwd Flrs&Ceramics,Outstanding Finished Bsmt With Rec Romm&4 Piece Bath&Lndry Area&Cantina,Interlocking Stone Front Walkway&Front&Rear Gardens*Front Porch,Huge Private Rear Deck*Wroght-Iron Gate					
Fridge,Stove,Bi Dw,Bi Microwave,Cac,EI.Grg.Opener&2 Remotes,All Shutters&Blinds&Window Coverings,Elfs,High Eff Furn&Hwt,Surround-Sound Spkrs,Mirr.Clst.Drs,Bi Shelves,Hot&Cold H2O Outside Frnt&Back,Brss&Glss Door Insrt,Shower&Closet Valences					
Excellent Layout,Completely Finished Top2Bottom With Quality Extras&Upgrades Thru-Out,Quiet Street,Walk To Pub/Sep School,Excellent Home&Neighbourhood,Great Family Home,Easy To Show&Sell*Lockbox*					
Contract Date:	5/10/2008 Sunil Lister 416-555-1212				REMIC REAL ESTATE Brokerage
Expiry Date:	9/30/2009				Tel: 416-555-1212 Fax: 416-555-2121



Mortgage Commitment

Response: January 17, 2012

Page 1 of 3

Broker Information

Name: Sample Mortgages Inc.
Address: 2175 Sheppard Avenue East, Suite 213, North York, ON, M2J1W8
Attention: Your Name Application Reference Number: 1213456-789

Lender Information

Name: SuperBank
Address: 2750 Yonge Street, Suite 6500, Toronto, ON, M1M 1M1
Lender Reference #: 1213456-789 Mortgage Insurance Reference #: N/A

Applicant Information

Applicant(s): Jack Adams, Susan Adams

PROPERTY INFORMATION

Address: 123 Secord Street, Toronto, ON, M1S 1M1

With reference to the above noted property SuperBank is pleased to provide the following mortgage loan offer, subject to the following terms and conditions:

Loan	Terms	Payment
Value: \$506,000.00	Mortgage Type: First	Principal and Interest: \$2,134.77
Down payment/Equity: \$106,000.00	Term Type: Fixed Rate Open	Taxes (Estimated) \$192.26
Amount: \$400,000.00	Interest Rate: 5%	Taxes Paid By: Lender
Insurance Premium: N/A	Term (months): 60	Total Installment: \$2,327.03
Total Loan: \$400,000.00	Compound Frequency: Semi-Annually	
Other Mortgages: N/A	Amortization (months): 360	
Product: Supersizer	Frequency: Monthly	Commitment Expires 4/01/12
Cashback: N/A		
Closing Date: 02/01/12		

LENDER AUTHORIZATION

All of our normal requirements and, if applicable, those of the mortgage insurer must be met. All costs including legal, survey, mortgage insurance, etc. are for the account of the applicant(s). The mortgage insurance premium (if applicable) will be added to the mortgage. This mortgage is subject to the details and terms outlined as well as the conditions described in the attached Schedule A.

Approved by: John Underwriter, SuperBank Signature: _____ Date: _____

CLIENT ACCEPTANCE

I/We the undersigned applicant(s) accept the terms of this mortgage as stated above and agree to fulfill the conditions of approval as outlined in the attached Schedule A to the lender's satisfaction. I/We further certify that the information given on the mortgage application is true and correct.

Applicant: Jack Adams Signature: _____ Date: _____

Applicant: Susan Adams Signature: _____ Date: _____

Mortgage Commitment – SCHEDULE A

Page 2 of 3

ASSUMPTION POLICIES

Assumption Option: The transferee or purchaser may, upon completion of a mortgage application which meets our mortgage approval criteria then in effect, personally assume (with the consent of his or her spouse where required by law) all of your obligations under your mortgage by executing an assumption agreement in the form required by us.

CONDITIONS

Mortgage: The mortgage loan to be made to you shall be subject to all extended terms set forth in SuperBank's standard form of mortgage contract, and loans insured by a mortgage insurer will be subject to the requirements of the Certificate of Insurance issued by the mortgage insurer.

Property Taxes: If stipulated by us, you will pay us monthly, an amount which in our opinion is sufficient to enable us to pay the annual property taxes on your behalf by the due date for the first installment of the tax bill in each year, based on the estimated annual taxes. We shall withhold a tax holdback from our mortgage advance sufficient to accumulate the required credit in your tax account. Any tax bills issued and unpaid at the interest adjustment date shall be paid from the proceeds of the mortgage loan.

Fire Insurance: We shall require evidence of replacement cost all-risk insurance coverage acceptable to us, taken with an insurer not disapproved by us. Such policy must contain the standard Insurance Bureau of Canada mortgage clause and must indicate our interest as mortgagee.

Title Insurance: A title insurance policy acceptable to us and obtained by our solicitor at your cost.

Processing Fee and Costs: Whether or not this loan is funded, you agree to pay the processing fee specified herein, if any, and all legal, appraisal and survey costs incurred by you or us in this transaction.

CMHC/GEMICO/AIG Insurance Fee: Insurance Fee: You agree to pay any mortgage insurance fee, as indicated, and all applicable federal or provincial taxes thereon.

Interest Adjustment: Interest shall accrue from the date the first advance is made. Interest due to the interest adjustment date will be simple interest calculated daily and will be deducted from the first advance.

Pre-authorized Cheque Plan: You agree to make repayment under the mortgage by a 'pre-authorized cheque plan' or by such other means as may be requested by us.

Commitment: This commitment is not transferable by you and the benefit may not be assigned by you. It may be assigned by us.

Representation and Warranty: You warrant to us, and it is a condition of this loan, that all information submitted by you or your broker to us in connection with your loan application is true and accurate, and you agree to supply promptly, on request, any further information concerning yourself, your financial standing or the property to be mortgaged, which may be required by us.

Title: You represent and warrant to us, and it is a condition of this loan, that you have a good and marketable title to the property to be mortgaged, satisfactory in all aspects.

Zoning and Work orders: It is a condition of this loan that the mortgaged property and the use thereof comply with all applicable government laws and regulations and that there are no outstanding work orders, notices or directives against the property.

Construction Loan: In the case of a construction loan, advances will be made at our discretion and we will always retain sufficient funds to complete construction.

New Homes: If this mortgage loan is for the purchase of a newly constructed home, our solicitor will be required to obtain a certified copy of the New Home Enrolment endorsed by HUDAC (or the equivalent enrolment in any governmental new home warranty programme in provinces other than Ontario) before making any mortgage advances.

No agency: You acknowledge that we may assign this commitment or the mortgage to a third party and may receive a fee in connection with such assignment. We may also receive a fee in connection with the servicing of this loan. We are not acting as your agent or otherwise in any fiduciary capacity in relation to you in connection with the loan described herein.

<input checked="" type="checkbox"/> Solicitor and Documentation: The solicitor specified by us will act on our behalf in this transaction. You agree to deliver to our solicitor your title documents, insurance policy and survey as soon as possible.
<input checked="" type="checkbox"/> Entire Agreement: This commitment, when accepted by you, will constitute the entire agreement and understanding between you and us with respect to this loan and will supercede all other agreements or understandings, whether oral or written.
<input checked="" type="checkbox"/> Survival: You agree that the terms, conditions & covenants contained in this commitment shall survive and will not merge upon registration of the mortgage and the advance of funds thereunder but will remain valid and subsisting obligations.
Date: _____ Initials: _____ Initials: _____

Mortgage Commitment – SCHEDULE A

CONDITIONS continued	Page 3 of 3
<input checked="" type="checkbox"/> Information: You agree that we may conduct credit checks with consumer reporting agencies and make such other investigations and collect such other information concerning you as we may deem advisable, all such information to be used for the purpose of underwriting, assessing the risk associated with, and administering this mortgage loan.	
<input checked="" type="checkbox"/> Privacy: You agree that we may share information concerning you with (a) any proposed assignee of this commitment or the mortgage loan, (b) our duly authorized agents and representatives who are engaged in the processing or servicing of your mortgage, (c) any parties necessary or desirable in connection with any sale or securitization of this mortgage loan and (d) organizations with which the lender has strategic alliances who may use such information to provide you from time to time with information on financial products which may be of interest to you. If you prefer that your personal information not be shared with any party referred to in this document or future documents, you may so advise us in writing at any time and we will not share the information with them.	
PAYMENT FLEXIBILITY OPTIONS	
<input checked="" type="checkbox"/> Circle Payment Option: Weekly Bi-weekly Semi-monthly Monthly	
INSTRUCTIONS	
<input checked="" type="checkbox"/> The terms and conditions of this mortgage commitment will form part of the solicitor's instructions.	
OTHER	
<input checked="" type="checkbox"/> Borrower Disclosure required prior to funding	
<input checked="" type="checkbox"/> Title to be taken in the name of Jack Adams and Susan Adams	
<input type="checkbox"/> Subject to satisfactory confirmation of down payment.	
<input checked="" type="checkbox"/> Subject to satisfactory confirmation of income.	
<input type="checkbox"/> Subject to CMHC approval	
<input checked="" type="checkbox"/> Subject to signed and dated mortgage application	
<input type="checkbox"/> Receipt of satisfactory purchase agreement including all addendums and MLS listing.	
<input checked="" type="checkbox"/> Subject to no secondary financing.	
PORABILITY OPTIONS	
<input checked="" type="checkbox"/> If the mortgagor is not in default and has entered into an agreement to sell or transfer title to the mortgaged property, the mortgagor may exercise the Portability Option.	
PREPAYMENT POLICIES	
<input checked="" type="checkbox"/> Privileges: 20% Per Year	
<input checked="" type="checkbox"/> The Mortgagor, when not in default of any terms or conditions contained in the Mortgage, may prepay the whole of the principal sum then outstanding without notice upon payment to the Mortgagee of the greater of i) three months' interest at the interest rate on the principal sum outstanding; or ii) the amount, if any by which interest at the Interest rate exceeds interest at the Mortgagee's current interest rate for	

reinvestment calculated on the principal sum outstanding. Such amount to be calculated from the date of prepayment to the maturity date of the mortgage.

RATE ADJUSTMENT POLICIES

- If five days prior to closing our interest rate is lower than the guaranteed interest rate, upon request, the lower rate will prevail.

ADMINISTRATION AND SERVICE FEES

- NSF's, Stopped Payment, Returned Items: \$150.00
 Lender's Fee: \$550
 Lender's Legal Fees: \$1,250.00

Date: _____

Initials: _____

Initials: _____

RMAC

CASE STUDY

Questions

Case Study Questions

Section One: Complete the Mortgage Application Form

Sample Mortgages Inc.

Source:

2175 Sheppard Avenue East, Suite 213,
North York, ON, M2J 1W8
Tel: (416) 555-1212

Mortgage Application Form

APPLICANT(S)						
Name of Applicant in Full			DOB (MM/DD/YYYY)		SIN	
Contact Information						
Tel:	Cel:	Email:				
Name of Co-Applicant in Full			DOB (MM/DD/YYYY)		SIN	
Contact Information						
Tel:	Cel:	Email:				
Present Address					No. of Years	
Previous Address					No. of Years	
DETAILS OF MORTGAGE REQUEST						
Purpose of Mortgage						
Amount	Rate	Term	Frequency	Amortization	Date Required	Rank (1 st , 2 nd 3 rd)
PARTICULARS OF SECURITY						
Lot #	Plan #	Municipality		Occupancy		Rental Income
Civic Address (if different from Present Address)						Lot size
PROPERTY TYPE AND CONSTRUCTION						
Date Acquired (MM/DD/YYYY)	Purchase Price	Down Payment		Present Value	Annual Taxes	
<input type="checkbox"/> Detached	<input type="checkbox"/> Duplex	<input type="checkbox"/> Triplex	<input type="checkbox"/> Semi	<input type="checkbox"/> Condo (Mtc Fee: \$ _____)	<input type="checkbox"/> Townhouse	<input type="checkbox"/> Other
Age of Bldg:		Construction:		Storeys:	# of Bedrooms:	
Zoning:		Garage:		Heating:		
Property Extras (Describe)						
DETAILS OF EXISTING FINANCING						
Rank	Current Balance	Rate (%)	Payment (P & I)	Lender	Renewal Date	To Remain?
1 st Mtg						
2 nd Mtg						

EMPLOYMENT INFORMATION

APPLICANT'S EMPLOYER'S NAME:		<input type="checkbox"/> SELF-EMPLOYED?	TEL:
POSITION:		No. of Years:	FAX:
ADDRESS:			
INCOME:			
APPLICANT'S EMPLOYER'S NAME:		<input type="checkbox"/> SELF-EMPLOYED?	TEL:
POSITION:		No. of Years:	FAX:
ADDRESS:			
INCOME:			

OTHER INCOME (SPECIFY SOURCE AND AMOUNT)

ASSETS AND LIABILITIES

ASSET TYPE	AMOUNT	LIABILITY TYPE	AMOUNT	PAYMENT	TO REMAIN?
					Y / N
					Y / N
					Y / N
					Y / N
					Y / N
					Y / N
					Y / N
					Y / N
TOTALS	(A)		(B)	NET WORTH (A-B)=\$	

NOTES**CONSENT**

IN CONNECTION WITH MY APPLICATION FOR CREDIT, I/WE HEREBY AGREE TO YOU PROCURING ANY CREDIT OR OTHER REPORTS TO DETERMINE MY/OUR ABILITY TO OBTAIN MORTGAGE FINANCING AND SHARE THIS INFORMATION WITH OTHER CREDIT GRANTORS OR CONSUMER REPORTING AGENCIES. I/WE FURTHER AGREE THAT YOU MAY ASSIGN THIS APPLICATION TO THE LENDER OF YOUR CHOICE AND MAY DESIGNATE THE CLOSING LAWYER. I/WE ACKNOWLEDGE THAT YOU MAY RECEIVE A FINDER'S FEE FROM THE LENDER. I/WE FURTHER STATE THAT THE INFORMATION CONTAINED IN THIS APPLICATION IS ACCURATE TO THE BEST OF MY/OUR KNOWLEDGE. I/WE AUTHORIZE YOU TO USE THE INFORMATION CONTAINED WITHIN THIS APPLICATION AND AS OBTAINED THROUGH THIS TRANSACTION TO PROVIDE ME/US WITH INFORMATION THAT YOU BELIEVE MAY BE OF INTEREST TO ME/US IN THE FUTURE.

DATE: _____ APPLICANT'S SIGNATURE: _____

DATE: _____ CO-APPLICANT'S SIGNATURE: _____

Section Two: Short Answer Questions

1. What question(s) should you ask this couple regarding their previous credit?
2. When was their credit report first opened?
3. Who has a higher credit score?
4. When did they first get their TD Visa Card?
5. Who has more credit?
6. What do the following mean?
 - a) MR
 - b) DLA
 - c) RPTD
7. What two documents does the *MBLAA* require you to leave with your clients once they sign the Borrower Disclosure?
8. You have just learned that this couple has two children, one a 6 year old daughter and the other a three year old son. Will this have any impact or effect on this application being approved by the Lender? Why or why not?
9. What is the amount of the finder's fee, in dollars, that SuperBank will pay?
10. In whose name does the Lender make the finder's fee cheque payable?
11. Were the property taxes included in the REMIC's Savings and Loan mortgage payment or did the borrowers pay it themselves?

12. Does SuperBank require the borrowers to pay their own property taxes or will they be included in their mortgage payment?
 13. Does SuperBank require Title Insurance on this mortgage?
 14. Is SuperBank's mortgage fully open, partially open or closed?
-
15. What are the prepayment privileges of SuperBank's mortgage?

Section Three: Borrower Disclosure

1. The Borrower Disclosure requires that all costs associated with the mortgage be disclosed. a) What are the exact costs that must be disclosed in this particular transaction?
b) How does the cost of borrowing have to be disclosed (i.e. dollars and cents, a percentage, etc.)?
2. Describe the specific risks that must be disclosed to the borrower with regards to **this** mortgage.

Section Four: Financial Calculations

1. LTV. Based on SuperBank's approval, what is the total LTV of this proposed mortgage? **Show all of your work.**
 2. GDS Calculation. Based on SuperBank's approval and the clients' income, what is their GDS? **Show all of your work.**
 3. TDS Calculation. Based on SuperBank's approval and the clients' income, what is their TDS? **Show all of your work.**

RMAC

CASE STUDY

Answer Guide

Case Study 1 Answer Guide

Section One: Complete the Mortgage Application Form

Sample Mortgages Inc.

Source: TORONTO STAR AD

2175 Sheppard Avenue East, Suite 213,
North York, ON, M2J 1W8
Tel: (416) 555-1212

Mortgage Application Form

APPLICANT(S)

Name of Applicant in Full JACK ADAMS	DOB (MM/DD/YYYY) 05/22/1970	SIN 450-120-843
Contact Information Tel: 416-555-1492 Cel: 647-555-1822 Email: JADAMS@HOTMAIL.COM		
Name of Co-Applicant in Full SUSAN ADAMS	DOB (MM/DD/YYYY) 04/08/1972	SIN 499-921-012
Contact Information Tel: 416-555-1492 Cel: 647-555-1492 Email: SUS.ADAMS@GMAIL.COM		
Present Address 123 SECORD STREET, TORONTO, ON, M1S 1M1	No. of Years 3 YEARS	
Previous Address 5678 OAKWOODS BLVD, TORONTO, ON, M1S 1N1	No. of Years 2	

DETAILS OF MORTGAGE REQUEST

Purpose of Mortgage REFINANCE AND CONSOLIDATE CREDIT CARDS AND LOAN						
Amount \$400,000	Rate 5%	Term 5 YEARS	Frequency Monthly	Amortization 30 YEARS	Date Required February 1, 2012	Rank (1 st , 2 nd 3 rd) 1ST

PARTICULARS OF SECURITY

Lot # 10R	Plan # M1234	Municipality TORONTO	Occupancy OWNER OCCUPIED	Rental Income N/A
Civic Address (if different from Present Address) SAME AS ABOVE				Lot size 6.85 M X 34 M

PROPERTY TYPE AND CONSTRUCTION

Date Acquired (MM/DD/YYYY) 02/01/2009	Purchase Price 450,000	Down Payment 50,000	Present Value 506,000	Annual Taxes 2,307.12
--	---------------------------	------------------------	--------------------------	--------------------------

Detached Duplex Triplex Semi Condo (Mtc Fee: \$ _____) Townhouse Other

Age of Bldg:
10-19 ~~YEARS~~ Construction:
BRICK Storeys:
2 # of Bedrooms:
3

Zoning:
RESIDENTIAL Garage:
~~SHED~~ Heating:
FORCED AIR GAS

Property Extras (Describe)

Remodelled kitchen and finished ba

In the MLS the age was 6-15 years, but that
was 4 years ago (as of the MLS contract
date). Now it would be 10-19.

Rank	Current Balance	Rate (%)	(P & I)	Interest Rate Type	Renewal Date	To Remain?
1 st Mtg	379,691.92 (as of Feb 1, 2012)	6.89	\$2,774.55	REMIC's Savings and Loan	February 1, 2012	NO
2 nd Mtg						

EMPLOYMENT INFORMATION

APPLICANT'S EMPLOYER'S NAME: NO T & J MANUFACTURING		<input type="checkbox"/> SELF-EMPLOYED?	TEL: 416-555-1212 FAX: 416-555-2121
POSITION: ASSEMBLY LINE OPERATOR	No. of Years: 7 years		
ADDRESS: 1234 JOHN STREET, TORONTO, ON, M4M 4M4			
INCOME: 75,500 / YEAR			
APPLICANT'S EMPLOYER'S NAME: NO UPTOWN ACCOUNTING LLP		<input type="checkbox"/> SELF-EMPLOYED?	TEL: 416-555-9998 FAX: 416-555-9997
POSITION: ACCOUNTANT	No. of Years: 7 years, 10 mos		
ADDRESS: 1105A KING STREET, TORONTO, ON, M4M 1B1			This means is the debt staying after we get them their new mortgage?
INCOME: 82,000 / YEAR			
OTHER INCOME (SPECIFY SOURCE AND AMOUNT) No			

ASSETS AND LIABILITIES

ASSET TYPE	AMOUNT	LIABILITY TYPE	AMOUNT	PAYMENT	TO REMAIN?
2010 Ford Focus	13,000.00	TD VISA	6,200.00	186.00	NO
RRSP	26,000.00	BMO M/C	8,500.00	255.00	NO
HOUSEHOLD GOODS	21,000.00	CIBC LOAN	1,260.00	420.00	NO
HOUSE	506,000.00	MORTGAGE	379,691.92	2,774.55	NO
BANK ACCOUNT	11,500.00	BNS VISA	0.00	0.00	Y / N
					Y / N
					Y / N
					Y / N
TOTALS	(A) 577,500.00		(B) \$395,651.92	NET WORTH (A-B)=\$181,848.08	

NOTES

Clients have remodelled their kitchen and finished their basement. Also include the explanation on the late payment here.

CONSENT

IN CONNECTION WITH MY APPLICATION FOR CREDIT, I/WE HEREBY AGREE TO YOU PROCURING ANY CREDIT OR OTHER REPORTS TO DETERMINE MY ABILITY TO OBTAIN MORTGAGE FINANCING AND SHARE THIS INFORMATION WITH OTHER CREDIT GRANTORS OR CONSUMER REPORTING AGENCIES. I/WE FURTHER AGREE THAT YOU MAY ASSIGN THIS APPLICATION TO THE LENDER OF YOUR CHOICE AND MAY DESIGNATE THE CLOSING LAWYER. I/WE ACKNOWLEDGE THAT YOU MAY RECEIVE A FINDERS FEE FROM THE LENDER. I/WE FURTHER STATE THAT THE INFORMATION CONTAINED IN THIS APPLICATION IS ACCURATE TO THE BEST OF MY/OUR KNOWLEDGE. I/WE AUTHORIZE YOU TO USE THE INFORMATION CONTAINED WITHIN THIS APPLICATION AND AS OBTAINED THROUGH THIS TRANSACTION TO PROVIDE ME/US WITH INFORMATION THAT YOU BELIEVE MAY BE OF INTEREST TO US IN THE FUTURE.

DATE: _____

APPLICANT'S SIGNATURE: _____

DATE: _____

CO-APPLICANT'S SIGNATURE: _____

Section Two: Short Answer Questions

1. What question(s) should you ask this couple regarding their previous credit?
Why do they have late payments on the BMO MC? (found in the credit report, Trade Information Section)
2. When was their credit report first opened?
01/05/97 (found in the credit report, SINCE)
3. Who has a higher credit score?
Susan Adams does at 791 (found in the credit report, RISK SCORE)
4. When did they first get their TD Visa Card?
12/1997 (found in the credit report, TRADE INFORMATION SECTION, TD Visa, OPND)
5. Who has more credit?
Susan Adams. All other accounts are joint while Susan also has a BNS Visa. (found in the credit report, TRADE INFORMATION SECTION)
6. What do the following mean? (found in Chapter 14: Application Analysis – Borrower Credit, Equifax Credit Report Legend)
 - a) **MR** Months Reviewed – the number of months that the creditor has reviewed the account
 - b) **DLA** Date of Last Activity
 - c) **RPTD** Reported
7. What two documents does the MBLAA require you to leave with your clients once they sign the Borrower Disclosure? (found in Chapter 18: Borrower Disclosure, section 18.5 Borrower Disclosure – How disclosure must be made)
 1. Borrower Disclosure
 2. Amortization Schedule
8. You have just learned that this couple has two children, one a 6 year old daughter and the other a three year old son. Will this have any impact or effect on this application being approved by the Lender? Why or why not?
No. Expenses associated with children are not included in the GDS or TDS. (found in Chapter 13: Application Analysis – Application Ratios, section 13.2 Gross Debt Service (GDS) and Total Debt Service (TDS), TDS: Included and excluded items)
9. What is the amount of the finder's fee, in dollars, that SuperBank will pay? (found in Chapter 1: Market Overview, section 1.2 A Career as a Mortgage Agent)
Convert .85% to its decimal equivalent: $.85 / 100 = .0085$
 $.0085 \times 400,000 = \$3,400.00$
10. In whose name does the Lender make the finder's fee cheque payable? (found in Chapter 6: Transaction Overview, section 6.3 The Steps in a Brokered Transaction, 18. Receiving Commissions)
Sample Mortgages Inc.
11. Were the property taxes included in the REMIC's Savings and Loan mortgage payment or did the borrowers pay it themselves?
It was included in the mortgage payment (found in the Mortgage Statement, Tax Account Summary)

12. Does SuperBank require the borrowers to pay their own property taxes or will they be included in their mortgage payment?

Included in the mortgage payment (found in the commitment letter, Payment section)

13. Does SuperBank require Title Insurance on this mortgage?

Yes (found in the commitment letter, Schedule A, Conditions)

14. Is SuperBank's mortgage fully open, partially open or closed?

Partially open (found in the commitment letter, Schedule A, Prepayment Policies)

15. What are the prepayment privileges of SuperBank's mortgage?

20% per year (found in the commitment letter, Schedule A, Prepayment Policies)

Section Three: Borrower Disclosure

1. The Borrower Disclosure requires that all costs associated with the mortgage be disclosed. a) What are the exact costs that must be disclosed in this particular transaction?

1. Lender's Legal Fees: \$1,250.00 (found in the lender's commitment, Administration and Service Fees)
2. Lender's Fee: \$550 (found in the lender's commitment, Administration and Service Fees)
3. Appraisal fee: \$435 (found in the Case Study, Scenario and Supporting Documents)
4. Title insurance fee: \$450 (required as per lender's commitment, Schedule A, Conditions. The amount is found in the Case Study, Scenario and Supporting Documents)

b) How does the cost of borrowing have to be disclosed (i.e. dollars and cents, a percentage, etc.)? The cost of borrowing must be disclosed in both dollars and cents and as a percentage. Refer to Chapter 18: Borrower Disclosure, Pause for clarification – The cost of borrowing: dollars and cents.

2. Describe the specific risks that must be disclosed to the borrower with regards to **this** mortgage. (found in Chapter 18: Borrower Disclosure, section 18.2 Borrower Disclosure – What must be disclosed, 6. Risks associated with the proposed mortgage)

a) **This is a partially open mortgage.**

The commitment calls this an "open" mortgage but when looking at the prepayment policies you can see that it is partially open. Therefore the risk is that upon early prepayment there will be a penalty. The IRD may be so large that it may not be financially worthwhile to refinance the mortgage during the term, or pay it off completely, even if possible.

b) **This is an extended amortization of 30 years**

By having an extended amortization the borrower will pay more in interest during the term of this mortgage and may pay substantially more in interest if the borrower does not lower the amortization upon renewal.

c) **NSF Fee**

If the borrower fails to have funds to make a payment and the payment is returned NSF, the fee is \$150

d) **Standard Charge Terms**

The borrower must abide by the Standard Charge Terms. Failure to meet the requirements of this document may result in penalties imposed by the lender. The borrower should ask their lawyer at closing to explain in detail the responsibilities contained in this document.

e) All mortgages carry risk

Because this is a debt secured by your property, any failure to meet the obligations of this debt, including making payments and abiding by the standard charge terms may result in significant financial loss as well as the loss of your property.

3. How long before this mortgage transaction closes must the Borrower Disclosure document be provided to the borrower?
At least 2 business days before closing unless waived by the borrower in writing (found in Chapter 18: Borrower Disclosure, section 18.6 Borrower Disclosure – When disclosure must be made)
4. If the borrower decides to cancel the application after signing the Borrower Disclosure document, how much will the borrower owe you?
Nothing because the Borrower Disclosure is not a contract, only disclosure. The borrower is not legally bound by anything in this document. (found in Chapter 18: Borrower Disclosure, section 18.2 Borrower Disclosure – What must be disclosed, Pause for clarification – Borrower disclosure is NOT a contract)
5. You are at the point in the borrower disclosure where you are explaining the cost of borrowing. How would you explain it? (found in Chapter 18: Borrower Disclosure, section 18.3 Cost of Borrowing – Expanded explanation)
Anything similar to, “When the total cost of borrowing is expressed as a percentage this means the total of all costs, payable up front or over the term of the mortgage, combined with the rate of interest being charged during the term, expressed as a percentage. When the total cost of borrowing is expressed in dollars and cents this means the total of all costs, payable over the term of the mortgage, expressed in dollars and cents.”
6. Is the NSF included in the cost of borrowing? Explain your answer.
No, the NSF (non-sufficient funds) is a fee that would be charged if the borrower’s mortgage payment is returned as NSF. Therefore this is not a payment that is made to obtain the mortgage. (found in Chapter 18: Borrower Disclosure, section 18.3 Cost of Borrowing – Expanded Explanation, Cost of Borrowing – Included and excluded costs)
7. Must the prepayment privileges disclosed in the Borrower Disclosure document? Explain your answer.
Yes (found in Chapter 18: Borrower Disclosure, section 18.2 Borrower Disclosure – What must be disclosed, 7. Terms and conditions of the proposed mortgage)
8. Does the number of lenders that your brokerage represented last year have to be disclosed? Explain your answer.
Yes (found in Chapter 18: Borrower Disclosure, section 18.2 Borrower Disclosure – What must be disclosed, 4. The number of lenders the brokerage represented during the previous year)
9. Does the Investor/Lender disclosure have to be completed in this transaction? Explain your answer.
No, because the lender is an institution (found in Chapter 17: Submitting the Application and Obtaining a Commitment, section 17.2 Investor/Lender Disclosure)
10. Do the conditions as listed in the commitment letter have to be included in the Borrower Disclosure document?
Explain your answer.
Yes (found in Chapter 18: Borrower Disclosure, section 18.2 Borrower Disclosure – What must be disclosed, 7. Terms and conditions of the proposed mortgage)

Section Four: Financial Calculations

PLEASE NOTE: ALL CALCULATIONS MUST BE BASED ON THE MORTGAGE APPROVAL

1. LTV. Based on SuperBank's approval, what is the total LTV of this proposed mortgage? (found in Chapter 13: Application Analysis – Application Ratios, Calculating the LTV of a 1st Mortgage)

$$LTV = (\text{Mortgage amount} / \text{Property value}) \times 100$$

$$LTV = (400,000 / 506,000) \times 100 = .790513834$$

$$LTV = 79.0513834\%$$

2. GDS Calculation. Based on SuperBank's approval and the clients' income, what is their GDS? (found in Chapter 13: Application Analysis – Application Ratios, section 13.2 Gross Debt Service (GDS) and Total Debt Service (TDS) Ratios, Calculating the Gross Debt Service Ratio (GDS))

$$GDS = [(\text{PITH} + \frac{1}{2} \text{ Condo Maintenance fee}) / \text{Gross Income}] \times 100$$

$$GDS = [(2,134.77 \times 12 \text{ MTG PAYMENT}) + (100 \times 12 \text{ HEAT}) + 2,307.12 \text{ TAXES}] / 157,500 \times 100$$

$$GDS = [(25,617.24 + 1,200 + 2,307.12) / 157,500] \times 100$$

$$GDS = [29,124.36 / 157,500] \times 100$$

$$GDS = 0.18491657142857 \times 100$$

Now we multiply the answer by 100 to convert the decimal to a percentage.

$$0.18491657142857 \times 100 = 18.491657142857$$

Now we round the number **off** to 18.49

3. TDS Calculation. Based on SuperBank's approval and the clients' income, what is their TDS? (found in Chapter 13: Application Analysis – Application Ratios, section 13.2 Gross Debt Service (GDS) and Total Debt Service (TDS) Ratios, Calculating the Total Debt Service Ratio (TDS): Verifying)

$$TDS = [(\text{PITH} + \frac{1}{2} \text{ Condo Maintenance fee} + \text{Other Debts}) / \text{Income}] \times 100$$

$$GDS = [(2,134.77 \times 12 \text{ MTG PAYMENT}) + (100 \times 12 \text{ HEAT}) + 2,307.12 \text{ TAXES}] / 157,500 \times 100$$

$$TDS = [(25,617.24 + 1,200 + 2,307.12) / 157,500] \times 100$$

$$TDS = [29,124.36 / 157,500] \times 100$$

$$TDS = 0.18491657142857 \times 100$$

Now we multiply the answer by 100 to convert the decimal to a percentage.

$$0.18491657142857 \times 100 = 18.491657142857$$

Now we round the number **off** to 18.49

The debts are NOT included in the TDS because they are being paid off. This is a debt



Started on Sunday, 2 February 2020, 2:43 PM

State Finished

Completed on Sunday, 2 February 2020, 3:17 PM

Time taken 33 mins 20 secs

Marks 24/24

Grade 25 out of 25 (100%)

Feedback Excellent work!

Question 1

Correct

Mark 1 out of 1

Flag question

ABC Lender Inc. Product Sheet

Purpose	95% - Purchase 90% - Refinance
Terms	3 and 5 year fixed
Mortgage Amounts	Minimum \$50,000 Maximum \$600,000 (\$700,000 in GTA)
Rate Hold / Rate Drop	45 days, one time rate drop 7 days prior to closing
Amortization	25, 30 and 35 years

Prepayment Options	Up to 20% prepayment annually + 20% increase in interest per year
Payout Options	Greater of 3 months or the Interest Rate Differential if greater

Lender's Fees	2% added to the mortgage
Property Requirements	Owner Occupied only Single family up to a four-plex

Have questions?
Ask me anything!



	High- rise condominiums Hobby farms and rural properties on exception basis
Location	Within 25km radius of population of 25k Within 30km radius of population of 30k
Appraisal	Required on all applications. Broker may order using ABC's approved list of appraisers only. Appraisal cost to be paid by Borrower
GDS/TDS	No GDS, TDS 50%
Credit	Good credit, minimum 2 years history, no major derogatories, bankruptcy allowed over 2 years discharged
Beacon Score	80% LTV or less: 585 + 80.1 to 95% LTV: 650 +
Income/Employment	Stated Income Must meet TDS ratio. Self-Employed: Must prove self-employment via NOA, business license, or Articles of Incorporation, etc. Income will not be verified. Employed: Letter of employment, excluding salary
	Full Doc Self-employed: Based on last 2 years average income verified by most recent financial statements and most recent NOAs Employed: Must provide full income verification by means of job letter, T4s, NOAs, etc for past 2 years.
Down Payment	Verification required. Must show 1.5% of purchase price for closing costs in bank account no later than 7 business days before closing
Payment frequency	Monthly, weekly, bi-weekly
Property Taxes	Included in mortgage payment
Portable	Yes
Assumable	Yes – with approval

Have questions?
Ask me anything!

Your client, who has a Beacon Score of 640, wishes to purchase a property valued at \$450,000 using a down payment of 10%. Assuming that your client meets all of the other Lender's guidelines, what statement would best reflect this scenario?

Select one:



- a. Your client must provide a down payment of at least \$22,500 to qualify
- b. Your client must provide a down payment of at least \$90,000 to qualify ✓
- c. Your client must have at least a 650 Beacon Score to qualify
- d. Your client qualifies based on this down payment and Beacon Score

[Check Answer](#)

The correct answer is: Your client must provide a down payment of at least \$90,000 to qualify

Correct

Marks for this submission: 1/1.

Question 2

Correct

Mark 1 out of 1

 Flag question

ABC Lender Inc. Product Sheet	
Purpose	95% - Purchase 90% - Refinance
Terms	3 and 5 year fixed
Mortgage Amounts	Minimum \$50,000 Maximum \$600,000 (\$700,000 in GTA)
Rate Hold / Rate Drop	45 days, one time rate drop 7 days prior to closing
Amortization	25, 30 and 35 years
Prepayment Options	Up to 20% prepayment annually + 20% increase in payments once per year
Payout Options	Greater of 3 months or the Interest Rate Differential, whichever is greater
Lender's Fees	2% added to the mortgage
Property Requirements	Owner Occupied only Single family up to a four-plex High- rise condominiums Hobby farms and rural properties on exception basis
Location	Within 25km radius of population of 25k Within 30km radius of population of 30k
Appraisal	Required on all applications. Broker may order using ABC's approved list of appraisers only. Appraisal cost to be paid by Borrower
GDS/TDS	No GDS, TDS 50%
Credit	Good credit, minimum 2 years history, no major derogatories, bankruptcy allowed over 2 years discharged
Beacon Score	80% LTV or less. 585 +

Have questions?
Ask me anything!



	80.1 to 95% LTV: 650 +
Income/Employment	<p>Stated Income Must meet TDS ratio. Self-Employed: Must prove self-employment via NOA, business license, or Articles of Incorporation, etc. Income will not be verified.</p> <p>Employed: Letter of employment, excluding salary</p>
	<p>Full Doc Self-employed: Based on last 2 years average income verified by most recent financial statements and most recent NOAs Employed: Must provide full income verification by means of job letter, T4s, NOAs, etc for past 2 years.</p>
Down Payment	Verification required. Must show 1.5% of purchase price for closing costs in bank account no later than 7 business days before closing
Payment frequency	Monthly, weekly, bi-weekly
Property Taxes	Included in mortgage payment
Portable	Yes
Assumable	Yes – with approval

Your client currently has a mortgage with an outstanding balance of \$350,000. This client wishes to refinance his home by increasing this mortgage to \$405,000. If the value of his home is appraised at \$425,000, and assuming that your client meets all of the other Lender's guidelines what statement would best reflect this scenario?

Select one:

- a. Your client qualifies based on this mortgage amount
- b. Your client would qualify for a maximum increase of \$53,750
- c. Your client would qualify for a maximum increase of \$32,500 ✓
- d. This lender does not offer refinancing

[Check Answer](#)

The correct answer is: Your client would qualify for a maximum increase of \$32,500

Correct

Marks for this submission: 1/1.

Have questions?
Ask me anything!



Correct

Mark 1 out of 1

 Flag question

Beacon Score		680+	650 – 679	620 – 649	600 – 619	580 – 599	540 - 579
Full Doc SFD Salaried/BFS 3 or 5 Year Term	LTV	Rate	Rate	Rate	Rate	Rate	Rate
	95.01 - 100%	7%	7.5%	7.8%	N/A	N/A	N/A
	90.01 - 95%	6.9%	7.4%	7.6%	N/A	N/A	N/A
	85.01 - 90%	6.8%	7.3%	7.5%	8.1%	N/A	N/A
	75.01 - 85%	6.7%	7.2%	7.4%	8%	8.8%	N/A
	60.01 - 75%	6.6%	7.1%	7.3%	7.9%	8.7%	9.1%
Stated Income SFD Salaried/BFS 3 or 5 Year Term	LTV	Rate	Rate	Rate	Rate	Rate	Rate
	90.01 - 95%	6.9%	7.4%	7.6%	N/A	N/A	N/A
	85.01 - 90%	6.8%	7.3%	7.5%	8.1%	N/A	N/A
	75.01 - 85%	6.7%	7.2%	7.4%	8%	8.8%	N/A
	60.01 - 75%	6.6%	7.1%	7.3%	7.9%	8.7%	9.1%
	60% or Less	6.5%	7%	7.2%	7.8%	8.6%	8.9%

Your client, who cannot prove her income, would like to obtain 90% LTV financing to purchase a single family dwelling. Her Beacon Score is 678 and she is requesting a 2 year term with a rate not exceeding 6.7%. Given this case study, what would you tell your client?

Select one:

- a. This Lender does not offer this requested product ✓
- b. She must increase her down payment to 15%
- c. She must have a Beacon Score of at least 680
- d. She does not qualify for the requested rate

Have questions?
Ask me anything!



[Check Answer](#)

The correct answer is: This Lender does not offer this requested product

Correct

Marks for this submission: 1/1.

Question 4

Correct

Mark 1 out of 1

 Flag question

Have questions?
Ask me anything!



ABC Lender Inc. Product Sheet	
Purpose	95% - Purchase 90% - Refinance
Terms	3 and 5 year fixed
Mortgage Amounts	Minimum \$50,000 Maximum \$600,000 (\$700,000 in GTA)
Rate Hold / Rate Drop	45 days, one time rate drop 7 days prior to closing
Amortization	25, 30 and 35 years
Prepayment Options	Up to 20% prepayment annually + 20% increase in payments once per year
Payout Options	Greater of 3 months or the Interest Rate Differential, whichever is greater
Lender's Fees	2% added to the mortgage
Property Requirements	Owner Occupied only Single family up to a four-plex High- rise condominiums <u>Hobby farms and rural properties on exception basis</u>
Location	Within 25km radius of population of 25k Within 30km radius of population of 30k
Appraisal	Required on all applications. Broker may order using ABC's approved list of appraisers only. Appraisal cost to be paid by Borrower
GDS/TDS	No GDS, TDS 50%
Credit	Good credit, minimum 2 years history, no major derogatories, bankruptcy allowed over 2 years discharged
Beacon Score	80% LTV or less: 585 + 80.1 to 95% LTV: 650 +
Income/Employment	<p>Stated Income Must meet TDS ratio. Self-Employed: Must prove self-employment via NOA, business license, or Articles of Incorporation, etc. Income will not be verified.</p> <p>Employed: Letter of employment, excluding salary</p> <p>Full Doc Self-employed: Based on last 2 years average income verified by most recent financial statements and most recent NOAs Employed: Must provide full income verification by means of job letter, T4s, NOAs, etc for past 2 years.</p>
Down Payment	Verification required. Must show 1.5% of purchase price for closing costs in bank account no later than 7 business days before closing
Payment frequency	Monthly, weekly, bi-weekly
Property Taxes	Included in mortgage payment
Portable	Yes
Assumable	Yes – with approval

Your client wishes to obtain a mortgage in the amount of \$250,500. Given this Lender's program and assuming that your client meets all of the other Lender's guidelines, what statement would best reflect this scenario?

Have questions?
Ask me anything!



Select one:

- a. Your client must pay a Lender's fee of \$5,000 from his own funds on closing
- b. Your client must pay a Lender's fee of \$5,010 from his own funds on closing
- c. Your client must pay a Lender's fee which may be included in the mortgage ✓
- d. Your client need not pay a Lender's fee if his Beacon Score is over 650

[Check Answer](#)

The correct answer is: Your client must pay a Lender's fee which may be included in the mortgage

Correct

Marks for this submission: 1/1.

Question 5

Correct

Mark 1 out of 1

 [Flag question](#)

Have questions?
Ask me anything!



Beacon Score		680+	650 – 679	620 – 649	600 – 619	580 – 599	540 – 579
Full Doc SFD Salaried/BFS 3 or 5 Year Term	LTV	Rate	Rate	Rate	Rate	Rate	Rate
	95.01 - 100%	7%	7.5%	7.8%	N/A	N/A	N/A
	90.01 - 95%	6.9%	7.4%	7.6%	N/A	N/A	N/A
	85.01 - 90%	6.8%	7.3%	7.5%	8.1%	N/A	N/A
	75.01 - 85%	6.7%	7.2%	7.4%	8%	8.8%	N/A
	60.01 - 75%	6.6%	7.1%	7.3%	7.9%	8.7%	9.1%
	60% or Less	6.5%	7%	7.2%	7.8%	8.6%	8.9%
Stated Income SFD Salaried/BFS 3 or 5 Year Term	LTV	Rate	Rate	Rate	Rate	Rate	Rate
	90.01 - 95%	6.9%	7.4%	7.6%	N/A	N/A	N/A
	85.01 - 90%	6.8%	7.3%	7.5%	8.1%	N/A	N/A
	75.01 - 85%	6.7%	7.2%	7.4%	8%	8.8%	N/A
	60.01 - 75%	6.6%	7.1%	7.3%	7.9%	8.7%	9.1%
	60% or Less	6.5%	7%	7.2%	7.8%	8.6%	8.9%

Your client would like to refinance his home by increasing his current mortgage to \$285,700. Since his home is appraised at \$336,000 and his Beacon Score is 632, he would qualify for:

Select one:

- a. A rate of 7.5% because of the loan to value and Beacon Score ✓
- b. A rate of 7.3% because of the loan to value and Beacon Score
- c. A rate of 7.2% because of the loan to value and Beacon Score
- d. It depends, since you do not know if this is Stated or Full Doc

Have questions?
Ask me anything!



[Check Answer](#)

The correct answer is: A rate of 7.5% because of the loan to value and Beacon Score

Correct

Marks for this submission: 1/1.

Question 6

Correct

Mark 1 out of 1

 Flag question

Have questions?
Ask me anything!



Beacon Score		680+	650 – 679	620 – 649	600 – 619	580 – 599	540 - 579
Full Doc SFD Salaried/BFS 3 or 5 Year Term	LTV	Rate	Rate	Rate	Rate	Rate	Rate
	95.01 - 100%	7%	7.5%	7.8%	N/A	N/A	N/A
	90.01 - 95%	6.9%	7.4%	7.6%	N/A	N/A	N/A
	85.01 - 90%	6.8%	7.3%	7.5%	8.1%	N/A	N/A
	75.01 - 85%	6.7%	7.2%	7.4%	8%	8.8%	N/A
	60.01 - 75%	6.6%	7.1%	7.3%	7.9%	8.7%	9.1%
	60% or Less	6.5%	7%	7.2%	7.8%	8.6%	8.9%
Stated Income SFD Salaried/BFS 3 or 5 Year Term	LTV	Rate	Rate	Rate	Rate	Rate	Rate
	90.01 - 95%	6.9%	7.4%	7.6%	N/A	N/A	N/A
	85.01 - 90%	6.8%	7.3%	7.5%	8.1%	N/A	N/A
	75.01 - 85%	6.7%	7.2%	7.4%	8%	8.8%	N/A
	60.01 - 75%	6.6%	7.1%	7.3%	7.9%	8.7%	9.1%
	60% or Less	6.5%	7%	7.2%	7.8%	8.6%	8.9%

Your client has come to you requesting a mortgage in the amount of \$157,500 and is providing you with an appraisal that is acceptable to your Lender showing an appraised value of \$350,000. Given this case study, which one of the following statements is most correct?

Select one:

- a. You must find another Lender as this Lender has a minimum LTV of 60%
- b. You must contact the Lender to determine the rate as the chart has a minimum LTV of 60%
- c. The rate will be based on whether this is a Full Doc or Stated Doc application
- d. The rate will be based on your client's current Beacon Score ✓

Have questions?
Ask me anything!



[Check Answer](#)

The correct answer is: The rate will be based on your client's current Beacon Score

Correct

Marks for this submission: 1/1.

Question 7

Correct

Mark 1 out of 1

 Flag question

TRADE INFORMATION SECTION

BUS/ID CODE	RPTD	OPND	H/C	TRMS	BAL	P/D	RT	30/60/90	MR	DLA
STAPLES (555) 555-2345 J 650DC16	04/2008	01/1997	3540	78	2850	156	R1	00/00/00	136	04/2008

Given this case study, which one of the following statements would be most correct?

Select one:

- a. The number recorded in the MR section is incorrect
- b. The amount recorded in the P/D section is incorrect ✓
- c. The date recorded in the DLA section is incorrect
- d. The date recorded in the OPND section is incorrect

[Check Answer](#)

Answer: B

Since the 30/60/90 shows no months in arrears and this is rated as an R1 there can be no arrears so the P/D read zero.

A is correct while c and d may be incorrect however there is not enough information in the case study to make that decision.

The correct answer is: The amount recorded in the P/D section is incorrect

Correct

Have questions?
Ask me anything!



Marks for this submission: 1/1.

Question 8

Correct

Mark 1 out of 1

 Flag question

Brad and Angelina are applying for a mortgage with you, their local Mortgage Agent, to purchase a new home. After reviewing their application you have decided that they do not qualify for an institutional lender and therefore you are going to submit their application to a private lender. In submitting this application to the private lender using the proper disclosure, which one of the following statements best accurately reflects information that must be disclosed to the investor?

Select one:

- a. If you are charging Brad and Angelina a fee ✓
- b. If a realtor is charging them a fee
- c. If they are paying for title insurance
- d. If they are paying for a new survey

[Check Answer](#)

Answer: A

Only fees payable by the borrowers to obtain the mortgage must be disclosed.

B is not applicable.

C and d are not applicable since they are not required by the investor and therefore not required to be paid to obtain the mortgage.

The correct answer is: If you are charging Brad and Angelina a fee

Correct

Marks for this submission: 1/1.

Question 9

Correct

Mark 1 out of 1

 Flag question

You are arranging a mortgage for your client and the lender has given you the option to offer her client a rate of 6.2% or a rate of 70 Bps. In which case the lender will pay a finder's fee of \$1000. Given this information, which one of the following statements regarding disclosing this information, as legislated by the MBLAA, is most accurate?

Select one:

Have questions?
Ask me anything!



- a. You must provide written disclosure and the borrower must reply in writing. ✓
- b. You may provide either written or verbal disclosure and the borrower must reply in writing.
- c. You should disclose this information but it is not required by the *MBLAA*.
- d. You must provide written disclosure to the borrower and the borrower does not need to reply.

[Check Answer](#)

Answer: A

As of January 1, 2009, the brokerage must disclose to a borrower, lender or investor in the transaction any potential conflict of interest that the brokerage may have. This includes where the brokerage/broker/agent has sold the borrower a higher rate than the lender's lowest rate to obtain some benefit.

The correct answer is: You must provide written disclosure and the borrower must reply in writing.

Correct

Marks for this submission: 1/1.

Question 10

Correct

Mark 1 out of 1

 [Flag question](#)

When presenting the Investor/Lender disclosure to a prospective investor the Mortgage Agent is also required to provide him or her with:

Select one:

- a. An amortization schedule
- b. Proof of the value of the property ✓
- c. A Creditor Insurance Request or Waiver
- d. A PIPEDA consent form

[Check Answer](#)

Have questions?
Ask me anything!



The correct answer is: Proof of the value of the property

Correct

Marks for this submission: 1/1.

Question 11

Correct

Mark 1 out of 1

 Flag question

Pauline Navratalova has a variable rate mortgage with a 3 year term. 24 months into this term she decides that she would like to refinance this loan with another lender who is offering her a much lower rate. However her mortgage broker has told her that she cannot repay the mortgage unless she sells the house in an arm's length transaction. That is because this type of mortgage is a:

Select one:

- a. Constant payment mortgage
- b. Reverse mortgage
- c. Closed mortgage ✓
- d. Straight-line principal reduction mortgage

[Check Answer](#)

Answer: C

C is the correct answer as this type of mortgage does not allow for early repayment, even with a penalty unless the home is sold.

The correct answer is: Closed mortgage

Correct

Marks for this submission: 1/1.

Question 12

Correct

Mark 1 out of 1

 Flag question

A client has just submitted an online application to you. In the application he has listed his employer as Blue Landscaping LLC where he is employed as a Sales Manager earning an hourly rate. In addition, he works part-time as a bartender and earns tips, which he pays taxes on. You have decided that you will need these tips for him to qualify for the mortgage.

Given this scenario, what documentation will you request from him?

Have questions?
Ask me anything!



Select one:

- a. An Income tax return from the bar and NOA from Blue Landscaping
- b. A job letter from both Blue Landscaping and the bar showing salary

- c. T4As and T4s from both Blue Landscaping and the bar
- d. A T4 from the bar and a job letter from Blue Landscaping ✓

[Check Answer](#)

Answer: D

A has a tax return, which is not required since he is not self-employed, and it can be easily manipulated.

B does not show tips from the bar.

C states T4As (plural) which is not required from Blue Landscaping.

D provides the salary from Blue Landscaping and the T4 should show the tips from the bar.

The correct answer is: A T4 from the bar and a job letter from Blue Landscaping

Correct

Marks for this submission: 1/1.

Question 13

Correct

Mark 1 out of 1

 [Flag question](#)

Your mother has put an offer on a home built in 1973. She is asking you what documents she needs to get for you before you can arrange this mortgage for her. You have decided that the right mortgage for her is a high ratio mortgage insured by Genworth. However, before being able to fund this mortgage, the lender will require the:

Select one:

- a. MPAC Assessment
- b. Full appraisal completed by a CRA appraiser
- c. Full Appraisal completed by an AACI appraiser
- d. Completed Purchase and Sale Agreement ✓

[Check Answer](#)

Have questions?
Ask me anything!



Answer: D

D is the most correct answer. In a purchase the lawyer will obtain this document from the vendor.

A is typically not used by lenders to determine the lending value.

Both B and C are not required because as this is an insured mortgage Genworth will approve the value of the home without an appraisal. Even if Genworth required an appraisal it wouldn't be insisted upon that it be a full appraisal.

The correct answer is: Completed Purchase and Sale Agreement

Correct

Marks for this submission: 1/1.

Question 14

Correct

Mark 1 out of 1

 Flag question

Billy, a carpenter working for London Carpentry, has submitted an online application. He wants to pay off his several credit cards and a personal loan by getting a second mortgage. Out of the following list, what documentation will you ask him to give you?

Select one:

- a. Proof of home insurance ✓
- b. His credit bureau report
- c. Financial statements
- d. His purchase and sale agreement

Check Answer

Answer: A

A is most correct as lenders require proof that the home is insured.

B is not correct because the lender requires the mortgage agent to obtain the credit report directly from the credit bureau.

C is not correct as it doesn't appear that he is self-employed.

D is not correct as this is not a purchase.

The correct answer is: Proof of home insurance

Correct

Marks for this submission: 1/1.

Have questions?
Ask me anything!



Question 15

Correct

Mark 1 out of 1

 Flag question

You have taken an application from two sisters and after reviewing their credit reports, you have determined that they do not qualify. They will qualify, however, if their step-brother, Frank, acts as the guarantor. Based on this situation which one of the following statements is most correct?

Select one:

- a. Frank must complete his own separate application ✓
- b. Frank must be on title and sign the sisters' mortgage application
- c. Frank must be on title and complete his own mortgage application
- d. Frank must be included in the sisters' mortgage application

Check Answer

Answer: A

A is correct since the guarantor is required to sign his/her own application.

D is incorrect because Frank does not need to sign the applicant and co-applicant's application. B and C are incorrect because Frank does not have to be on title to guarantee the mortgage.

The correct answer is: Frank must complete his own separate application

Correct

Marks for this submission: 1/1.

Question 16

Correct

Mark 1 out of 1

 Flag question

A real estate agent has referred you a married couple who wish to purchase a home. After reviewing their application you have calculated that they need \$299,000. In reviewing the products in the market you are advising that they take weekly payments over a 3 year term at 3.89% compounded semi-annually with a 25 year amortization. You have calculated that the payment for this proposed mortgage is \$358.41. They have told you that they also have a car payment of \$525 per month, annual car insurance of \$3,000, an RRSP contribution of \$30 per month by payroll deduction, a weekly loan payment of \$65 and total monthly credit card payments of \$700. Their property taxes are \$2,800 per year. His annual income is \$52,500 and she earns 4,750 per month. Given this information, calculate their TDS? (Use \$75 per month for heat)

Select one:

- a. 39.64%
- b. 36.08%

Have questions?
Ask me anything!



c. 36.91% ✓

d. 23.82%

Check Answer

Answer: C

$$TDS = ((PITH + \text{Other debts}) / \text{Income}) \times 100$$

$$TDS = (((\text{Mortgage payment of } 358.41 \times 52) + (\text{Car payment of } 525 \times 12) + (\text{Loan payment of } 65 \times 52) + (\text{Credit card payment of } 700 \times 12) + \text{property taxes of } 2,800) + (\text{heat using industry standard of } 75 \times 12)) / (52,500 + (4,750 \times 12))) \times 100$$

$$TDS = (18,637.32 + 6,300 + 3,380 + 8,400 + 2,800 + 900) / (52,500 + 57,000) \times 100$$

$$TDS = (40,417.32 / 109,500) \times 100$$

$$TDS = 3.69107945E-1 \times 100$$

$$TDS = 36.91\%$$

A would be obtained if you added the car insurance.

B would be obtained if you didn't add heat.

D would be obtained if you used monthly mortgage payments

The correct answer is: 36.91%

Correct

Marks for this submission: 1/1.

Question 17

Correct

Mark 1 out of 1

 Flag question

You have arranged a mortgage for your clients that is providing them with a thirty year amortization. Do you have to include this in the risks section of the borrower disclosure document?

Select one:

- a. No, because there is no risk to having an extended amortization
- b. Yes, there is the risk that they'll pay more interest compared to a 25 year amortization ✓
- c. Yes, because their payments will be larger since they will be paying more interest
- d. No, because it must be included in the conflicts of interest section

Have questions?
Ask me anything!



[Check Answer](#)

Answer: B

B is the correct answer. If the borrower keeps the amortization at 30 years for the rest of the mortgage he or she will pay more in interest when compared to a standard 25 year amortization.

The correct answer is: Yes, there is the risk that they'll pay more interest compared to a 25 year amortization

Correct

Marks for this submission: 1/1.

Question 18

Correct

Mark 1 out of 1

 Flag question

You are a private lender. A mortgage agent has asked you to lend \$50,000 on a second mortgage to his client. The mortgage agent has told you that you can charge up to 2% as a lender's fee because FSCO has put this limit on fees that can be charged. Based on this situation, which one of the following statements is most correct?

Select one:

- a. The maximum fee FSCO allows is 1.5%
- b. The maximum fee FSCO allows is 2.5%
- c. Fees are not set by FSCO or the *MBLAA* ✓
- d. Fees are set by the *MBLAA*, not FSCO

[Check Answer](#)

Answer: C

According to sections 20 – 23 of Regulation 188/08 a brokerage is not allowed make any form of representation that any fees or costs payable to the brokerage (in connection with carrying on the business of dealing or trading in mortgages or ~~any other instrument of transfer of land or interest in land~~) are set or approved by any government authority, unless they are in respect to disbursements to register or ~~any other instrument of transfer of land or interest in land~~ Land Titles Act or the Registry Act. Therefore answers A, B and D are all incorrect.

The correct answer is: Fees are not set by FSCO or the *MBLAA*

Correct

Marks for this submission: 1/1.

Have questions?
Ask me anything!



Question 19

Correct

Mark 1 out of 1

 Flag question

You are a new mortgage agent and need business cards. Your broker has told you that you can have your own cards printed however you like, but they must comply with the *MBLAA*. To comply with this legislation, which of the following must be included in your business card?

Select one:

- a. Your FSCO license number
- b. Your brokerage's name and address
- c. Your brokerage's license number ✓
- d. Your complete mailing address

Check Answer

The correct answer is: Your brokerage's license number

Correct

Marks for this submission: 1/1.

Question 20

Correct

Mark 1 out of 1

 Flag question

Your client, Stephanie, wishes to switch her mortgage to a new lender when her current term expires. In taking her application you have discovered that her mortgage will be paid off in ten years. You have found one lender who will pay you a commission of 120 bps if your client takes a 10 year term, because this lender charges a higher interest rate on this type of product. Given this scenario, which one of the following statements is most correct? If Stephanie wants this product you:

Select one:

- a. **Must** disclose the higher commission, in writing ✓
- b. **Do not have to** disclose the higher commission
- c. **Can, but don't have to** disclose the higher commission
- d. **Should** disclose the higher commission in writing

Check Answer

Have questions?
Ask me anything!



Answer: A

A is the correct answer because this is a potential conflict of interest. This means that you may be offering this product to Stephanie simply because you are earning a higher commission. The MBLAA states that all potential conflicts of interest must be disclosed in writing.

B, c and d are incorrect because they give you an option of not disclosing this, and it must be disclosed in writing so b, c and d are not correct options.

The correct answer is: **Must** disclose the higher commission, in writing

Correct

Marks for this submission: 1/1.

Question 21

Correct

Mark 1 out of 1

 Flag question

You are a private lender and you've lent \$50,000 as a second mortgage to a borrower. This borrower has defaulted on his last three payments and you now want to begin the power of sale process. Given this scenario which of the following options can the borrower use?

Select one:

- a. He must pay you the full amount of the mortgage that he owes you
- b. He can pay you the arrears plus costs and then you must stop the power of sale ✓
- c. Even if he pays you the arrears plus costs you can proceed with the power of sale
- d. He must pay you the full amount of the mortgage because it is over two months late

[Check Answer](#)

Answer: B

B is the correct answer since in Ontario, even if the lender demands the full amount, the borrower can bring the mortgage into good standing by paying the arrears and lender's costs as long as the mortgage is not up for renewal.

A is incorrect because he does not have to do this. He can use option b.

C is incorrect because if he pays this amount you must stop the power of sale.

The correct answer is: He can pay you the arrears plus costs and then you must stop the power of sale

Correct

Marks for this submission: 1/1.

Have questions?
Ask me anything!



Question 22

Your Mortgages Inc.

Source: Elver

Correct

Mark 1 out of 1

Flag question

YOUR MORTGAGES INC.

2175 Sheppard Avenue East, Suite 213
 Toronto, ON, M2J1W8
 Tel: (416) 555-1212

Mortgage Application Form

APPLICANT(S)

Name of Applicant in Full Carmello Banfield	DOB (MM/DD/YYYY) 03/22/1970	SIN 555-121-121
Contact Information Tel: 416-555-9999 Cel: 647-555-1212 Email: c.banfield@gmail.com		
Name of Co-Applicant in Full Stella Banfield	DOB (MM/DD/YYYY) 10/21/1976	SIN 666-555-121
Contact Information Tel: 416-555-9999 Cel: 647-555-2121 Email: stella.banfield@gmail.com		
Present Address 5678 Renter Boulevard, Toronto, ON, M1S 1N1	No of Years 6	
Previous Address	No. of Years	

DETAILS OF MORTGAGE REQUEST

Purpose of Mortgage

Purchase a new home

Amount	Rate	Term	Frequency	Amortization	Date Required	Rank (1 st , 2 nd , 3 rd)
\$625,000	3.5%	5 Years	Monthly	25 years	August 20 th , 2012	1st

PARTICULARS OF SECURITY

Lot # 99	Plan # W1234	Municipality Toronto	Occupancy Applicants	Rental Income \$N/A
Civic Address (if different from Present Address) 1234 Borrower Lane, Toronto, ON, M1S 1M1				Lot size 50ft. X 150 ft.

PROPERTY TYPE AND CONSTRUCTION

Date Acquired (MM/DD/YYYY)	Purchase Price \$500,000	Down Payment \$75,000	Present Value \$500,000	Annual Taxes \$3,200.00
-------------------------------	-----------------------------	--------------------------	----------------------------	----------------------------

Detached Duplex Triplex Semi Condo (Mtc Fee: \$ _____) To be built Other

Age of Building: 15 Years Construction: Brick Storeys: 2 # of Bedrooms: 3 Zoning: Residential
 Garage: Single - Attached Heating: Forced Air/Gas

Have questions?
 Ask me anything!

Property Extras (Describe)
 Finished Basement, central air, central vac, outdoor Jacuzzi

DETAILS OF EXISTING FINANCING



Rank	Current Balance	Rate (%)	Payment	Lender	Renewal Date	To Remain?
1 st Mtg	N/A	N/A	N/A	N/A	N/A	N/A
2 nd Mtg	N/A	N/A	N/A	N/A	N/A	N/A

EMPLOYMENT INFORMATION						
APPLICANT'S EMPLOYER'S NAME: Summersview Nursing Home POSITION: Nurse ADDRESS: 77A Ellingsworth Avenue, Toronto, ON INCOME: \$65,000 Per Year				<input type="checkbox"/> SELF-EMPLOYED?	TEL: 416-888-9999	FAX: 416-999-0000
CO-APPLICANT'S EMPLOYER'S NAME: Shady Retirement Home POSITION: Nurse ADDRESS: 6669 Dougay Street South, Toronto, ON INCOME: \$5,417 Per Month				<input type="checkbox"/> SELF-EMPLOYED?	TEL: 416-777-7890	FAX: 416-555-0000
OTHER INCOME (SPECIFY SOURCE AND AMOUNT) N/A						
ASSETS AND LIABILITIES						
ASSET TYPE	AMOUNT	LIABILITY TYPE	AMOUNT	PAYMENT	TO REMAIN?	
BANK ACCOUNT	\$ 50,000.00	MasterCard	\$ 8,500.00	\$ 255.00	Y	
2002 Hyundai Sonata	\$ 15,500.00		\$	\$		
Personal Effects	\$ 40,000.00		\$	\$		
RRSP	\$ 25,000.00		\$	\$		
	\$		\$	\$		
	\$		\$	\$		
OTHER:	\$		\$	\$		
	\$		\$	\$		
	\$		\$	\$		
TOTAL	\$130,500.00		\$8,500.00	\$255.00		
NET WORTH	ASSETS (\$130,500.00) – LIABILITIES (\$8,500.00) = NET WORTH \$122,000.00					
NOTES						

CONSENT

IN CONNECTION WITH MY APPLICATION FOR CREDIT, I/WE HEREBY AGREE TO YOU PROCURING AN REPORTS TO DETERMINE MY ABILITY TO OBTAIN MORTGAGE FINANCING AND SHARE THIS INFORMATION WITH CREDIT GRANTORS OR CONSUMER REPORTING AGENCIES. I/WE FURTHER AGREE THAT YOU MAY ASSIGN THIS APPLICATION TO THE LENDER OF YOUR CHOICE AND MAY DESIGNATE THE CLOSING LAWYER. I/WE ACKNOWLEDGE THAT YOU MAY RECEIVE A FINDERS FEE FROM THE LENDER. I/WE FURTHER STATE THAT THE INFORMATION CONTAINED IN THIS APPLICATION IS ACCURATE TO THE BEST OF MY/OUR KNOWLEDGE. I/WE AUTHORIZE YOU TO USE THE INFORMATION CONTAINED WITHIN THIS APPLICATION AND AS OBTAINED THROUGH THIS TRANSACTION TO PROVIDE ME/US WITH

Have questions?
Ask me anything!



CONTAINED WITHIN THIS AGREEMENT AND AS CONTAINED THROUGH THIS TRANSACTION TO PROVIDE YOU WITH INFORMATION THAT YOU BELIEVE MAY BE OF INTEREST TO US IN THE FUTURE.

DATE: January 10, 2012

APPLICANT'S SIGNATURE: *Bob Client*

DATE: January 10, 2012

CO-APPLICANT'S SIGNATURE: *Susan Client*

NM - BANFIELD, CARMELLO
CA - 5687 RENTER BOULEVARD, TORONTO, ON, M1S 1N1
FA - 56 NOWHERE STREET, TORONTO, ON, L1L 1L1
ID - BDS-03-22-1970, SSS-555-121-121,SSC-666-555-121
ES - NURSE, SUMMERSVIEW NURSING HOME

Equifax and Affiliate Bureaus - Refer Consumer inquiries to 1-800-465-7166

FN 00-0008095-07-265 UN 2060576929 01/10/2012

RISK SCORE : 632

ACCOUNT NOT PAID AS AGREED, PUBLIC RECORD, OR COLLECTION AGENCY FILING.
LENGTH OF TIME (OR UNKNOWN TIME) SINCE ACCT NOT PD AS AGREED OR NARR RPTD.
LENGTH OF TIME SINCE PUBLIC RECORD OR COLLECTION AGENCY FILING.
TOO FEW ACCOUNTS CURRENTLY PAID AS AGREED.

BANFIELD, CARMELLO, STELLA SINCE 04/23/1986 FAD 01/10/2012

5678 RENTER BOULEVARD, TORONTO, ON, M1S 1N1, RPTD 05/2007

56 NOWHERE STREET, TORONTO, ON, L1L 1L1, RPTD 09/2002

933, BEAUTIFUL RD, KELOWNA, BC C1C 1C1

BDS-03/22/1970, SSS-555-121-121

INQS-SUBJECT SHOWS 3 INQUIRIES SINCE 01/2008

03/11/2011	ROGERS VIDEO	(555) 111-1111
02/16/2011	TD CANADA TRUST	(555) 222-2222
02/10/2011	ROYAL BANK	(555) 333-3333
01/22/2010	FORD CREDIT	(555) 444-4444
01/12/2010	MBNA	(555) 555-5555

INQS - 36

ES - NURSE, SUMMERSVIEW NURSING HOME, TORONTO, ON, EMP 01/2004

EF - NURSE, ABC NURSING HOMES, KELOWNA, BC,EMP 12/85,VR 12/90, LEFT 01/2004

Have questions?
Ask me anything!



EC - NURSE, SHADY RETIREMENT HOME, TORONTO, ON, EMP 07/2001, VER 10/2003

SUMMARY 05/1986 - 08/2008, 4-PR/OI, FB-NO, TOTAL-3, HC\$3K-5K, 2-ONE, 1-TWO

PUBLIC RECORDS OR OTHER INFORMATION

03/95 BKRPT 472VF22, 456789 ABC ASSOCIATES, LIAB\$55000, ASSETS\$1500, SUBJECT, IND, DISCHARGED 12/95

09/1998 UP CL ACME COLLECTIONS, \$1260, CG, BRN-ANY CO., DLA-12/1997, BAL-\$0

04/2005 SECLN CENT REG TOR, FP CASE NO-WELLS FARGO 9 ELLIS AV TOR 3600, MATURE 04/2010

03/1998 ST JD TOR SM CL CT.\$255,DEF-PUBLIC, JOHN, Q , 1234, CITY OF TORONTO, SATISFIED 11/1998

TRADE INFORMATION SECTION

BUS/ID CODE	RPTD	OPND	H/C	TRMS	BAL	P/D	RT	30/60/90	MR	DLA
STAPLES (555) 555-2345 J 650DC16	01/2012	01/97	3540	78	2850	0	R1	00/00/00	132	01/2012
MBNA VISA (888) 555-5678 J6500N28	01/2012	04/2003	5000	71	2350	142	R3	04/02/01	60	01/2012
PREV HI RATES: R2 06/2011, R3 10/2011, R3 09/2011. AMOUNT IN H/C COLUMN IS CREDIT LIMIT										
CT MASTERCARD (555) 555-1212 J650AT12	01/2012	09/2007	2750	83	2750	0	R1	01/01/01	7	01/2012

BANKING INFORMATION SECTION

ROYAL BANK (888) 555-0000

09/208 CHKAC 601BB4559

1 NSF 2005

NARRATIVE RPTD 03/2006 PURGE 03/2012

** CONSUMER STATES JUDGEMENT WAS DUE TO A DISPUTE WITH THE CITY OVER A SNOW REMOVAL FINE**

SAFESCANNED &

Have questions?
Ask me anything!

One of the real estate agents who send you business has referred you two clients who are purchasing a home. You have met with the clients, Carmello and Stella Banfield, and have taken their application. You are now in the process of analyzing their credit report. While there may be other errors in this application, based on their application and credit report, which one of the following statements is most correct?



Select one:

- a. The employer appears to be incorrect on the credit report
- b. The income, but not employment is verified by the credit report
- c. The income and employment is not the same on both documents
- d. The current address appears to be incorrect on the credit report ✓

[Check Answer](#)

The correct answer is: The current address appears to be incorrect on the credit report

Correct

Marks for this submission: 1/1.

Question 23

Correct

Mark 1 out of 1

 [Flag question](#)

Select one:

- a. This document is not a valid contract because it lacks legal intent ✓
- b. This is a valid contract and John must pay the brokerage fee whether the mortgage funds or not
- c. This is a valid contract but John must only pay the brokerage fee if the mortgage funds
- d. This document is not a valid contract because you, the mortgage agent, did not sign it

[Check Answer](#)

Answer: A

A is the correct answer because the document lacks the intent to create a legally binding contract. This document is an application for a mortgage, not the mortgage contract. In addition, the MBLAA states that a borrower can't enter into the mortgage contract until the borrower disclosure document has been provided.

B and C are therefore incorrect because this is not a valid contract.

Have questions?
Ask me anything!



D is incorrect because even if you signed the application it is still not a contract because it lacks legal intent.

The correct answer is: This document is not a valid contract because it lacks legal intent

Correct

Marks for this submission: 1/1.

Question 24

Correct

Mark 1 out of 1

 Flag question

Candice, a realtor who refers you clients, has sent you a couple who wish to purchase a unit in a high rise condominium. Before meeting with these potential clients you need to tell them the documents that the lender will require before closing. Because this is a condominium, which of the following documents will a lender require?

Select one:

- a. A full appraisal
- b. The mortgage statement
- c. The condominium bylaws
- d. The status certificate 

[Check Answer](#)

Answer: D

D is correct because lenders require the status certificate for all condominium financing.

A is incorrect because there is nothing in this question that indicates an appraisal is required as this is a purchase.

B is incorrect because a mortgage statement would be available if this was a refinance, but it is a purchase.

C is incorrect because this is not a real document.

The correct answer is: The status certificate

Correct

Marks for this submission: 1/1.

Have questions?
Ask me anything!



[Finish review](#)

QUIZ NAVIGATION

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Have questions?
Ask me anything!



**Question 1**

Incorrect

Mark 1.00 out of
1.00

Flag question

Your uncle has come to you looking for a mortgage to buy a new house. In taking his application he has told you that he earns \$65,000 per year. He also has a truck payment of \$350 per month, credit card payments of \$310 per month, car insurance payments of \$180 per month and \$60 per week in GIC contributions. You have calculated his proposed weekly mortgage payment will be \$310, and the property taxes are \$2,800 per year, while the heat on his house will be \$75 per month. Given this scenario, which of the following is correct?

Select one:

- a. Your uncle's GDS is 30%
- b. Your uncle's GDS is 40%
- c. Your uncle's GDS is 41%
- d. Your uncle's GDS is 46%

Check Answer

Answer: A

$$\text{GDS} = (\text{PITH} / \text{Income}) \times 100$$

$$\text{GDS} = (((310 \times 52) + 2800 + (75 \times 12)) / 65,000) \times 100$$

$$\text{GDS} = ((16,120 + 2800 + 900) / 65,000) \times 100$$

$$\text{GDS} = (19,820 / 65,000) \times 100$$

$$\text{GDS} = .3049230769 \times 100$$

$$\text{GDS} = 30.49 \text{ or } 30\%$$

Incorrect

Marks for this submission: 0.00/1.00.

Have questions?
Ask me anything!



Question 2

Incorrect

Mark 1.00 out of
1.00 Flag question

You have taken an application on a new client and are now working out the numbers. Based on the application your client has a gross monthly income of \$4,750.00 and monthly expenses of:

- \$350 for car insurance
- a \$250 monthly Visa payment
- a monthly mortgage payment of \$1,355.49
- heating costs of \$75 per month
- an RRSP contribution of \$50 per week
- property insurance of \$65 per month
- annual property taxes of \$2,400
- life insurance payment of \$55 per month.

Your client thinks that his TDS ratio is 41%. Given this information which of the following statements is correct?

Select one:

- a. Your client is correct
- b. The TDS should be 38%
- c. The TDS should be 39% 
- d. The TDS should be 40%

Check Answer

Answer: D

The TDS takes into account all debts. The \$350 for car insurance, the RRSP contribution, property insurance and the life insurance payment are therefore not included.

$$\text{TDS} = ((\text{PITH} + \text{debts}) / \text{Income}) \times 100$$

$$\text{TDS} = (((250 \times 12) + (1,355.49 \times 12) + (75 \times 12) + 2,400) / (4,750 \times 12)) \times 100$$

$$\text{TDS} = ((3000 + 16,265.88 + 900 + 2,400) / 57,000) \times 100$$

$$\text{TDS} = (22565.88 / 57000) \times 100$$

$$\text{TDS} = 0.3958771 \times 100$$

$$\text{TDS} = 39.59 \text{ or } 40\% \text{ (the number is rounded up to 40 because after the decimal place the number is higher than 50)}$$

Incorrect

Marks for this submission: 0.00/1.00.

Have questions?
Ask me anything!



Question 3

Incorrect

Mark 1.00 out of
1.00 Flag question

You have just met with a new client and taken her application. In reviewing the credit report for your client you notice that she has a Beacon Score of 652 and a credit card which is currently rated as an R1 but which was rated as an R3 two months ago. Which of the following statements is **most** correct?

Select one:

- a. You should get a copy of the client's old credit card statement
- b. You should submit the application without any explanation to the lender
- c. You should provide an explanation for the lender in the notes section of the application
- d. Your client has good credit and therefore no explanation is necessary 

Check Answer

Answer: C

B is incorrect because the client was two months behind on her credit card payments only two months ago, the lender will need to know why. A is incorrect because the statement won't explain why the payments were missed. D is incorrect because the missed payments were so recent that regardless of the credit the lender will want an explanation.

Incorrect

Marks for this submission: 0.00/1.00.

Question 4

Incorrect

Mark 1.00 out of
1.00 Flag question

You are a mortgage agent and your client has stated that she wants to purchase an apartment building as well as refinance her house. She has asked you to arrange the financing for both of these properties. You have only ever brokered residential transactions in the past and are not sure how to proceed. Given this scenario, which is the best option to ensure that this transaction is completed in the best interests of the borrower?

Select one:

- a. You should refer the borrower to another residential agent
- b. You should refer the apartment building to a commercial broker and obtain a referral fee
- c. You should advise the borrower to use another broker 
- d. You should try the transaction on your own and ask for help if you run into trouble

Check Answer

Have questions?
Ask me anything!



Answer: B

Because you have never done a commercial transaction before you have no experience. As you learned in the course, commercial mortgages are very different from residential mortgages. It is therefore ***in the best interest of the client*** for you to refer the commercial mortgage to a commercial broker and obtain a referral fee.

Incorrect

Marks for this submission: 0.00/1.00.

Question 5

Incorrect

Mark 0.00 out of
1.00

 Flag question

Mark is designing a flyer to advertise his services as a mortgage agent. He is new to the mortgage industry but has a diploma in marketing. Based on this scenario, which of the following statements is most correct regarding the proof-reading of the flyer?

Select one:

- a. He should ask another broker to review the flyer 
- b. He must ask another agent to review the flyer
- c. He must have the flyer reviewed by his brokerage for compliance before publishing it
- d. He should ask for help but does not have to since he has a diploma in marketing

Check Answer

Answer: C

C is correct because all marketing materials must be approved by the brokerage before being published.

Incorrect

Marks for this submission: 0.00/1.00.

Question 6

Incorrect

Mark 1.00 out of
1.00

 Flag question

You are in a meeting with your client presenting the lender's commitment letter and the borrower disclosure document. Your client has asked you about the cost of borrowing. Which of the following statements best describes the cost of borrowing in a purchase transaction?

Select one:

- a. It is the total cost, expressed in dollars and as a percentage, payable by the borrower to obtain the mortgage financing
- b. It is the total cost, including all fees and costs payable in purchasing the house (such as land transfer tax) and obtaining the mortgage financing

Have questions?
Ask me anything!



- c. It is the total cost, in dollars, but not a percentage, payable by the borrower to obtain the mortgage financing X
- d. It is the total cost, not including any fees and costs payable to the lender in obtaining the mortgage financing

[Check Answer](#)

Answer: A

A is the correct answer as per the legislation, the *MBLAA*.

Incorrect

Marks for this submission: 0.00/1.00.

Question 7

Incorrect

Mark 1.00 out of
1.00

 Flag question

You have arranged a mortgage for your clients that is providing them with a cash back option and you are now in the process of preparing the borrower disclosure document for them to sign. In which section of the Borrower Disclosure must this be disclosed?

Select one:

- a. In the cost of borrowing.
- b. In the fees and costs payable section
- c. In the conflict of interest section X
- d. In the risks section

[Check Answer](#)

In the risks section is correct because there is a potential risk to the client if s/he wishes to pay the mortgage off early since there will be a portion of the cash back that has to be repaid. Refer to section 18.2.

Incorrect

Marks for this submission: 0.00/1.00.

Question 8

Incorrect

Mark 1.00 out of
1.00

You have arranged a secured line of credit for your client and are now preparing the borrower disclosure for her. Which of the following statements is most correct?

Select one:

Have questions?
Ask me anything!



 Flag question

- a. The interest rate in the disclosure must be the lender's 3 year fixed rate on the date of closing
- b. The interest rate in the disclosure must be the lender's 7 year fixed rate on the date of closing
- c. The interest rate in the disclosure must be the variable rate as of the date of signing the borrower disclosure
- d. The interest rate in the disclosure must be the lender's 10 year variable rate on the date of closing 

[Check Answer](#)

Answer: C

C is the correct answer because this is what the legislation, the *MBLAA*, says must be disclosed.

Incorrect

Marks for this submission: 0.00/1.00.

Question 9

Incorrect

Mark 1.00 out of
1.00

 Flag question

You have arranged a fixed rate mortgage for your client and are now preparing the borrower disclosure for him to sign. Given this scenario, which of the following statements is most correct?

Select one:

- a. You should, but don't have to include any prepayment privileges in the disclosure document
- b. You must include any prepayment privileges in the disclosure document
- c. Prepayment privileges aren't included in the disclosure document
- d. You should refer the client to the lender's Commitment and never include prepayment privileges in the borrower disclosure 

[Check Answer](#)

Answer: B

Prepayment privileges must be included in the disclosure, therefore B is correct while A, C and D are incorrect.

Incorrect

Marks for this submission: 0.00/1.00.

Have questions?
Ask me anything!



Question 10

Incorrect

Mark 0.00 out of
1.00 Flag question

If an agent is convicted of an offence under the *MBLAA* which of the following penalties could this agent face?

Select one:

- a. A \$100,000 fine and imprisonment of 1 year in jail 
- b. Up to a \$100,000 fine and imprisonment of 1 year in jail
- c. Up to a \$100,000 fine and imprisonment up to 1 year in jail
- d. The supervising broker, not the agent, is liable.

Check Answer

Answer: C

C is correct because this is the fine in the legislation, the *MBLAA*.

Incorrect

Marks for this submission: 0.00/1.00.

Question 11

Incorrect

Mark 1.00 out of
1.00 Flag question

When doing a mortgage to purchase a residential condominium you must obtain, in addition to the documentation required for a non-condominium unit:

Select one:

- a. A property tax statement
- b. A status certificate
- c. The charge 
- d. The Transfer/Deed

Check Answer

Answer: B

A is incorrect as it is required for both condominium and non-condominium units

C is incorrect because this is a purchase. There will not be a charge.

D is incorrect as it is required for both condominium and non-condominium units

Have questions?
Ask me anything!



Incorrect

Marks for this submission: 0.00/1.00.

Question 12

Incorrect

Mark 0.00 out of
1.00

 Flag question

Your client, Paul, who has poor credit, is applying with you to obtain a mortgage. Paul meets all of the other requirements for approval however his choices of lenders is limited based on his credit issues. One lender who is willing to approve this application has given you the choice of earning extra points if you sell the client a higher interest rate, or earning the standard points if you do not. The lender has told you that you may also use these points to lower the interest rate for a potential future client. This could be very beneficial to you if you have another client that you would like to take from your competition by offering him a lower rate than your competitor. Other mortgage agents have informed you that they have used this strategy in the past and have been able to get additional clients by charging some clients a higher rate to be able to offer other clients a much lower rate. Given this scenario, which of the following statements is most correct?

Select one:

- a. This is not in the client's best interests, therefore you should offer him the lowest rate possible from this lender
- b. Since the lender allows you to charge a higher rate there is nothing wrong with doing this, as long as you use the proceeds to benefit another client 
- c. Since the lender allows you to charge a higher rate and this is a standard practice, you should take the additional bps, even if you don't use them for another client in the future
- d. Since this is a standard practice, you should charge the higher rate and inform the client that he is getting a higher rate because of his poor credit

Check Answer

Answer: A

The main concern is to always do what is in the best interests of the client. In this case, A is the correct answer because you should be offering the client the lender's lowest rate.

Incorrect

Marks for this submission: 0.00/1.00.

Question 13

Incorrect

Mark 0.00 out of
1.00

Your client is purchasing a new home. Although the client has been approved by the lender based on the lender's requirements, you have asked the client to complete a budget detailing his income and expenses to determine if he can afford the proposed mortgage payment, given his current lifestyle. Upon reviewing the budget with him, you have determined that in fact he cannot afford this mortgage without making significant changes to his lifestyle. Given this scenario, which of the following statements is most correct?

Have questions?
Ask me anything!



 Flag question

Select one:

- a. You cannot complete this mortgage transaction based on these facts 
- b. You must inform the lender of your findings and allow the lender to make the decision
- c. You must advise your client that you cannot recommend that he take this mortgage without changes to his lifestyle
- d. You must assume that he will now alter his lifestyle to be able to afford the mortgage

[Check Answer](#)

Answer: C

A is incorrect because the client has been approved and it is ultimately his decision on how he handles his finances. B is not correct because the lender does not base its lending decision on this information. D is not correct because you have no way of knowing what the client will do. C is most correct because you have an obligation under the *MBLAA* to advise your client of risks associated with the proposed mortgage.

Incorrect

Marks for this submission: 0.00/1.00.

Question 14

Incorrect

Mark 0.00 out of
1.00

 Flag question

After completing your last transaction you must now prepare your file to submit to your brokerage for payment. You know that you must include the application and lender's commitment in your file, but out of the following list which other ones must be included?

Select one:

- a. All documents related to the mortgage, including all correspondence with all parties involved in the mortgage
- b. A copy of your agent's license 
- c. All correspondence with all parties to the mortgage
- d. Only the documents related to the mortgage, **not** including correspondence with all parties

[Check Answer](#)

Answer: A

A is the correct answer because the *MBLAA* requires that all documents related to the mortgage, including all correspondence with all parties involved in the mortgage be kept in the file.

Incorrect

Have questions?
Ask me anything!



Marks for this submission: 0.00/1.00.

Question 15

Incorrect

Mark 0.00 out of
1.00

 Flag question

Your clients would like to purchase a new home and are asking you for some information. They would like to know which of the following will not be used by a lender to qualify them. Given this scenario which of the following are not included?

Select one:

- a. Car insurance payments
- b. Car payments 
- c. Child support payments
- d. Alimony payments

Check Answer

Answer: A

Car insurance payments are not used in the TDS calculation.

Incorrect

Marks for this submission: 0.00/1.00.

Question 16

Incorrect

Mark 0.00 out of
1.00

 Flag question

You have recently taken an application from a couple who wish to purchase a home as their principal residence. Your investigation has determined that they have inflated their income by \$10,000 so that they will qualify for a mortgage. Given this scenario, the best classification of this type of fraud is that it is:

Select one:

- a. Fraud for profit 
- b. Fraud for shelter
- c. An air loan
- d. Value fraud

Check Answer

Have questions?
Ask me anything!



Answer: B

B is the correct answer because they wish to buy the property to live in. They have inflated their income so they will qualify for the mortgage, therefore this is fraud for shelter.

A is incorrect because there is no indication that they would be profiting from this purchase.

C is incorrect because an air loan is a loan on a non-existent property.

D is incorrect because value fraud is appraisal fraud, or fraud that inflates the value of the property, not the income.

Incorrect

Marks for this submission: 0.00/1.00.

Question 17

Incorrect

Mark 0.00 out of
1.00

 Flag question

Ethan is preparing the Borrower Disclosure for his client and is now calculating the cost of borrowing. Based on the following chart of costs associated with the mortgage, what is the figure that Ethan must use in this cost of borrowing calculation? Note that this chart may not include all costs associated with the mortgage, so you are basing your answer only on what is in this chart.

a. Legal fees for the mortgage:	\$1,250
b. Title insurance (required by lender):	\$475
c. CMHC premium:	\$6,088
d. Brokerage fee:	\$2,025
e. Lender fee:	\$3,000
f. Appraisal fee (required by lender):	\$425
g. NSF Fee during the term:	\$150
h. Creditor insurance:	\$75
i. Legal fees for purchase of the property:	\$975

Select one:

- a. \$7,175
- b. \$13,263 
- c. \$6,275
- d. \$8,375

Check Answer

Have questions?
Ask me anything!



"\$7,175" is correct because this is the sum of items a, b, d, e and f.

Refer to "Section 18.2 Completing the Borrower Disclosure Document, Cost of Borrowing/APR – Included and Excluded Items" for more details.

Incorrect answers

\$6,275 is incorrect because it does not include b and f.

\$8,375 is incorrect because it includes g, h and i.

\$13,263 is incorrect because it includes the CMHC fee.

Incorrect

Marks for this submission: 0.00/1.00.

Question 18

Incorrect

Mark 0.00 out of
1.00

 Flag question

One of the sections of the Investor/Lender Disclosure Statement:

Select one:

- a. Discloses the names of the lenders the brokerage represented during the previous year
- b. Describes the risks associated with a fixed rate mortgage
- c. Discloses the relationship between the investor and the lender X
- d. Cautions the lender that certain mortgages may carry additional risks

Check Answer

"Cautions the lender that certain mortgages may carry additional risks" is correct as per Form 1 – The Investor/Lender Disclosure for Brokered Transactions

Incorrect answers

"Describes the risks associated with a fixed rate mortgage", "Discloses the names of the lenders the brokerage represented during the previous year" are incorrect because this information is disclosed to the borrower, not the investor.

"Discloses the relationship between the investor and the lender" because the investor is the lender.

Relevant sections of the textbook

Section 18.2 Completing the Borrower Disclosure Document, What Must be Disclosed

Section 18.2 Completing the Borrower Disclosure Document, 4. The number of lenders the brokerage represented during the previous year

The number of lenders the brokerage represented during the previous year, 6. Risks associated with the proposed mortgage

Section 17.2 Investor/Lender Disclosure, The Investor/Lender Disclosure for Brokered Transactions, Section 1 – Caution, item 3

Have questions?
Ask me anything!



Incorrect

Marks for this submission: 0.00/1.00.

Question 19

Incorrect

Mark 0.00 out of
1.00

 Flag question

Jack borrowed \$700,500 from Lagoon Mortgage Lending Inc three years ago and took a ten year term. The mortgage now has an outstanding balance of \$650,000. If the lender allows an annual prepayment of 15% of the original balance, how much of a lump sum payment can Jack make this year?

Select one:

- a. \$105,075
- b. \$97,500 
- c. It depends if this mortgage is open or closed.
- d. \$105,000

[Check Answer](#)

\$105,075 is correct because $15\% \times \$700,500$ equals \$105,075

$$.15 \times 700,500 = 105,075$$

"It depends if this mortgage is open or closed" is incorrect because that applies to full repayment, not partial repayment or prepayment.

Incorrect

Marks for this submission: 0.00/1.00.

Question 20

Incorrect

Mark 0.00 out of
1.00

 Flag question

Maria needs a guarantor for her mortgage. How will the guarantor's income and debts be included in the borrower's GDS/TDS?

Select one:

- a. Only the debts will be included
- b. Neither will be included
- c. Only the income will be included
- d. They will both be included 

[Check Answer](#)

Have questions?
Ask me anything!



"Neither will be included" is the correct answer because a guarantor's income and debts are excluded from the borrower's GDS/TDS. A co-applicant would have his or her income/debts included.

Relevant sections of the textbook

Section 11.5 The Application Form, Pause for clarification – Co-applicants and guarantors

Incorrect

Marks for this submission: 0.00/1.00.

Question 21

Incorrect

Mark 0.00 out of
1.00

 Flag question

You are meeting with a client who wishes to refinance his current mortgage. One of the documents you must obtain from him is a copy of his current home owner's insurance policy. This is necessary because the new lender will require:

Select one:

- a. Proof there are no outstanding claims
- b. Proof that the home is in the borrower's legal name
- c. Proof that the insurance is with a reputable company 
- d. The lawyer, on closing, to add the new lender to the insurance policy

[Check Answer](#)

Answer: D

The lender requires that the lawyer add it to the insurance policy as first loss payee in case, for example, the house burns down. If that happens the lender must be paid back and will be by the insurance company. A and B are incorrect because this information cannot be obtained by looking at a copy of the policy. C is incorrect because the lender requires that insurance be in place. The lender cannot choose who the insurance company is; that is up to the borrower.

Incorrect

Marks for this submission: 0.00/1.00.

Question 22

Incorrect

Mark 0.00 out of
1.00

You are completing the cost of borrowing section of the Borrower Disclosure when you realize you don't know how much you are charging to complete the mortgage transaction. Which of the following can you do?

Have questions?
Ask me anything!



Select one:

- a. Use "TBD" or to be determined since you don't know yet 

 Flag question

- b. The amount is not included in the cost of borrowing
- c. Use an estimate
- d. You will always know the amount

[Check Answer](#)

"Use an estimate" is correct because Regulation 188/08 of the legislation requires an amount to be included in the cost of borrowing. If it is unknown an estimate must be used.

Relevant sections of the textbook

Section 18.2 Completing the Borrower Disclosure Document, 8. Estimated Costs

Incorrect

Marks for this submission: 0.00/1.00.

Question 23

Incorrect

Mark 0.00 out of
1.00

 Flag question

A client who owns a high rise condo has applied to you for a private mortgage and has provided an appraisal from a qualified appraiser. The client's condo is in a residential neighbourhood that has many recent sales of all property types. In reviewing the appraisal you have asked your real estate agent for some information on the values of recent sales. Your real estate agent has told you that of the most recent sales in the client's neighbourhood condos have gone up 5% while in the neighbourhood that the appraiser has used for his comparables condos have gone up 15%. Given this scenario which of the following statements is most correct?

Select one:

- a. The comparables are recent therefore they are acceptable
- b. It is likely that these comparables are being used to fraudulently create a higher valuation
- c. The comparables are recent and for condos therefore they are acceptable
- d. As long as the appraiser is appropriately licensed the valuation is always valid 

[Check Answer](#)

Have questions?
Ask me anything!



Correct Answer: "It is likely that these comparables are being used to fraudulently create a higher valuation"

This is correct because comparables must be recent *and* similar to the subject property, meaning from the same neighbourhood.

Relevant sections of the textbook

15.2 Calculating the Market Value of a Property, The Direct Comparison Approach

22.2 Types of Mortgage Fraud, Fraud for Profit, Value Fraud

Incorrect

Marks for this submission: 0.00/1.00.

Question 24

Incorrect

Mark 1.00 out of
1.00

 Flag question

Out of the following list, which statement is correct?

Select one:

- a. A lender's NSF fee is always included in the cost of borrowing
- b. The MLS must be included in the borrower disclosure 
- c. Prepayment penalties must be disclosed in the borrower disclosure
- d. The borrower's down payment is part of the cost of borrowing

Check Answer

Correct answer: "Prepayment penalties must be disclosed in the borrower disclosure"

Incorrect answers

"A lender's NSF fee is always included in the cost of borrowing" is incorrect because the NSF fee is a penalty charged during the term of the mortgage, not a cost of obtaining the mortgage.

"The borrower's down payment is part of the cost of borrowing" is incorrect because the down payment is not part of the cost of obtaining the mortgage.

"The MLS must be included in the borrower disclosure" is incorrect because the MLS is not part of the borrower disclosure.

Relevant sections of the textbook

Section 18.2 Completing the Borrower Disclosure Document, 7. Terms and conditions of the proposed mortgage

Section 18.2 Completing the Borrower Disclosure Document, 9. The cost of borrowing

Incorrect

Marks for this submission: 0.00/1.00.

Have questions?
Ask me anything!



Question 25

Incorrect

Who is responsible for ensuring that mortgage agents working for the brokerage are compliant and abiding by all of the legislation and regulations?

Mark 0.00 out of
1.00

 Flag question

Select one:

- a. FSCO
- b. A mortgage broker 
- c. The principal broker
- d. A designated mortgage agent

[Check Answer](#)

Correct answer: "The Principal Broker" is correct because the principal broker is responsible for ensuring that the brokerage and all of its agents and brokers comply with the legislation and regulations.

Relevant sections of the textbook

Section 5.4 The Mortgage Brokerage License, Pause for clarification – Principal broker

Section 5.7 The Principal Broker

Incorrect

Marks for this submission: 0.00/1.00.

Question 26

Incorrect

Mark 0.00 out of
1.00

 Flag question

When completing the Assets and Liabilities section of a mortgage application for a mortgage switch, how is a property's current value and outstanding mortgage balance entered?

Select one:

- a. The outstanding balance of the mortgage is a liability and the property's current value is an asset
- b. The property's current value is not included in the mortgage application
- c. The property's current value is entered as an asset and the mortgage is not entered as a liability
- d. The asset equals the current property value less the original mortgage amount 

[Check Answer](#)

Have questions?
Ask me anything!



Correct answer: "The outstanding balance of the mortgage is a liability and the property's current value is an asset" is correct because the property is already owned by the applicant. We know this because the application is for a switch. There is therefore a current mortgage and that is entered as a liability.

Relevant sections of the textbook

Section 11.5 The Application Form, Assets and Liabilities

Incorrect

Marks for this submission: 0.00/1.00.

Question 27

Incorrect

Mark 1.00 out of
1.00 Flag question

Based on the following trade line from a borrower's credit report, how many times has this client been behind two months?

Bus/ID Code	Rptd	Opnd	HC	Terms	BAL	PDA	Rt	30/60/90	MR	DLA
CIBC (999) 999-9999										
*J 007BB01351	06/2016	07/2014	28K	555	4200	555	I2	5/4/3	23	04/2016

Prev Hi Rates: I2-05/2016

Select one:

- a. 4
- b. None
- c. 1 
- d. 3

Check Answer

Correct answer: "4" is the correct answer because in the 30/60/90 section it shows the client was behind two months (60) 4 times.

Relevant sections of the textbook

Section 14.2 Credit Reports, Sample Credit Report Provided to Equifax Members

Section 14.2 Credit Reports, Equifax Credit Report Legend

Section 14.2 Credit Reports, Interpreting a Credit Report, section 35

Incorrect

Marks for this submission: 0.00/1.00.

 Have questions?
Ask me anything!**Question 28**

Incorrect

Out of the following list what documents must be given to the investor/lender when an agent is asking an investor/lender to commit to fund a potential mortgage?

Mark 1.00 out of
1.00

 Flag question

Select one:

- a. Investor/Lender disclosure and proof of property value
- b. Investor/Lender disclosure and borrower application 
- c. Investor/Lender disclosure, income proof
- d. Borrower disclosure and Investor/Lender disclosure

[Check Answer](#)

Correct answer: "Investor/Lender disclosure and proof of property value" is correct as per the Investor/Lender disclosure, Part E. Attached Documents.

Incorrect answers

"Investor/Lender disclosure, income proof" is incorrect because income proof is not mandatory.

"Investor/Lender disclosure and borrower application" is incorrect because the borrower's application, while it should be provided, is not mandatory.

"Borrower disclosure and Investor/Lender disclosure" is incorrect because the borrower disclosure can only be given to the borrower once the investor/lender commits.

Relevant sections of the textbook

17.2 Investor/Lender Disclosure, The Investor/Lender Disclosure Statement for Brokered Transactions

Incorrect

Marks for this submission: 0.00/1.00.

Question 29

Incorrect

Mark 0.00 out of
1.00

 Flag question

With regards to a creditor insurance application which of the following statements is correct?

Select one:

- a. If the applicants answer yes to having any previous medical conditions the application will be denied
- b. If the applicants answer no to having any previous medical conditions coverage is then guaranteed
- c. This is an application and coverage is not guaranteed
- d. Coverage is always guaranteed; questions are only used to determine the rate 

Have questions?
Ask me anything!



[Check Answer](#)

Correct answer: "This is an application and coverage is not guaranteed" is correct because coverage isn't guaranteed regardless of how an applicant answers the questions. Creditor insurance is post underwritten and therefore not guaranteed until a claim has been approved.

Relevant sections of the textbook

Section 7.2 Mortgage Creditor and Life Insurance, Lender's Mortgage Creditor Insurance

Incorrect

Marks for this submission: 0.00/1.00.

Question 30

Incorrect

Mark 0.00 out of
1.00

 Flag question

A private investor has lent a borrower \$50,000 as a second mortgage. Six months into the one year term the investor needs money and wants to know if he can sell this mortgage. What is the correct answer to this question?

Select one:

- a. Yes, and the mortgage terms can be changed by the purchaser of the mortgage
- b. No, mortgages cannot be sold
- c. No, this is a contract and cannot be sold X
- d. Yes, the investor can sell/assign the mortgage

[Check Answer](#)

Correct answer: "Yes, the investor can sell/assign the mortgage" is correct because under contract law the rights of a contract can be assigned. This is done frequently with mortgages, including institutional lenders.

Relevant sections of the textbook

20.4 Contractual Rights, Assignment

21.1 Power of Sale

Incorrect

Marks for this submission: 0.00/1.00.

Have questions?
Ask me anything!



Question 31

Based on the following credit report how much money does this person owe?

Incorrect

Mark 1.00 out of
1.00

 Flag question

Bankruptcy:

Filed	Type	Court Name	Court No	Liab	Asset	Filed By
01/2016	Ind	MIN OF ATTORNEY GEN	574XL10999	6500	295	Subject

Case No/Trustee: 69733 Jackson LLC

Disposition: Discharged. 10/2016

Description: Bankrupt Absolute Discharge

Collection:

Rptd	Type	Amt	DLA	Bal	Reason	Ledger Number
ABC COLLECTION,	481YC00036					
04/2016	Unpaid	500	01/2015	500	Unknown	11234567

Verified Date: 01/2016

Acct/Creditor: 12345 PLUTO'S

Description: Subject disputes this account

Secured Loan:

Filed	Court Name	Court No	Maturity
01/2016	CENT REG TOR	590PK56777	01/2019

Creditor/Amt: PARAGON CREDIT 9 LAVA AV TOR 3600

Description: Security Disposition Unknown

Judgment :

Filed	Type	Court Name	Court No	Amt	Status	Date Vrfd
05/20016	Jdgm		321ABC1234	3500	Paid	

Defendant: Test File

Case No: 12987/16

Plaintiff: PINAPPLE CREDIT

Description: Paid

Select one:

Have questions?
Ask me anything!



- a. 14100
- b. 4100
- c. 7600 X
- d. 7895

[Check Answer](#)

Correct answer: "4100" is correct. ABC Collection \$500 + Paragon Credit 3600 = 4100

The other answers are incorrect because these are the only two debts outstanding. The bankruptcy was discharged and Pineapple Credit was paid.

Relevant sections of the textbook

Section 14.2 Credit Reports, Sample Credit Report Provided to Equifax Members

Section 14.2 Credit Reports, Equifax Credit Report Legend

Section 14.2 Credit Reports, Interpreting a Credit Report, sections 31 to 35

Incorrect

Marks for this submission: 0.00/1.00.

Question 32

Incorrect

Mark 1.00 out of
1.00

 [Flag question](#)

Jane has a mortgage with TD Canada Trust and after talking to you, she wishes to use you to refinance her mortgage with a different lender. While there are many documents that you must get from her to complete her application, you have asked her for a copy of her current TD Canada Trust mortgage statement. Why do you want this mortgage statement?

Select one:

- a. Because it lists the borrower's repayment history of this mortgage
- b. Because it shows the property's current value
- c. Because it shows if all property insurance payments are up to date X
- d. Because it shows the current outstanding balance of the mortgage

[Check Answer](#)

Have questions?
Ask me anything!



Answer: D

A, B and C are incorrect because this information is not on a mortgage statement.

D is correct because it does show the current outstanding balance of the mortgage.

Incorrect

Marks for this submission: 0.00/1.00.

Question 33

Incorrect

Mark 0.00 out of
1.00

 Flag question

Out of the following options, what information must be disclosed about the brokerage in the Borrower Disclosure?

Select one:

- a. The number and names of lenders the brokerage represented in the previous year 
- b. The brokerage must only list the names of the lenders it represented in the previous year
- c. The number of lenders the brokerage represented in the previous year
- d. The brokerage does not have to disclose any information about lenders it represented in the previous year

Check Answer

Correct answer: "The number of lenders the brokerage represented in the previous year" is correct as per the legislation.

Relevant sections of the textbook

Section 18.2 Completing the Borrower Disclosure Document, What Must be Disclosed

Section 18.2 Completing the Borrower Disclosure Document, 4. The number of lenders the brokerage represented during the previous year

Incorrect

Marks for this submission: 0.00/1.00.

Question 34

Incorrect

Mark 0.00 out of
1.00

 Flag question

Mary's mortgage with her bank is coming up for renewal in 30 days. When that happens Mary would like to move her mortgage to another lender without borrowing any more money. This would typically be described as a(n):

Select one:

- a. Refinance
- b. Switch
- c. Equity take out
- d. Renewal 

Have questions?
Ask me anything!



[Check Answer](#)

Answer: B

When a mortgage is transferred to a new lender without increasing the amount it is a switch.

A is incorrect because a refinance means that you are borrowing more money. C is incorrect because it also means you are borrowing more money. D is incorrect because a renewal is done with the borrower's current lender, not a new one.

Incorrect

Marks for this submission: 0.00/1.00.

Have questions?
Ask me anything!



Question 35

Incorrect

Mark 0.00 out of
1.00

 Flag question

CASE STUDY 1 – PAGE 1 OF 1

Jackson's Plumbing

5588 Bridgestone Street,
Toronto, ON,
M4M 3Z0
Tel: (416) 555-1212

October 20, 2010

Re: Employment Verification of Mr. Asif Sukwari

To Whom It May Concern,

As requested by Mr. Sukwari this letter is to verify that Mr. Sukwari is employed at Jackson's Plumbing as a salaried Plumber. He has been employed in this position for the past nineteen months and earns \$1,300 per week based on salary. His expected income for 2011 is \$67,600.

If you have any questions please do not hesitate to contact the undersigned.

Sincerely,

Bob Anderson

Bob Anderson
Manager
Jackson's Plumbing
(416) 555-1212 x 1234

Have questions?
Ask me anything!



Which of the following statement is **most** correct?

Select one:

- a. This letter has no issues that would be questioned by a lender
- b. This letter has at least two issues that would be questioned by a lender X
- c. This letter has at least eight issues that would be questioned by a lender
- d. This letter has at least ten issues that would be questioned by a lender

[Check Answer](#)

Answer: A

This letter has no issues that would be questioned by a lender.

Incorrect

Marks for this submission: 0.00/1.00.

Have questions?
Ask me anything!



Question 36

Incorrect

Mark 0.00 out of
1.00 Flag question**CASE STUDY 2 – PAGE 1 OF 1**

1234 Borrower Lane **\$329,900 For Sale**
Toronto, Ontario M1M1M1 W20 457-32-D
Pt Lt 00R Plan M1234 **Taxes: \$3,100 / 2008**
SPIS: N **Last Status: New**

Semi-Detached **Fronting On:** E **Rooms:** 6+2
2-Storey **Acreage:** .49 **Bedrooms:** 3
Dir/Cross St: Somewhere/Anywhere **Washrooms:** 3
Lot: 6.85X34 Metres **2x4, 1x2**
Lot Irreg: Backs Westerly Sun

MLS#: W12345**Occup:** Owner

Open House: Oct 1 **From:** 9 am **To:** 5 pm **DOM:** 10 **Holdover:** 90 **Possession:** Nov 29/Tba/Flx

Open House Notes:

Please leave shoes on porch

PIN#: 12345**Kitchens:** 1**Exterior:** Brick**Zoning:** Residential**Fam Rm:** N

Other

Cable TV: Hydro**Basement:** Finished

Drive: Mutual

Gas: Phone

Full

GarType/Spaces: Attached/1**Water:** Municipal**Fireplace/Stv:** N**Parking Spaces:** 2**Water Supply:****Heat:** Gas**UFFI:** No**Sewers:** Sewers

Forced Air

Pool: None**Spec Desig:** Unknown**CAC:** Y

Sloping

Farm/Agr:**Apx Age:** 6-15

Public

Have questions?

Apx Sqft: 1100-1500

Transit

Ask me anything!

Rec Centre

Assessment:

A potential new client has visited your website and has completed an online application to purchase a new home. She has indicated that the purchase price for the home, located at 1475 Lender Lane, is \$330,500 and has faxed you a copy of the MLS listing. Given this scenario, which of the following statements is **most** correct?

Select one:

- a. This document appears to be for a different home and is not acceptable as is
- b. This document is all you require regarding the house to obtain a mortgage
- c. This document **must** be accompanied by a Purchase and Sale Agreement X
- d. This document is acceptable but requires clarification about the price discrepancy

[Check Answer](#)

Answer: A

This MLS listing is for a house at 1234 Borrower Lane and therefore only A can be the correct answer.

Incorrect

Marks for this submission: 0.00/1.00.

Question 37

Incorrect

Mark 0.00 out of
1.00

[Flag question](#)

CASE STUDY 3 – PAGE 1 OF 1

TRADE INFORMATION SECTION

BUS/ID CODE	RPTD	OPND	H/C	TRMS	BAL	P/D	RT	30/60/90	MR	DLA
STAPLES (555) 555-2345 J 650DC16	04/2008	01/1997	0	78	2600	156	R3	01/01/00	136	04/2008

Given this scenario, which of the following statements would be **most** correct?

Select one:

- a. The amount recorded in the P/D section is most probably incorrect X
- b. The number recorded in the H/C section is most probably incorrect
- c. The amount recorded in the RT section is most probably incorrect
- d. The amount recorded in the BAL section is most probably incorrect

[Check Answer](#)

Have questions?
Ask me anything!



Answer: B

B is the correct answer because there is no amount in the HC and since HC stands for high credit this is obviously wrong as there is currently an outstanding balance. The TRMS reflect 3% of the BAL, while the P/D reflects 2 x the TRMS, and the RT reflects two payments behind, making all of that information correct.

Incorrect

Marks for this submission: 0.00/1.00.

Question 38

Incorrect

Mark 1.00 out of
1.00

 Flag question

CASE STUDY 4 – PAGE 1 OF 1

TRADE INFORMATION SECTION

BUS/ID CODE	RPTD	OPND	H/C	TRMS	BAL	P/D	RT	30/60/90	MR	DLA
MASTERCARD (555) 555-2345 J 650DC16	04/2008	01/1997	3540	78	2850	172	I3	01/01/00	136	04/2008

Given this scenario, which of the following statements is **most** correct?

Select one:

- a. The OPND is incorrect 
- b. The TRMS and RT are incorrect
- c. The RT is incorrect
- d. The DLA is incorrect

Check Answer

Answer: B

B is correct because the BAL (balance) shows \$2,850. The payment would be 3% of that, which is \$86. Since the account is an R3, which is 2 months behind, 2 x \$86 is \$172. That is the amount showing in the P/D section. They are all consistent. The OPND is the date that the account was opened and the DLA is the date of last activity. There is no information or indication that either of these dates are incorrect.

Have questions?
Ask me anything!



In addition the RT should be an R3, since this is a revolving account (credit card)

Incorrect

Marks for this submission: 0.00/1.00.

Question 39

Incorrect

Mark 0.00 out of
1.00

 Flag question

You have arranged a mortgage for your client through Scotiabank, which is paying you a commission of 105bps. You are now preparing the borrower disclosure for this client. Which of the following information must be included in the borrower disclosure with regards to this commission, according to the *MBLAA*?

Select one:

- a. The name of the lender and the exact amount of the commission in dollars and cents
- b. The exact amount of the commission expressed as a percentage of the mortgage
- c. The name of the lender and that you will receive a percentage of the mortgage as a commission
- d. The exact amount of the commission in dollars and cents and as a percentage of the mortgage 

[Check Answer](#)

Answer: C

C is what is required by the legislation, the *MBLAA*.

Incorrect

Marks for this submission: 0.00/1.00.

[Submit Answer](#)

QUIZ NAVIGATION

[1](#) [2](#) [3](#) [4](#) [5](#) [6](#) [7](#) [8](#) [9](#) [10](#) [11](#) [12](#) [13](#) [14](#) [15](#) [16](#) [17](#) [18](#) [19](#) [20](#) [21](#) [22](#) [23](#) [24](#) [25](#) [26](#) [27](#) [28](#) [29](#) [3](#)

[38](#) [39](#)

Finish attempt ...

Time left 1:52:46

Have questions?
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RMAC2018

Have questions?
Ask me anything!





Started on Sunday, 2 February 2020, 8:14 PM

State Finished

Completed on Sunday, 2 February 2020, 8:39 PM

Time taken 24 mins 42 secs

Marks 48.00/48.00

Grade 50.00 out of 50.00 (100%)

Feedback Excellent work!

Question 1

Correct

Mark 1.00 out of 1.00

Flag question

Your uncle has come to you looking for a mortgage to buy a new house. In taking his application he has told you that he earns \$65,000 per year. He also has a truck payment of \$350 per month, credit card payments of \$310 per month, car insurance payments of \$180 per month and \$60 per week in GIC contributions. You have calculated his proposed weekly mortgage payment will be \$310, and the property taxes are \$2,800 per year, while the heat on his house will be \$75 per month. Given this scenario, which of the following is correct?

Select one:

- a. Your uncle's GDS is 30% ✓
- b. Your uncle's GDS is 40%
- c. Your uncle's GDS is 41%
- d. Your uncle's GDS is 46%

[Check Answer](#)

Have questions?
Ask me anything!



Your answer is correct.

The correct answer is: Your uncle's GDS is 30%

Correct

Marks for this submission: 1.00/1.00.

Question 2

Correct

Mark 1.00 out of
1.00

 Flag question

You have taken an application on a new client and are now working out the numbers. Based on the application your client has a gross monthly income of \$4,750.00 and monthly expenses of:

- \$350 for car insurance
- a \$250 monthly Visa payment
- a monthly mortgage payment of \$1,355.49
- heating costs of \$75 per month
- an RRSP contribution of \$50 per week
- property insurance of \$65 per month
- annual property taxes of \$2,400
- life insurance payment of \$55 per month.

Your client thinks that his TDS ratio is 41%. Given this information which of the following statements is correct?

Select one:

- a. Your client is correct
- b. The TDS should be 38%
- c. The TDS should be 39%
- d. The TDS should be 40% 

Check Answer

Your answer is correct.

The correct answer is: The TDS should be 40%

Correct

Marks for this submission: 1.00/1.00.

Question 3

Correct

You have just met with a new client and taken her application. In reviewing the credit report for your client you notice that she has a Beacon Score of 652 and a credit card which is currently rated as an R1 but which was rated as an R3 two months ago. Which of the following statements is **most** correct?

Have questions?
Ask me anything!



Mark 1.00 out of
1.00

 Flag question

Select one:

- a. You should get a copy of the client's old credit card statement
- b. You should submit the application without any explanation to the lender
- c. You should provide an explanation for the lender in the notes section of the application ✓
- d. Your client has good credit and therefore no explanation is necessary

[Check Answer](#)

Your answer is correct.

The correct answer is: You should provide an explanation for the lender in the notes section of the application

Correct

Marks for this submission: 1.00/1.00.

Question 4

Correct

Mark 1.00 out of
1.00

 Flag question

Select one:

- a. You should refer the borrower to another residential agent
- b. You should refer the apartment building to a commercial broker and obtain a referral fee ✓
- c. You should advise the borrower to use another broker
- d. You should try the transaction on your own and ask for help if you run into trouble

[Check Answer](#)

Your answer is correct.

The correct answer is: You should refer the apartment building to a commercial broker and obtain a referral fee

Correct

Marks for this submission: 1.00/1.00.

Have questions?
Ask me anything!



Question 5

Correct

Mark 1.00 out of
1.00 Flag question

Mark is designing a flyer to advertise his services as a mortgage agent. He is new to the mortgage industry but has a diploma in marketing. Based on this scenario, which of the following statements is most correct regarding the proof-reading of the flyer?

Select one:

- a. He should ask another broker to review the flyer
- b. He must ask another agent to review the flyer
- c. He must have the flyer reviewed by his brokerage for compliance before publishing it ✓
- d. He should ask for help but does not have to since he has a diploma in marketing

Check Answer

Your answer is correct.

The correct answer is: He must have the flyer reviewed by his brokerage for compliance before publishing it

Correct

Marks for this submission: 1.00/1.00.

Question 6

Correct

Mark 1.00 out of
1.00 Flag question

You are in a meeting with your client presenting the lender's commitment letter and the borrower disclosure document. Your client has asked you about the cost of borrowing. Which of the following statements best describes the cost of borrowing in a purchase transaction?

Select one:

- a. It is the total cost, expressed in dollars and as a percentage, payable by the borrower to obtain the mortgage financing ✓
- b. It is the total cost, including all fees and costs payable in purchasing the house (such as land transfer tax) and obtaining the mortgage financing
- c. It is the total cost, in dollars, but not a percentage, payable by the borrower to obtain the mortgage financing
- d. It is the total cost, not including any fees and costs payable to the lender in obtaining the mortgag

Check Answer

Have questions?
Ask me anything!



Your answer is correct.

The correct answer is: It is the total cost, expressed in dollars and as a percentage, payable by the borrower to obtain the mortgage financing

Correct

Marks for this submission: 1.00/1.00.

Question 7

Correct

Mark 1.00 out of
1.00

 Flag question

You have arranged a mortgage for your clients that is providing them with a cash back option and you are now in the process of preparing the borrower disclosure document for them to sign. In which section of the Borrower Disclosure must this be disclosed?

Select one:

- a. In the cost of borrowing.
- b. In the fees and costs payable section
- c. In the conflict of interest section
- d. In the risks section 

[Check Answer](#)

Your answer is correct.

The correct answer is: In the risks section

Correct

Marks for this submission: 1.00/1.00.

Question 8

Correct

Mark 1.00 out of
1.00

 Flag question

You have arranged a secured line of credit for your client and are now preparing the borrower disclosure for her to sign. Given this scenario, which of the following statements is most correct?

Select one:

- a. The interest rate in the disclosure must be the lender's 3 year fixed rate on the date of closing
- b. The interest rate in the disclosure must be the lender's 7 year fixed rate on the date of closing
- c. The interest rate in the disclosure must be the variable rate as of the date of signing the borrower disclosure
- d. The interest rate in the disclosure must be the lender's 10 year variable rate on the date of closing

[Check Answer](#)

Have questions?
Ask me anything!



Your answer is correct.

The correct answer is: The interest rate in the disclosure must be the variable rate as of the date of signing the borrower disclosure

Correct

Marks for this submission: 1.00/1.00.

Question 9

Correct

Mark 1.00 out of
1.00

 Flag question

You have arranged a fixed rate mortgage for your client and are now preparing the borrower disclosure for him to sign. Given this scenario, which of the following statements is most correct?

Select one:

- a. You should, but don't have to include any prepayment privileges in the disclosure document
- b. You must include any prepayment privileges in the disclosure document ✓
- c. Prepayment privileges aren't included in the disclosure document
- d. You should refer the client to the lender's Commitment and never include prepayment privileges in the borrower disclosure

[Check Answer](#)

Your answer is correct.

The correct answer is: You must include any prepayment privileges in the disclosure document

Correct

Marks for this submission: 1.00/1.00.

Question 10

Correct

Mark 1.00 out of
1.00

 Flag question

If an agent is convicted of an offence under the *MBLAA* which of the following penalties could this agent face?

Select one:

- a. A \$100,000 fine and imprisonment of 1 year in jail
- b. Up to a \$100,000 fine and imprisonment of 1 year in jail
- c. Up to a \$100,000 fine and imprisonment up to 1 year in jail ✓
- d. The supervising broker, not the agent, is liable.

Have questions?
Ask me anything!



[Check Answer](#)

Your answer is correct.

The correct answer is: Up to a \$100,000 fine and imprisonment up to 1 year in jail

Correct

Marks for this submission: 1.00/1.00.

Question 11

Correct

Mark 1.00 out of
1.00

 Flag question

When doing a mortgage to purchase a residential condominium you must obtain, in addition to the documentation required for a non-condominium unit:

Select one:

- a. A property tax statement
- b. A status certificate ✓
- c. The charge
- d. The Transfer/Deed

[Check Answer](#)

Your answer is correct.

The correct answer is: A status certificate

Correct

Marks for this submission: 1.00/1.00.

Question 12

Correct

Mark 1.00 out of
1.00

 Flag question

Your client, Paul, who has poor credit, is applying with you to obtain a mortgage. Paul meets all of the other requirements however his choices of lenders is limited based on his credit issues. One lender who is willing to approve this application may offer a choice of earning extra points if you sell the client a higher interest rate, or earning the standard points if you do not. It is important to note that you may also use these points to lower the interest rate for a potential future client. This could be very beneficial if you have another client that you would like to take from your competition by offering him a lower rate than your competitor. Other mortgage agents have informed you that they have used this strategy in the past and have been able to get additional clients by charging some clients a higher rate to be able to offer other clients a much lower rate. Given this scenario, which of the following statements is most correct?

Have questions?
Ask me anything!



Select one:

- a. This is not in the client's best interests, therefore you should offer him the lowest rate possible from this lender ✓
- b. Since the lender allows you to charge a higher rate there is nothing wrong with doing this, as long as you use the proceeds to benefit another client
- c. Since the lender allows you to charge a higher rate and this is a standard practice, you should take the additional bps, even if you don't use them for another client in the future
- d. Since this is a standard practice, you should charge the higher rate and inform the client that he is getting a higher rate because of his poor credit

[Check Answer](#)

Your answer is correct.

The correct answer is: This is not in the client's best interests, therefore you should offer him the lowest rate possible from this lender

Correct

Marks for this submission: 1.00/1.00.

Question 13

Correct

Mark 1.00 out of
1.00

[Flag question](#)

Your client is purchasing a new home. Although the client has been approved by the lender based on the lender's current GDS and TDS requirements, you have asked the client to complete a budget detailing his income and expenses to determine if he can afford the proposed mortgage payment, given his current lifestyle. Upon reviewing the budget with him, you have determined that in fact he cannot afford this mortgage without making significant changes to his lifestyle. Given this scenario, which of the following statements is most correct?

Select one:

- a. You cannot complete this mortgage transaction based on these facts
- b. You must inform the lender of your findings and allow the lender to make the decision
- c. You must advise your client that you cannot recommend that he take this mortgage without changes to his lifestyle ✓
- d. You must assume that he will now alter his lifestyle to be able to afford the mortgage

[Check Answer](#)

Have questions?
Ask me anything!



Your answer is correct.

The correct answer is: You must advise your client that you cannot recommend that he take this mortgage without changes to his lifestyle

Correct

Marks for this submission: 1.00/1.00.

Question 14

Correct

Mark 1.00 out of
1.00

 Flag question

After completing your last transaction you must now prepare your file to submit to your brokerage for payment. You know that you must include the application and lender's commitment in your file, but out of the following list which other ones must be included?

Select one:

- a. All documents related to the mortgage, including all correspondence with all parties involved in the mortgage ✓
- b. A copy of your agent's license
- c. All correspondence with all parties to the mortgage
- d. Only the documents related to the mortgage, **not** including correspondence with all parties

[Check Answer](#)

Your answer is correct.

The correct answer is: All documents related to the mortgage, including all correspondence with all parties involved in the mortgage

Correct

Marks for this submission: 1.00/1.00.

Question 15

Correct

Mark 1.00 out of
1.00

 Flag question

Your clients would like to purchase a new home and are asking you for some information. They would like to know which of the following will not be used by a lender to qualify them. Given this scenario which of the following are not included?

Select one:

- a. Car insurance payments ✓
- b. Car payments
- c. Child support payments
- d. Alimony payments

[Check Answer](#)

Have questions?
Ask me anything!



Your answer is correct.

The correct answer is: Car insurance payments

Correct

Marks for this submission: 1.00/1.00.

Question 16

Correct

Mark 1.00 out of
1.00

 Flag question

You have recently taken an application from a couple who wish to purchase a home as their principal residence. Your investigation has determined that they have inflated their income by \$10,000 so that they will qualify for a mortgage. Given this scenario, the best classification of this type of fraud is that it is:

Select one:

- a. Fraud for profit
- b. Fraud for shelter ✓
- c. An air loan
- d. Value fraud

[Check Answer](#)

Your answer is correct.

The correct answer is: Fraud for shelter

Correct

Marks for this submission: 1.00/1.00.

Question 17

Correct

Mark 1.00 out of
1.00

 Flag question

Ethan is preparing the Borrower Disclosure for his client and is now calculating the cost of borrowing. Based on the following chart of costs associated with the mortgage, what is the figure that Ethan must use in this cost of borrowing calculation? Note that this chart may not include all costs associated with the mortgage, so you are basing your answer only on what is in this chart.

a. Legal fees for the mortgage:	\$1,250
b. Title insurance (required by lender):	\$475
c. CMHC premium:	\$6,088
d. Brokerage fee:	\$2,025

Have questions?
Ask me anything!



e. Lender fee:	\$3,000
f. Appraisal fee (required by lender):	\$425
g. NSF Fee during the term:	\$150
h. Creditor insurance:	\$75
i. Legal fees for purchase of the property:	\$975

Select one:

- a. \$13,263
- b. \$8,375
- c. \$6,275
- d. \$7,175 ✓

[Check Answer](#)

Your answer is correct.

The correct answer is: \$7,175

Correct

Marks for this submission: 1.00/1.00.

Question 18

Correct

Mark 1.00 out of
1.00

 [Flag question](#)

One of the sections of the Investor/Lender Disclosure Statement:

Select one:

- a. Describes the risks associated with a fixed rate mortgage
- b. Discloses the relationship between the investor and the lender
- c. Cautions the lender that certain mortgages may carry additional risks ✓
- d. Discloses the names of the lenders the brokerage represented during the previous year

[Check Answer](#)

Have questions?
Ask me anything!



Your answer is correct.

The correct answer is: Cautions the lender that certain mortgages may carry additional risks

Correct

Marks for this submission: 1.00/1.00.

Question 19

Correct

Mark 1.00 out of
1.00

 Flag question

Jack borrowed \$700,500 from Lagoon Mortgage Lending Inc three years ago and took a ten year term. The mortgage now has an outstanding balance of \$650,000. If the lender allows an annual prepayment of 15% of the original balance, how much of a lump sum payment can Jack make this year?

Select one:

- a. \$105,075 ✓
- b. It depends if this mortgage is open or closed.
- c. \$105,000
- d. \$97,500

[Check Answer](#)

Your answer is correct.

The correct answer is: \$105,075

Correct

Marks for this submission: 1.00/1.00.

Question 20

Correct

Mark 1.00 out of
1.00

 Flag question

Maria needs a guarantor for her mortgage. How will the guarantor's income and debts be included in the borrower's GDS/TDS?

Select one:

- a. Only the debts will be included
- b. Neither will be included ✓
- c. Only the income will be included
- d. They will both be included

Have questions?
Ask me anything!



[Check Answer](#)

Your answer is correct.

The correct answer is: Neither will be included

Correct

Marks for this submission: 1.00/1.00.

Question 21

Correct

Mark 1.00 out of
1.00

 Flag question

You are meeting with a client who wishes to refinance his current mortgage. One of the documents you must obtain from him is a copy of his current home owner's insurance policy. This is necessary because the new lender will require:

Select one:

- a. Proof there are no outstanding claims
- b. Proof that the home is in the borrower's legal name
- c. Proof that the insurance is with a reputable company
- d. The lawyer, on closing, to add the new lender to the insurance policy ✓

[Check Answer](#)

Your answer is correct.

The correct answer is: The lawyer, on closing, to add the new lender to the insurance policy

Correct

Marks for this submission: 1.00/1.00.

Question 22

Correct

Mark 1.00 out of
1.00

 Flag question

You are completing the cost of borrowing section of the Borrower Disclosure when you realize you don't know how much you are being charged to complete the mortgage transaction. Which of the following can you do?

Select one:

- a. The amount is not included in the cost of borrowing
- b. Use an estimate ✓

Have questions?
Ask me anything!



- c. You will always know the amount
- d. Use "TBD" or to be determined since you don't know yet

[Check Answer](#)

Your answer is correct.

The correct answer is: Use an estimate

Correct

Marks for this submission: 1.00/1.00.

Question 23

Correct

Mark 1.00 out of
1.00

 [Flag question](#)

A client who owns a high rise condo has applied to you for a private mortgage and has provided an appraisal from a qualified appraiser. The client's condo is in a residential neighbourhood that has many recent sales of all property types. In reviewing the appraisal you have asked your real estate agent for some information on the values of recent sales. Your real estate agent has told you that of the most recent sales in the client's neighbourhood condos have gone up 5% while in the neighbourhood that the appraiser has used for his comparables condos have gone up 15%. Given this scenario which of the following statements is most correct?

Select one:

- a. The comparables are recent therefore they are acceptable
- b. It is likely that these comparables are being used to fraudulently create a higher valuation ✓
- c. The comparables are recent and for condos therefore they are acceptable
- d. As long as the appraiser is appropriately licensed the valuation is always valid

[Check Answer](#)

Your answer is correct.

The correct answer is: It is likely that these comparables are being used to fraudulently create a higher valuation

Correct

Marks for this submission: 1.00/1.00.

Have questions?
Ask me anything!



Question 24

Out of the following list, which statement is correct?

Correct

Mark 1.00 out of
1.00

 Flag question

Select one:

- a. Prepayment penalties must be disclosed in the borrower disclosure ✓
- b. The borrower's down payment is part of the cost of borrowing
- c. A lender's NSF fee is always included in the cost of borrowing
- d. The MLS must be included in the borrower disclosure

[Check Answer](#)

Your answer is correct.

The correct answer is: Prepayment penalties must be disclosed in the borrower disclosure

Correct

Marks for this submission: 1.00/1.00.

Question 25

Correct

Mark 1.00 out of
1.00

 Flag question

Who is responsible for ensuring that mortgage agents working for the brokerage are compliant and abiding by all of the legislation and regulations?

Select one:

- a. The principal broker ✓
- b. FSCO
- c. A designated mortgage agent
- d. A mortgage broker

[Check Answer](#)

Your answer is correct.

The correct answer is: The principal broker

Correct

Marks for this submission: 1.00/1.00.

Have questions?
Ask me anything!



Question 26

Correct

Mark 1.00 out of
1.00 Flag question

When completing the Assets and Liabilities section of a mortgage application for a mortgage switch, how is a property's current value and outstanding mortgage balance entered?

Select one:

- a. The property's current value is entered as an asset and the mortgage is not entered as a liability
- b. The property's current value is not included in the mortgage application
- c. The asset equals the current property value less the original mortgage amount
- d. The outstanding balance of the mortgage is a liability and the property's current value is an asset 

Check Answer

Your answer is correct.

The correct answer is: The outstanding balance of the mortgage is a liability and the property's current value is an asset

Correct

Marks for this submission: 1.00/1.00.

Question 27

Correct

Mark 1.00 out of
1.00 Flag question

Based on the following trade line from a borrower's credit report, how many times has this client been behind two months?

Bus/ID Code	Rptd	Opnd	HC	Terms	BAL	PDA	Rt	30/60/90	MR	DLA
CIBC (999) 999-9999										
*J 007BB01351	06/2016	07/2014	28K	555	4200	555	I2	5/4/3	23	04/2016

Prev Hi Rates: I2-05/2016

Select one:

- a. None
- b. 1
- c. 4 
- d. 3

Check Answer

Have questions?
Ask me anything!



Your answer is correct.

The correct answer is: 4

Correct

Marks for this submission: 1.00/1.00.

Question 28

Correct

Mark 1.00 out of
1.00

 Flag question

Out of the following list what documents must be given to the investor/lender when an agent is asking an investor/lender to commit to fund a potential mortgage?

Select one:

- a. Investor/Lender disclosure and proof of property value ✓
- b. Borrower disclosure and Investor/Lender disclosure
- c. Investor/Lender disclosure, income proof
- d. Investor/Lender disclosure and borrower application

[Check Answer](#)

Your answer is correct.

The correct answer is: Investor/Lender disclosure and proof of property value

Correct

Marks for this submission: 1.00/1.00.

Question 29

Correct

Mark 1.00 out of
1.00

 Flag question

With regards to a creditor insurance application which of the following statements is correct?

Select one:

- a. If the applicants answer no to having any previous medical conditions coverage is then guaranteed
- b. This is an application and coverage is not guaranteed ✓
- c. Coverage is always guaranteed; questions are only used to determine the rate
- d. If the applicants answer yes to having any previous medical conditions the application will be denied

Have questions?
Ask me anything!



[Check Answer](#)

Your answer is correct.

The correct answer is: This is an application and coverage is not guaranteed

Correct

Marks for this submission: 1.00/1.00.

Question 30

Correct

Mark 1.00 out of
1.00

 Flag question

A private investor has lent a borrower \$50,000 as a second mortgage. Six months into the one year term the investor needs money and wants to know if he can sell this mortgage. What is the correct answer to this question?

Select one:

- a. Yes, and the mortgage terms can be changed by the purchaser of the mortgage
- b. Yes, the investor can sell/assign the mortgage ✓
- c. No, mortgages cannot be sold
- d. No, this is a contract and cannot be sold

[Check Answer](#)

Your answer is correct.

The correct answer is: Yes, the investor can sell/assign the mortgage

Correct

Marks for this submission: 1.00/1.00.

Question 31

Correct

Mark 1.00 out of
1.00

 Flag question

Based on the following credit report how much money does this person owe?

Bankruptcy:

Filed	Type	Court Name	Court No	Liab	Asset	Filed By
01/2016	Ind	MIN OF ATTORNEY GEN	574XL10999	6500	295	Subject

Case No/Trustee: 69733 Jackson LLC

Have questions?
Ask me anything!



Disposition: Discharged. 10/2016

Description: Bankrupt Absolute Discharge

Collection:

Rptd	Type	Amt	DLA	Bal	Reason	Ledger Number
ABC COLLECTION, 481YC00036						
04/2016	Unpaid	500	01/2015	500	Unknown	11234567

Verified Date: 01/2016

Acct/Creditor: 12345 PLUTO'S

Description: Subject disputes this account

Secured Loan:

Filed	Court Name	Court No	Maturity
01/2016	CENT REG TOR	590PK56777	01/2019
Creditor/Amt:	PARAGON CREDIT 9 LAVA AV TOR 3600		
Description:	Security Disposition Unknown		

Judgment :

Filed	Type	Court Name	Court No	Amt	Status	Date Vrfd
05/20016	Jdgm		321ABC1234	3500	Paid	
Defendant:	Test File					
Case No:	12987/16					
Plaintiff:	PINAPPLE CREDIT					
Description:	Paid					

Select one:

- a. 14100
- b. 7600
- c. 7895
- d. 4100 ✓

Have questions?
Ask me anything!



[Check Answer](#)

Your answer is correct.

The correct answer is: 4100

Correct

Marks for this submission: 1.00/1.00.

Question 32

Correct

Mark 1.00 out of
1.00

 [Flag question](#)

Jane has a mortgage with TD Canada Trust and after talking to you, she wishes to use you to refinance her mortgage with a different lender. While there are many documents that you must get from her to complete her application, you have asked her for a copy of her current TD Canada Trust mortgage statement. Why do you want this mortgage statement?

Select one:

- a. Because it lists the borrower's repayment history of this mortgage
- b. Because it shows the property's current value
- c. Because it shows if all property insurance payments are up to date
- d. Because it shows the current outstanding balance of the mortgage ✓

[Check Answer](#)

Your answer is correct.

The correct answer is: Because it shows the current outstanding balance of the mortgage

Correct

Marks for this submission: 1.00/1.00.

Question 33

Correct

Mark 1.00 out of
1.00

 [Flag question](#)

Out of the following options, what information must be disclosed about the brokerage in the Borrower Disclosure

Select one:

- a. The brokerage must only list the names of the lenders it represented in the previous year
- b. The number of lenders the brokerage represented in the previous year ✓

Have questions?
Ask me anything!



- c. The number and names of lenders the brokerage represented in the previous year
- d. The brokerage does not have to disclose any information about lenders it represented in the previous year

[Check Answer](#)

Your answer is correct.

The correct answer is: The number of lenders the brokerage represented in the previous year

Correct

Marks for this submission: 1.00/1.00.

Question 34

Correct

Mark 1.00 out of
1.00

 [Flag question](#)

Mary's mortgage with her bank is coming up for renewal in 30 days. When that happens Mary would like to move her mortgage to another lender without borrowing any more money. This would typically be described as a(n):

Select one:

- a. Refinance
- b. Switch ✓
- c. Equity take out
- d. Renewal

[Check Answer](#)

Your answer is correct.

The correct answer is: Switch

Correct

Marks for this submission: 1.00/1.00.

Have questions?
Ask me anything!



Question 35

Correct

Mark 1.00 out of
1.00

 Flag question

CASE STUDY 1 – PAGE 1 OF 1

Jackson's Plumbing

5588 Bridgestone Street,
Toronto, ON,
M4M 3Z0
Tel: (416) 555-1212

October 20, 2010

Re: Employment Verification of Mr. Asif Sukwari

To Whom It May Concern,

As requested by Mr. Sukwari this letter is to verify that Mr. Sukwari is employed at Jackson's Plumbing as a salaried Plumber. He has been employed in this position for the past nineteen months and earns \$1,300 per week based on salary. His expected income for 2011 is \$67,600.

If you have any questions please do not hesitate to contact the undersigned.

Sincerely,

Bob Anderson

Bob Anderson
Manager
Jackson's Plumbing
(416) 555-1212 x 1234

Have questions?
Ask me anything!



Which of the following statement is **most** correct?

Select one:

- a. This letter has no issues that would be questioned by a lender ✓
- b. This letter has at least two issues that would be questioned by a lender
- c. This letter has at least eight issues that would be questioned by a lender
- d. This letter has at least ten issues that would be questioned by a lender

[Check Answer](#)

Your answer is correct.

The correct answer is: This letter has no issues that would be questioned by a lender

Correct

Marks for this submission: 1.00/1.00.

Have questions?
Ask me anything!



Question 36

Correct

Mark 1.00 out of
1.00 Flag question**CASE STUDY 2 – PAGE 1 OF 1**

1234 Borrower Lane **\$329,900 For Sale**
Toronto, Ontario M1M1M1 W20 457-32-D
Pt Lt 00R Plan M1234 **Taxes: \$3,100 / 2008**
SPIS: N **Last Status: New**

Semi-Detached **Fronting On:** E **Rooms:** 6+2
2-Storey **Acreage:** .49 **Bedrooms:** 3
Dir/Cross St: Somewhere/Anywhere **Washrooms:** 3
Lot: 6.85X34 Metres **2x4, 1x2**
Lot Irreg: Backs Westerly Sun

MLS#: W12345**Occup:** Owner

Open House: Oct 1 **From:** 9 am **To:** 5 pm **DOM:** 10 **Holdover:** 90 **Possession:** Nov 29/Tba/Flx

Open House Notes:

Please leave shoes on porch

PIN#: 12345**Kitchens:** 1**Exterior:** Brick**Zoning:** Residential**Fam Rm:** N

Other

Cable TV: Hydro**Basement:** Finished

Drive: Mutual

Gas: Phone

Full

GarType/Spaces: Attached/1**Water:** Municipal**Fireplace/Stv:** N**Parking Spaces:** 2**Water Supply:****Heat:** Gas**UFFI:** No**Sewers:** Sewers

Forced Air

Pool: None**Spec Desig:** Unknown**CAC:** Y

Sloping

Farm/Agr:**Apx Age:** 6-15

Public

Have questions?

Apx Sqft: 1100-1500

Transit

Ask me anything!

Assessment:

Rec Centre



A potential new client has visited your website and has completed an online application to purchase a new home. She has indicated that the purchase price for the home, located at 1475 Lender Lane, is \$330,500 and has faxed you a copy of the MLS listing. Given this scenario, which of the following statements is **most** correct?

Select one:

- a. This document appears to be for a different home and is not acceptable as is ✓
- b. This document is all you require regarding the house to obtain a mortgage
- c. This document **must** be accompanied by a Purchase and Sale Agreement
- d. This document is acceptable but requires clarification about the price discrepancy

[Check Answer](#)

Your answer is correct.

The correct answer is: This document appears to be for a different home and is not acceptable as is

Correct

Marks for this submission: 1.00/1.00.

Question 37

Correct

Mark 1.00 out of
1.00

[Flag question](#)

CASE STUDY 3 – PAGE 1 OF 1

TRADE INFORMATION SECTION

BUS/ID CODE	RPTD	OPND	H/C	TRMS	BAL	P/D	RT	30/60/90	MR	DLA
STAPLES (555) 555-2345 J 650DC16	04/2008	01/1997	0	78	2600	156	R3	01/01/00	136	04/2008

Given this scenario, which of the following statements would be **most** correct?

Select one:

- a. The amount recorded in the P/D section is most probably incorrect
- b. The number recorded in the H/C section is most probably incorrect ✓
- c. The amount recorded in the RT section is most probably incorrect
- d. The amount recorded in the BAL section is most probably incorrect

[Check Answer](#)

Have questions?
Ask me anything!



Your answer is correct.

The correct answer is: The number recorded in the H/C section is most probably incorrect

Correct

Marks for this submission: 1.00/1.00.

Question 38

Correct

Mark 1.00 out of
1.00

 Flag question

CASE STUDY 4 – PAGE 1 OF 1

TRADE INFORMATION SECTION

BUS/ID CODE	RPTD	OPND	H/C	TRMS	BAL	P/D	RT	30/60/90	MR	DLA
MASTERCARD (555) 555-2345 J 650DC16	04/2008	01/1997	3540	78	2850	172	I3	01/01/00	136	04/2008

Given this scenario, which of the following statements is **most** correct?

Select one:

- a. The OPND is incorrect
- b. The TRMS and RT are incorrect ✓
- c. The RT is incorrect
- d. The DLA is incorrect

Check Answer

Your answer is correct.

The correct answer is: The TRMS and RT are incorrect

Correct

Marks for this submission: 1.00/1.00.

Have questions?
Ask me anything!



Question 39

Correct

Mark 1.00 out of
1.00 Flag question

You have arranged a mortgage for your client through Scotiabank, which is paying you a commission of 105bps. You are now preparing the borrower disclosure for this client. Which of the following information must be included in the borrower disclosure with regards to this commission, according to the *MBLAA*?

Select one:

- a. The name of the lender and the exact amount of the commission in dollars and cents
- b. The exact amount of the commission expressed as a percentage of the mortgage
- c. The name of the lender and that you will receive a percentage of the mortgage as a commission ✓
- d. The exact amount of the commission in dollars and cents and as a percentage of the mortgage

Check Answer

Your answer is correct.

The correct answer is: The name of the lender and that you will receive a percentage of the mortgage as a commission

Correct

Marks for this submission: 1.00/1.00.

Question 40

Correct

Mark 1.00 out of
1.00 Flag question

When presenting the Investor/Lender disclosure to a prospective investor the Mortgage Agent is also required to provide him or her with:

Select one:

- a. An amortization schedule
- b. Proof of the value of the property ✓
- c. A Creditor Insurance Request or Waiver
- d. A PIPEDA consent form

Check Answer

Have questions?
Ask me anything!



The correct answer is: Proof of the value of the property

Correct

Question 41

Correct

Mark 1.00 out of
1.00 Flag question

ABC Lender Inc. Product Sheet	
Purpose	95% - Purchase 90% - Refinance
Terms	3 and 5 year fixed
Mortgage Amounts	Minimum \$50,000 Maximum \$600,000 (\$700,000 in GTA)
Rate Hold / Rate Drop	45 days, one time rate drop 7 days prior to closing
Amortization	25, 30 and 35 years
Prepayment Options	Up to 20% prepayment annually + 20% increase in payments once per year
Payout Options	Greater of 3 months or the Interest Rate Differential, whichever is greater
Lender's Fees	2% added to the mortgage
Property Requirements	Owner Occupied only Single family up to a four-plex High- rise condominiums Hobby farms and rural properties on exception basis
Location	Within 25km radius of population of 25k Within 30km radius of population of 30k
Appraisal	Required on all applications. Broker may order using ABC's approved list of appraisers only. Appraisal cost to be paid by Borrower
GDS/TDS	No GDS, TDS 50%
Credit	Good credit, minimum 2 years history, no major derogatories, bankruptcy allowed over 2 years discharged
Beacon Score	80% LTV or less: 585 + 80.1 to 95% LTV: 650 +
Income/Employment	Stated Income Must meet TDS ratio. Self-Employed: Must prove self-employment via NOA, business license, or Articles of Incorporation, etc. Income will not be verified.

Have questions?
Ask me anything!



Employed: Letter of employment, excluding salary

Full Doc

Self-employed: Based on last 2 years average income verified by most recent financial statements and most recent NOAs

Employed: Must provide full income verification by means of job letter, T4s, NOAs, etc for past 2 years.

Down Payment	Verification required. Must show 1.5% of purchase price for closing costs in bank account no later than 7 business days before closing
Payment frequency	Monthly, weekly, bi-weekly
Property Taxes	Included in mortgage payment
Portable	Yes
Assumable	Yes – with approval

Your client, who has a Beacon Score of 640, wishes to purchase a property valued at \$450,000 using a down payment of \$20,000. Assuming that your client meets all of the other Lender's guidelines, what statement would best reflect this scenario?

Select one:

- a. Your client must provide a down payment of at least \$22,500 to qualify
- b. Your client must provide a down payment of at least \$90,000 to qualify ✓
- c. Your client must have at least a 650 Beacon Score to qualify
- d. Your client qualifies based on this down payment and Beacon Score

Check Answer

The correct answer is: Your client must provide a down payment of at least \$90,000 to qualify

Correct

Marks for this submission: 1.00/1.00.

Have questions?
Ask me anything!

Question 42

Correct

You are a new mortgage agent and need business cards. Your broker has told you that you can have your own cards printed however you like, but they must comply with the MBLAA. To comply with this legislation, which of the following must be included in your business card?

Select one:



Mark 1.00 out of
1.00

 Flag question

- a. Your FSCO license number
- b. Your brokerage's name and address
- c. Your brokerage's license number ✓
- d. Your complete mailing address

[Check Answer](#)

The correct answer is: Your brokerage's license number

Correct

Marks for this submission: 1.00/1.00.

Question 43

Correct

Mark 1.00 out of
1.00

 Flag question

Your Mortgages Inc.

Source: Flyer

2175 Sheppard Avenue East, Suite 213
Toronto, ON, M2J1W8
Tel: (416) 555-1212

Mortgage Application Form

APPLICANT(S)		
Name of Applicant in Full Carmello Banfield	DOB (MM/DD/YYYY) 03/22/1970	SIN 555-121-121
Contact Information Tel: 416-555-9999	Cel: 647-555-1212	Email: c.banfield@gmail.com
Name of Co-Applicant in Full Stella Banfield	DOB (MM/DD/YYYY) 10/21/1976	SIN 666-555-121
Contact Information Tel: 416-555-9999	Cel: 647-555-2121	Email: stella.banfield@gmail.com
Present Address 5678 Renter Boulevard, Toronto, ON, M1S 1N1	No of Years 6	
Previous Address	No. of Years	
DETAILS OF MORTGAGE REQUEST		
Purpose of Mortgage Purchase a new home		
Amount \$625,000	Rate 3.5%	Term 5 Years
Frequency Monthly	Amortization 25 years	Date Required August 20 th , 2012
RANKING OF SECURITY Rank (1 st , 2 nd , 3 rd) 1st		

Have questions?
Ask me anything!



PARTICULARS OF SECURITY					
Lot # 99	Plan # W1234	Municipality Toronto	Occupancy Applicants	Rental Income \$N/A	
Civic Address (if different from Present Address) 1234 Borrower Lane, Toronto, ON, M1S 1M1					Lot size 50ft. X 150 ft.
PROPERTY TYPE AND CONSTRUCTION					
Date Acquired (MM/DD/YYYY)	Purchase Price \$500,000	Down Payment \$75,000	Present Value \$500,000	Annual Taxes \$3,200.00	
<input checked="" type="checkbox"/> Detached <input type="checkbox"/> Duplex <input type="checkbox"/> Triplex <input type="checkbox"/> Semi <input type="checkbox"/> Condo (Mtc Fee: \$ _____) <input type="checkbox"/> Townhouse <input type="checkbox"/> Other Age of Building: 15 Years Construction: Brick Storeys: 2 # of Bedrooms: 3 Zoning: Residential Garage: Single - Attached Heating: Forced Air/Gas					
Property Extras (Describe) Finished Basement, central air, central vac, outdoor Jacuzzi					
DETAILS OF EXISTING FINANCING					
Rank	Current Balance	Rate (%)	Payment	Lender	Renewal Date To Remain?
1 st Mtg	N/A	N/A	N/A	N/A	N/A N/A
2 nd Mtg	N/A	N/A	N/A	N/A	N/A N/A

EMPLOYMENT INFORMATION					
APPLICANT'S EMPLOYER'S NAME: Summersview Nursing Home POSITION: Nurse ADDRESS: 77A Ellingsworth Avenue, Toronto, ON INCOME: \$65,000 Per Year			<input type="checkbox"/> SELF-EMPLOYED? NO. OF YEARS: 4		TEL: 416-888-9999 FAX: 416-999-0000
CO-APPLICANT'S EMPLOYER'S NAME: Shady Retirement Home POSITION: Nurse ADDRESS: 6669 Dougay Street South, Toronto, ON INCOME: \$5,417 Per Month			<input type="checkbox"/> SELF-EMPLOYED? NO. OF YEARS: 4		TEL: 416-777-7890 FAX: 416-555-0000
OTHER INCOME (SPECIFY SOURCE AND AMOUNT) N/A					

ASSETS AND LIABILITIES					
ASSET TYPE	AMOUNT	LIABILITY TYPE	AMOUNT	PAYMENT	
BANK ACCOUNT	\$ 50,000.00	MasterCard	\$ 8,500.00	\$ 255.00	
2002 Hyundai Sonata	\$ 15,500.00		\$	\$	
Personal Effects	\$ 40,000.00		\$	\$	
RRSP	\$ 25,000.00		\$	\$	
	\$		\$	\$	
	\$		\$	\$	
OTHER	\$		\$	\$	

Have questions?
Ask me anything!



OTHER:	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
TOTAL	\$130,500.00	\$8,500.00	\$255.00
NET WORTH	ASSETS (\$130,500.00) – LIABILITIES (\$8,500.00) = NET WORTH \$122,000.00		

NOTES

CONSENT

IN CONNECTION WITH MY APPLICATION FOR CREDIT, I/WE HEREBY AGREE TO YOU PROCURING ANY CREDIT OR OTHER REPORTS TO DETERMINE MY ABILITY TO OBTAIN MORTGAGE FINANCING AND SHARE THIS INFORMATION WITH OTHER CREDIT GRANTORS OR CONSUMER REPORTING AGENCIES. I/WE FURTHER AGREE THAT YOU MAY ASSIGN THIS APPLICATION TO THE LENDER OF YOUR CHOICE AND MAY DESIGNATE THE CLOSING LAWYER. I/WE ACKNOWLEDGE THAT YOU MAY RECEIVE A FINDERS FEE FROM THE LENDER. I/WE FURTHER STATE THAT THE INFORMATION CONTAINED IN THIS APPLICATION IS ACCURATE TO THE BEST OF MY/OUR KNOWLEDGE. I/WE AUTHORIZE YOU TO USE THE INFORMATION CONTAINED WITHIN THIS APPLICATION AND AS OBTAINED THROUGH THIS TRANSACTION TO PROVIDE ME/US WITH INFORMATION THAT YOU BELIEVE MAY BE OF INTEREST TO US IN THE FUTURE.

DATE: January 10, 2012

APPLICANT'S SIGNATURE: *Bob Client*

DATE: January 10, 2012

CO-APPLICANT'S SIGNATURE: *Susan Client*

NM – BANFIELD, CARMELLO
 CA - 5687 RENTER BOULEVARD, TORONTO, ON, M1S 1N1
 FA - 56 NOWHERE STREET, TORONTO, ON, L1L 1L1
 ID - BDS-03-22-1970, SSS-555-121-121,SSC-666-555-121
 ES - NURSE, SUMMERSVIEW NURSING HOME

Equifax and Affiliate Bureaus - Refer Consumer inquiries to 1-800-465-7166

FN 00-0008095-07-265 UN 2060576929 01/10/2012

RISK SCORE : 632

ACCOUNT NOT PAID AS AGREED, PUBLIC RECORD, OR COLLECTION AGENCY FILING.
 LENGTH OF TIME (OR UNKNOWN TIME) SINCE ACCT NOT PD AS AGREED OR NARR RPTD.
 LENGTH OF TIME SINCE PUBLIC RECORD OR COLLECTION AGENCY FILING.
 TOO FEW ACCOUNTS CURRENTLY PAID AS AGREED.

BANFIELD, CARMELLO, STELLA SINCE 04/23/1986 FAD 01/10/2012

5678 RENTER BOULEVARD, TORONTO, ON, M1S 1N1, RPTD 05/2007

Have questions?
 Ask me anything!



933, BEAUTIFUL RD, KELOWNA, BC C1C 1C1

BDS-03/22/1970, SSS-555-121-121

INQS-SUBJECT SHOWS 3 INQUIRIES SINCE 01/2008

03/11/2011	ROGERS VIDEO	(555) 111-1111
02/16/2011	TD CANADA TRUST	(555) 222-2222
02/10/2011	ROYAL BANK	(555) 333-3333
01/22/2010	FORD CREDIT	(555) 444-4444
01/12/2010	MBNA	(555) 555-5555

INQS - 36

ES - NURSE, SUMMERSVIEW NURSING HOME, TORONTO, ON, EMP 01/2004

EF - NURSE, ABC NURSING HOMES, KELOWNA, BC, EMP 12/85, VR 12/90, LEFT 01/2004

EC - NURSE, SHADY RETIREMENT HOME, TORONTO, ON, EMP 07/2001, VER 10/2003

SUMMARY 05/1986 - 08/2008, 4-PR/OI, FB-NO, TOTAL-3, HC\$3K-5K, 2-ONE, 1-TWO

PUBLIC RECORDS OR OTHER INFORMATION

03/95 BKRPT 472VF22, 456789 ABC ASSOCIATES, LIAB\$55000, ASSETS\$1500, SUBJECT, IND, DISCHARGED 12/95

09/1998 UP CL ACME COLLECTIONS, \$1260, CG, BRN-ANY CO., DLA-12/1997, BAL-\$0

04/2005 SECLN CENT REG TOR, FP CASE NO-WELLS FARGO 9 ELLIS AV TOR 3600, MATURE 04/2010

03/1998 ST JD TOR SM CL CT.\$255, DEF-PUBLIC, JOHN, Q , 1234, CITY OF TORONTO, SATISFIED 11/1998

TRADE INFORMATION SECTION

BUS/ID CODE	RPTD	OPND	H/C	TRMS	BAL	P/D	RT	30/60/90	MR	DLA
STAPLES (555) 555-2345 J 650DC16	01/2012	01/97	3540	78	2850	0	R1	00/00/00	132	01/2012

MBNA VISA (888) 555-5678 J6500N28	01/2012	04/2003	5000	71	2350	142	R3	04/02/01
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PREV HI RATES: R2 06/2011, R3 10/2011, R3 09/2011.

AMOUNT IN H/C COLUMN IS CREDIT LIMIT

CT MASTERCARD (555) 555-1212 J650AT12	01/2012	09/2007	2750	83	2750	0	R1	01/01/01	7	01/2012
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Have questions?
Ask me anything!



BANKING INFORMATION SECTION
ROYAL BANK (888) 555-0000
09/208 CHKAC 601BB4559
1 NSF 2005

NARRATIVE RPTD 03/2006 PURGE 03/2012
** CONSUMER STATES JUDGEMENT WAS DUE TO A DISPUTE WITH THE CITY OVER A SNOW REMOVAL FINE**

SAFESCANNE &

One of the real estate agents who send you business has referred you two clients who are purchasing a home. You have met with the clients, Carmello and Stella Banfield, and have taken their application. You are now in the process of analyzing their credit report. While there may be other errors in this application, based on their application and credit report, which one of the following statements is most correct?

Select one:

- a. The employer appears to be incorrect on the credit report
- b. The income, but not employment is verified by the credit report
- c. The income and employment is not the same on both documents
- d. The current address appears to be incorrect on the credit report ✓

Check Answer

The correct answer is: The current address appears to be incorrect on the credit report

Correct

Marks for this submission: 1.00/1.00.

Question 44

Correct

Mark 1.00 out of
1.00

 Flag question

Have questions?
Ask me anything!



ABC Lender Inc. Product Sheet	
Purpose	95% - Purchase 90% - Refinance
Terms	3 and 5 year fixed
Mortgage Amounts	Minimum \$50,000 Maximum \$600,000 (\$700,000 in GTA)
Rate Hold / Rate Drop	45 days, one time rate drop 7 days prior to closing
Amortization	25, 30 and 35 years
Prepayment Options	Up to 20% prepayment annually + 20% increase in payments once per year
Payout Options	Greater of 3 months or the Interest Rate Differential, whichever is greater
Lender's Fees	2% added to the mortgage
Property Requirements	Owner Occupied only Single family up to a four-plex High- rise condominiums Hobby farms and rural properties on exception basis
Location	Within 25km radius of population of 25k Within 30km radius of population of 30k
Appraisal	Required on all applications. Broker may order using ABC's approved list of appraisers only. Appraisal cost to be paid by Borrower
GDS/TDS	No GDS, TDS 50%
Credit	Good credit, minimum 2 years history, no major derogatories, bankruptcy allowed over 2 years discharged
Beacon Score	80% LTV or less: 585 + 80.1 to 95% LTV: 650 +
Income/Employment	Stated Income Must meet TDS ratio. Self-Employed: Must prove self-employment via NOA, business license, or Articles of Incorporation, etc. Income will not be verified. Employed: Letter of employment, excluding salary Full Doc Self-employed: Based on last 2 years average income verified by most recent financial statements and most recent NOAs Employed: Must provide full income verification by means of job letter, T4s, NOAs, etc for past 2 years.
Down Payment	Verification required. Must show 1.5% of purchase price for closing costs in bank account no later than 7 business days before closing
Payment frequency	Monthly, weekly, bi-weekly
Property Taxes	Included in mortgage payment
Portable	Yes
Assumable	Yes – with approval

Have questions?
Ask me anything!



Your client currently has a mortgage with an outstanding balance of \$350,000. This client wishes to refinance his home by increasing this mortgage to \$405,000. If the value of his home is appraised at \$425,000, and assuming that your client meets all of the other Lender's guidelines what statement would best reflect this scenario?

Select one:

- a. Your client qualifies based on this mortgage amount
- b. Your client would qualify for a maximum increase of \$53,750
- c. Your client would qualify for a maximum increase of \$32,500 ✓
- d. This lender does not offer refinancing

[Check Answer](#)

The correct answer is: Your client would qualify for a maximum increase of \$32,500

Correct

Marks for this submission: 1.00/1.00.

Question 45

Correct

Mark 1.00 out of
1.00

 [Flag question](#)

Have questions?
Ask me anything!



Beacon Score		680+	650 – 679	620 – 649	600 – 619	580 – 599	540 - 579
Full Doc SFD Salaried/BFS 3 or 5 Year Term	LTV	Rate	Rate	Rate	Rate	Rate	Rate
	95.01 - 100%	7%	7.5%	7.8%	N/A	N/A	N/A
	90.01 - 95%	6.9%	7.4%	7.6%	N/A	N/A	N/A
	85.01 - 90%	6.8%	7.3%	7.5%	8.1%	N/A	N/A
	75.01 - 85%	6.7%	7.2%	7.4%	8%	8.8%	N/A
	60.01 - 75%	6.6%	7.1%	7.3%	7.9%	8.7%	9.1%
Stated Income SFD Salaried/BFS 3 or 5 Year Term	60% or Less	6.5%	7%	7.2%	7.8%	8.6%	8.9%
	LTV	Rate	Rate	Rate	Rate	Rate	Rate
	90.01 - 95%	6.9%	7.4%	7.6%	N/A	N/A	N/A
	85.01 - 90%	6.8%	7.3%	7.5%	8.1%	N/A	N/A
	75.01 - 85%	6.7%	7.2%	7.4%	8%	8.8%	N/A
	60.01 - 75%	6.6%	7.1%	7.3%	7.9%	8.7%	9.1%
	60% or Less	6.5%	7%	7.2%	7.8%	8.6%	8.9%

Your client, who cannot prove her income, would like to obtain 90% LTV financing to purchase a single family dwelling. Her Beacon Score is 678 and she is requesting a 2 year term with a rate not exceeding 6.7%. Given this case study, what would you tell your client?

Select one:

- a. This Lender does not offer this requested product ✓
- b. She must increase her down payment to 15%
- c. She must have a Beacon Score of at least 680
- d. She does not qualify for the requested rate

Have questions?
Ask me anything!



[Check Answer](#)

The correct answer is: This Lender does not offer this requested product

Correct

Marks for this submission: 1.00/1.00.

Question 46

Correct

Mark 1.00 out of
1.00

 Flag question

Have questions?
Ask me anything!



ABC Lender Inc. Product Sheet	
Purpose	95% - Purchase 90% - Refinance
Terms	3 and 5 year fixed
Mortgage Amounts	Minimum \$50,000 Maximum \$600,000 (\$700,000 in GTA)
Rate Hold / Rate Drop	45 days, one time rate drop 7 days prior to closing
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Prepayment Options	Up to 20% prepayment annually + 20% increase in payments once per year
Payout Options	Greater of 3 months or the Interest Rate Differential, whichever is greater
Lender's Fees	2% added to the mortgage
Property Requirements	Owner Occupied only Single family up to a four-plex High- rise condominiums <u>Hobby farms and rural properties on exception basis</u>
Location	Within 25km radius of population of 25k Within 30km radius of population of 30k
Appraisal	Required on all applications. Broker may order using ABC's approved list of appraisers only. Appraisal cost to be paid by Borrower
GDS/TDS	No GDS, TDS 50%
Credit	Good credit, minimum 2 years history, no major derogatories, bankruptcy allowed over 2 years discharged
Beacon Score	80% LTV or less: 585 + 80.1 to 95% LTV: 650 +
Income/Employment	<p>Stated Income Must meet TDS ratio. Self-Employed: Must prove self-employment via NOA, business license, or Articles of Incorporation, etc. Income will not be verified.</p> <p>Employed: Letter of employment, excluding salary</p> <p>Full Doc Self-employed: Based on last 2 years average income verified by most recent financial statements and most recent NOAs Employed: Must provide full income verification by means of job letter, T4s, NOAs, etc for past 2 years.</p>
Down Payment	Verification required. Must show 1.5% of purchase price for closing costs in bank account no later than 7 business days before closing
Payment frequency	Monthly, weekly, bi-weekly
Property Taxes	Included in mortgage payment
Portable	Yes
Assumable	Yes – with approval

Your client wishes to obtain a mortgage in the amount of \$250,500. Given this Lender's program and assuming that your client meets all of the other Lender's guidelines, what statement would best reflect this scenario?

Have questions?
Ask me anything!



Select one:

- a. Your client must pay a Lender's fee of \$5,000 from his own funds on closing
- b. Your client must pay a Lender's fee of \$5,010 from his own funds on closing
- c. Your client must pay a Lender's fee which may be included in the mortgage ✓
- d. Your client need not pay a Lender's fee if his Beacon Score is over 650

[Check Answer](#)

The correct answer is: Your client must pay a Lender's fee which may be included in the mortgage

Correct

Marks for this submission: 1.00/1.00.

Question 47

Correct

Mark 1.00 out of
1.00

 [Flag question](#)

Have questions?
Ask me anything!



Beacon Score		680+	650 – 679	620 – 649	600 – 619	580 – 599	540 - 579
Full Doc SFD Salaried/BFS 3 or 5 Year Term	LTV	Rate	Rate	Rate	Rate	Rate	Rate
	95.01 - 100%	7%	7.5%	7.8%	N/A	N/A	N/A
	90.01 - 95%	6.9%	7.4%	7.6%	N/A	N/A	N/A
	85.01 - 90%	6.8%	7.3%	7.5%	8.1%	N/A	N/A
	75.01 - 85%	6.7%	7.2%	7.4%	8%	8.8%	N/A
	60.01 - 75%	6.6%	7.1%	7.3%	7.9%	8.7%	9.1%
	60% or Less	6.5%	7%	7.2%	7.8%	8.6%	8.9%
Stated Income SFD Salaried/BFS 3 or 5 Year Term	LTV	Rate	Rate	Rate	Rate	Rate	Rate
	90.01 - 95%	6.9%	7.4%	7.6%	N/A	N/A	N/A
	85.01 - 90%	6.8%	7.3%	7.5%	8.1%	N/A	N/A
	75.01 - 85%	6.7%	7.2%	7.4%	8%	8.8%	N/A
	60.01 - 75%	6.6%	7.1%	7.3%	7.9%	8.7%	9.1%
	60% or Less	6.5%	7%	7.2%	7.8%	8.6%	8.9%

Your client would like to refinance his home by increasing his current mortgage to \$285,700. Since his home is appraised at \$336,000 and his Beacon Score is 632, he would qualify for:

Select one:

- a. A rate of 7.5% because of the loan to value and Beacon Score ✓
- b. A rate of 7.3% because of the loan to value and Beacon Score
- c. A rate of 7.2% because of the loan to value and Beacon Score
- d. It depends, since you do not know if this is Stated or Full Doc

Have questions?
Ask me anything!



[Check Answer](#)

The correct answer is: A rate of 7.5% because of the loan to value and Beacon Score

Correct

Marks for this submission: 1.00/1.00.

Question 48

Correct

Mark 1.00 out of
1.00

 Flag question

Have questions?
Ask me anything!



Beacon Score		680+	650 – 679	620 – 649	600 – 619	580 – 599	540 - 579
Full Doc SFD Salaried/BFS 3 or 5 Year Term	LTV	Rate	Rate	Rate	Rate	Rate	Rate
	95.01 - 100%	7%	7.5%	7.8%	N/A	N/A	N/A
	90.01 - 95%	6.9%	7.4%	7.6%	N/A	N/A	N/A
	85.01 - 90%	6.8%	7.3%	7.5%	8.1%	N/A	N/A
	75.01 - 85%	6.7%	7.2%	7.4%	8%	8.8%	N/A
	60.01 - 75%	6.6%	7.1%	7.3%	7.9%	8.7%	9.1%
Stated Income SFD Salaried/BFS 3 or 5 Year Term	LTV	Rate	Rate	Rate	Rate	Rate	Rate
	90.01 - 95%	6.9%	7.4%	7.6%	N/A	N/A	N/A
	85.01 - 90%	6.8%	7.3%	7.5%	8.1%	N/A	N/A
	75.01 - 85%	6.7%	7.2%	7.4%	8%	8.8%	N/A
	60.01 - 75%	6.6%	7.1%	7.3%	7.9%	8.7%	9.1%
	60% or Less	6.5%	7%	7.2%	7.8%	8.6%	8.9%

Your client has come to you requesting a mortgage in the amount of \$157,500 and is providing you with an appraisal that is acceptable to your Lender showing an appraised value of \$350,000. Given this case study, which one of the following statements is most correct?

Select one:

- a. You must find another Lender as this Lender has a minimum LTV of 60%
- b. You must contact the Lender to determine the rate as the chart has a minimum LTV of 60%
- c. The rate will be based on whether this is a Full Doc or Stated Doc application
- d. The rate will be based on your client's current Beacon Score ✓

Have questions?
Ask me anything!



[Check Answer](#)

The correct answer is: The rate will be based on your client's current Beacon Score

Correct

Marks for this submission: 1.00/1.00.

[Finish review](#)

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Answer

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