Welcome DDE MAC









DEAL PROCESSING 101

Navigating the Client Interview/Meeting and Deal/Data Entry



New to the Mortgage Industry



- Job Shadow (partner with a veteran agent)
- Practice agent and client credit meeting/interview with fellow agents/colleagues (agent and client)
- Team agent consult with your team leader; franchise agent consult with your owner; independent corporate agent consult with Lender Hub; Regional Vice President or me
- Knowledge is Power...educate yourself on various products and policies
 - o ie. fixed; variable; HELOC
 - attend lender and insurer webinars (Sagen; Canada Guaranty)
- Do not be afraid to ask questions or for assistance/guidance



Prepping for the client meeting



- Obtain as much info as possible prior to meeting/call
- Type of transaction (purchase; refi); how many borrowers; high ratio/conventional
- Are any of the applicants business for self (BFS)
- Communicate info required to client prior to meeting/call
 - Personal info (DOB; SIN #); income; assets and liabilities; if applicable, existing properties owned
 - Prepare client(s) for documentation required
 - Purchase MLS/APS; income; down payment
 - Refinance recent mortgage stmt; property tax stmt
 - Document Checklist via MAC Studio/Marketing Materials/Documents



Email Communication Template - Purchase



Hi Mr and Mrs Client,

Thank you again for the opportunity and taking the time to chat with me earlier – much appreciated.

As discussed, the following is information and paperwork I will require for our meeting:

- Personal info (ie. Date of birth; SIN #)
- Current residential info (ie. Address; length of time at residence; own or rent)
- Employment/income info (ie. Employer; occupation; tenure; gross annual earnings)
- List of assets (ie. Vehicle; investments/savings...RSP; TFSA, etc)
- List of liabilities/debts (ie. Loans or leases; credit cards; lines of credit, etc)
- If applicable, existing properties owned (ie. Value; mortgage owing; annual property taxes, etc)

The following paperwork is required in order to submit to a lender for approval:

- MLS listing and purchase/sale agreement for subject property
- Confirmation of income (recent paystub; T4) for salary or hourly employment; if self-employed...2 yrs of recent Notice of Assessments

FYI – there will be other documentation (ie. Downpayment) required post approval which we will discuss in greater detail when we meet.

With that said, are you available to meet date/time...the meeting will take approximately an hour in order to gather above-noted information/paperwork; discuss financing options/products and answer any questions you have.

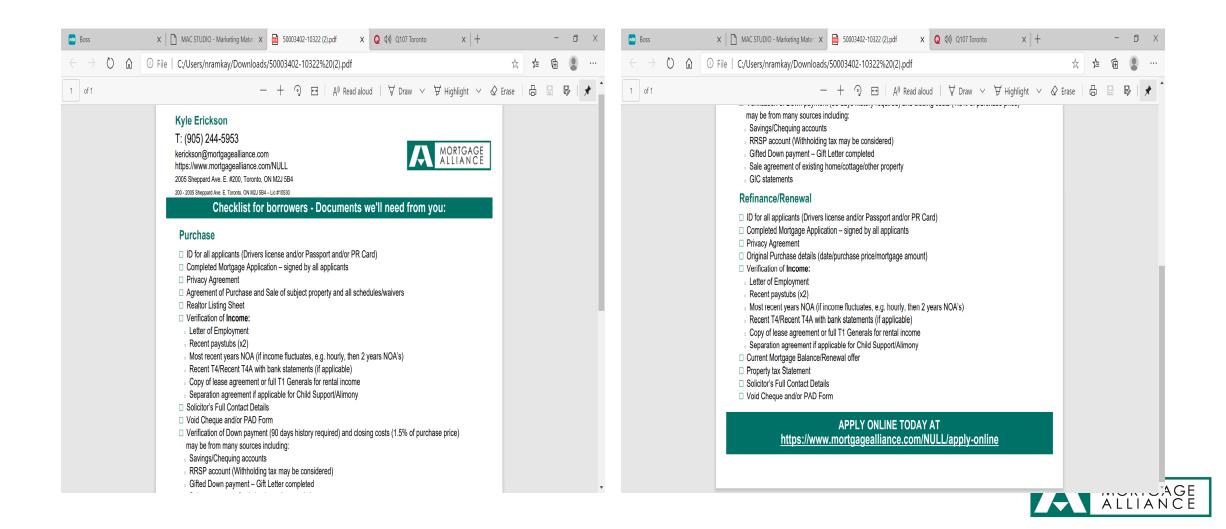
Thank you again – I look forward to your reply.

TIP — include/attach the document checklist as a reference tool for your clientfor documentation required.



Document Checklist...MAC Studio





Credit Interview Process Guideline



Maintain control and direction of the credit interview...suggested process/steps when collecting information from client(s):

- Personal and contact info (date of birth; SIN; marital status; phone #; email address)
- Current residential address...if less than 2 yrs at current residence obtain previous address
- Current employment/income information
- ➤ List of assets (ie. Vehicle; savings/investments; any other liquid assets...such as, recreational vehicles)
- List of debts (ie. Loans/leases; line of credit; credit cards; student loan, etc)
- If applicable, existing property (ies) owned (ie. Estimated value; annual property taxes; any mortgage or HELOC info)
- Subject property details (ie. Address; annual property taxes; style; services; garage and so on)
- Discuss product info (ie. Fixed; variable) and numbers at the end of the meeting





Time for the Meeting/Call



- Build a rapport/connection with the client(s)... whether it is similar family dynamics; sports or hobbies; mutual acquaintance and so on. Do not jump right into the information gathering stage...this is a relationship driven industry and the more comfortable a client feels with you the more likely they will share detailed information which is important when 'Knowing Your Client (KYC)' and providing proper advice and guidance.
- Follow a process... maintain control/direction of the meeting/call
- Ask probing questions pertaining to:
 - o Income breakdown
 - Downpayment breakdown



Time for the Meeting/Call...cont'd



- Don't ad lib... if you do not know the answer to a question it is ok to say 'great question let me look into that and get back to you'
- Discuss numbers and product details (ie. fixed vs variable) at the end of the meeting
- Set realistic timelines for decisions/approval and communication...
 as the old saying goes 'under promise, over deliver'
- Be confident and professional... clients are looking to you for guidance and advice



Employment Questions



If applicant is an employee of a business/company...

- ➤ What is your gross annual earnings/income?
- > Does your gross annual earnings include any overtime or bonus type income?
- Are you paid a salary or an hourly rate?
- ➤ If salary...what is your base salary? If hourly rate...what is your base hourly rate?
- ➤ Are you classified as permanent full-time?
- > If no, are you considered part-time; contract or seasonal employee?



Employment Questions...cont'd



- ➤ If paid hourly...do you have guaranteed hours or do they vary week to week?
- > Do you receive any type of income other than your base salary...such as, overtime; bonus; commissions?
- ➤ If applicant is considered a contract employee...are income taxes deducted at source? Meaning does employer deduct income taxes...
 - > If employer does not deduct income taxes from the applicant's pay a lender will want to confirm the applicant does not owe any income taxes and request a recent Notice of Assessment (NOA)
- > Are your income tax filings current/up-to-date? If no, when was the last time taxes were filed?
 - ➤ Generally, 'A' channel lenders require income tax filings to be up-to-date...if they are not you will have difficulty securing an approval with an 'A' channel lender. If taxes have not been filed for a couple years advise your client the importance of maintaining tax filings and to file ASAP
- > Are you employed by a family run business?
 - ➤ Lenders will request additional documentation (ie. T4s) if an applicant is employed by a family run business and confirmation they do not have any ownership rights in the business



Employment Income Guidelines...

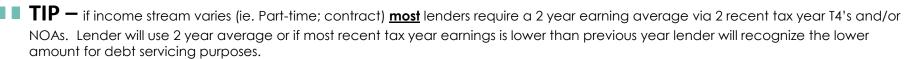


If applicant is an employee and is...

- > Permanent full-time with salary
 - > employment letter and recent paystub
- Permanent full-time paid via hourly rate with guaranteed hours
 - Employment letter confirming hours per week and hourly rate; recent paystub and/or recent T4
- Hourly rate with non-guaranteed hours (ie. Part-time)
 - Employment letter; recent paystub along with 2 years T4's and/or Notice of Assessments (NOAs)
- Contract; seasonal employee
 - Employment letter confirming hourly rate with hours per week; recent paystub; 2 years T4s and/or NOAs

Income types cont'd...

- > Overtime or Bonus income
 - Lenders require a 2 year earning history for this type of income via 2 yrs of recent T4s or NOAs if using for qualifying purposes
- > Commission income
 - Employment letter; recent paystub; 2 yrs NOAs and T1 Generals
- Pension income
 - T4A; pension info slip; and/or 3-6 months bank statements confirming pension amount. Policy varies lender to lender...consult with lender for policy
- Gig income (Uber; Lyft)
 - 2 year earning history via 2 yrs NOAs and T1 Generals along with income statement





Questions for Business for Self (BFS)



If applicant is Business for Self...

- > Is your business registered as a sole proprietorship; partnership; or incorporated?
 - > If incorporated, are there any other shareholders; directors registered with the corporation?
 - > If incorporated, do you draw a salary or dividend from the corporation?
- ➤ How long have you been BFS?
 - > 'A' channel lenders require a minimum of 2 years BFS unless there is industry/occupation consistency (ie. Applicant is an electrician who was an employee but switched to BFS) in this type of scenario consult with the lender to see if they would consider an exception
- What kind of business do you operate?
- ➤ What is your gross annual business revenue?
- What do you declare as a personal taxable income to Canada Revenue Agency (CRA)?
- > Are your income tax filings up-to-date?
- ➤ Do you owe any income taxes to CRA? If yes, how much?
 - > 'A' channel lenders require confirmation income tax filings are up-to-date and there are no outstanding personal income taxes owing



BFS Income Guidelines...



If applicant is BFS the following documents and information is required:

- Proof of BFS via business license (sole proprietorship); articles of corporation (incorporated)
- ➤ If business license is not available to confirm BFS status some lenders will accept 2 yrs of GST/HST returns; or, 2 yrs T1 Generals with Statement of Business Activities (sole proprietorship)
- > 2 years recent NOAs to confirm income disclosed and to confirm applicant does not owe income taxes to Canada Revenue Agency (CRA)
- > 2 years T1 Generals for sole proprietorship to confirm gross business earnings and deductions
- ➤ If business is incorporated and applicant draws a salary or dividend from the business lenders will request 2 yrs of T1 Generals to determine how income from the corporation is paid



Questions for Downpayment...



Downpayment for a purchase transaction...

- > How much of a downpayment are you applying?
- > What are the source of funds for downpayment?
 - > The following are the most common sources of downpayment: personal savings; sale of existing property; gifted funds; and borrowed funds
- ➤ If downpayment is from multiple sources be sure to explain and breakdown for a lender in the application and your submission notes
- > Lenders will practice due diligence when assessing sources of downpayment to satisfy anti-money laundering requirements
- ➤ If funds being applied as downpayment are from a borrowed source (ie. Credit card) you must disclose to lender at time of submission



Downpayment Guidelines



Documents required to confirm downpayment funds:

- > Personal savings/investments
 - Recent 90 day bank account history or investment statements supporting the amount being applied...any paperwork must show account ownership
 - If any deposits greater than \$3,000 (does not include payroll) appear in the bank account history a lender may request confirmation of the source of those funds. For example, if an applicant transferred \$5,000 from another bank account the lender may request a 90 day history on the other account (anti-money laundering requirement)
- > Sale of existing property
 - Unconditional sale agreement signed by all parties
 - > Recent mortgage statement to confirm balance owing in order to calculate sufficient funds are available after fees are deducted (ie. Real estate and legal fees)
- Gifted funds
 - > Gift letter signed by both the donor and recipient (lenders have their own gift letter to be used)
 - > Donor of gifted funds must be an immediate family member (parent; child; sibling; grandparent)
 - Most lenders require the gifted funds be deposited to the borrower's bank account at least 15 days prior to closing and require confirmation of such
 - > Some lenders may request the source and confirmation of where the gifted funds are coming from
- Borrowed funds
 - > Line of credit; credit card; personal loan (not all lenders offer this option)
 - > Credit facility must be in applicant's name
 - > Monthly payment associated with the credit facility must be included in the TDS calculation



Deal/Data Entry - Boss 5.1



- Practice makes perfect... offer to input deals for fellow agents/colleagues and/or create your own test deal
- Be detailed and concise with info when entering into the application platform
 - Personal info date of birth; SIN #; contact info
 - o Residential info/address...FYI lenders require a minimum of 2 yr residential history
 - Employment/income info...be detailed and breakdown income if multiple sources
 - Business for self (BFS) obtain Notice of Assessments (NOAs); nature of business; type of business (sole proprietorship; partnership; incorporated)
 - o ie. if vehicle owned or leased...enter year; make and model
 - Savings; RSP; TFSA indicate financial institution (ie. Investors Group; Scotia) in description section
 - Liabilities/debts be clear and itemize...compare to what is reporting on the credit bureau/file to make sure no discrepancies



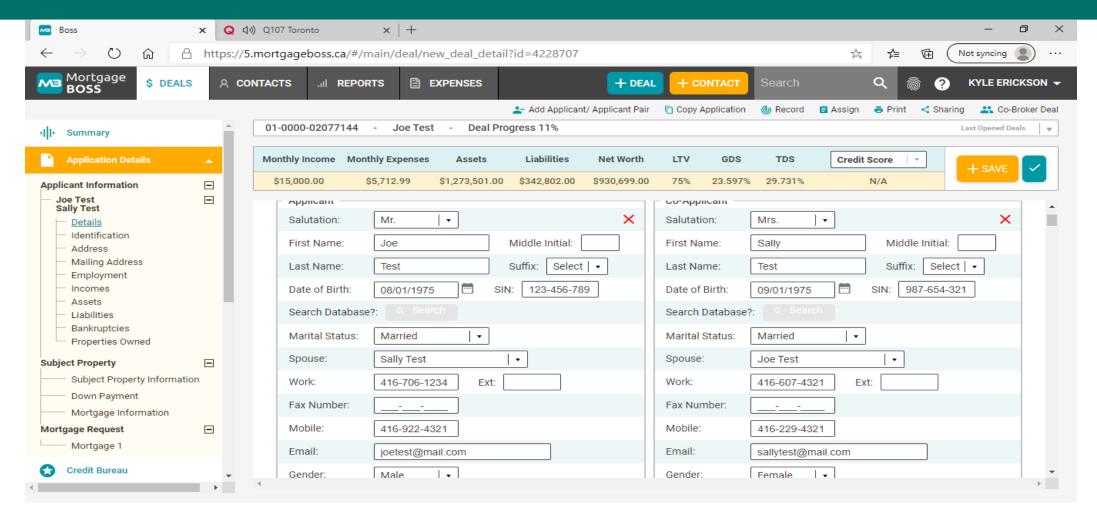
Deal/Data Entry - Boss 5.1...cont'd



- If applicable, obtain accurate info from client regarding existing property(ies) owned
 - Approx. property value...be realistic
 - Existing mortgage details balance owing; monthly payment; annual property taxes; maturity date, etc
 - Obtaining a recent mortgage statement is ideal
- Subject property details and mortgage request information
 - Info via MLS and/or the applicant for a refinance or switch transaction...Purview is a good source as well (additional cost)
- Mortgage Request Details
 - Ensure you input/request correct mortgage details and qualify using the stress test rate
 - Re-iterate the mortgage product/rate along with amortization period in your lender submission notes



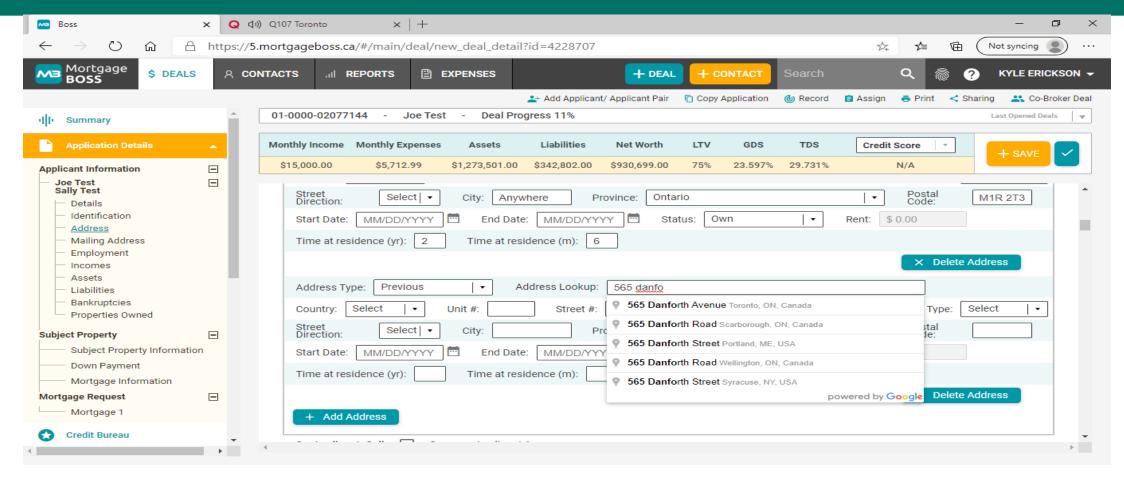




- Obtain as much contact info as possible
 - o contact ph#; email address, etc...ideal info for your data base and ways to connect with clients post-funding
 - more and more lenders require an applicant's email address to process an application







- Lenders require a minimum of a 2 year residential history for all applicants
- Obtaining the residential history allows for reference to addresses reporting on the credit bureau and if there are any discrepancies with what is disclosed and what is reporting
- If the applicant's current address is not reporting on the bureau, an underwriter may inquire so best know why prior to submission

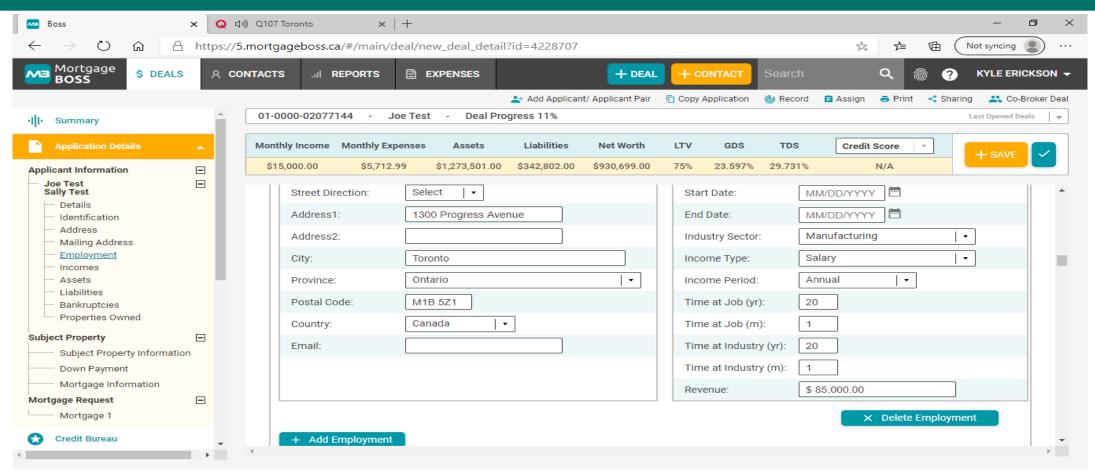




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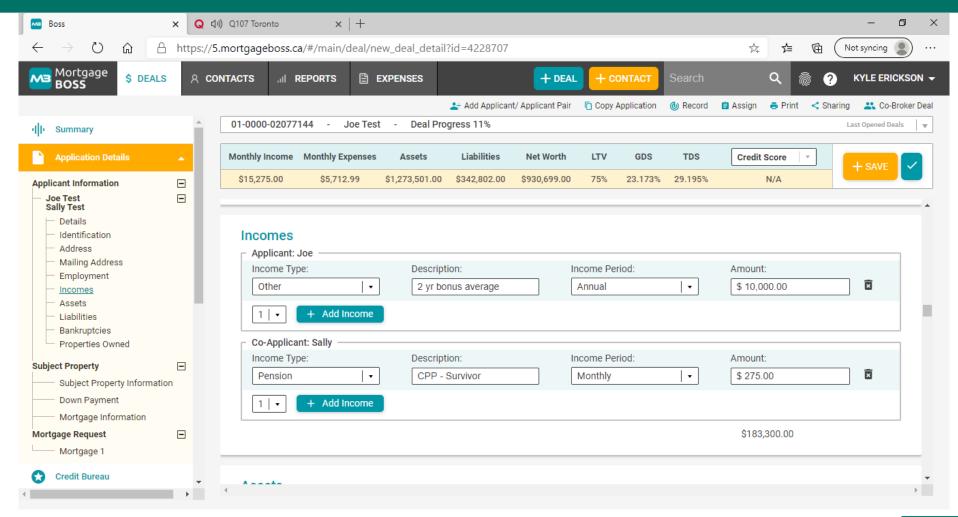




- · Lenders require a minimum 2 year employment history
- Provide as much employer details as possible: address, ph#... you cannot submit an application without an employer phone #
- Income other than employment (ie. Pension, child/spousal support) should be included in the 'other' income section

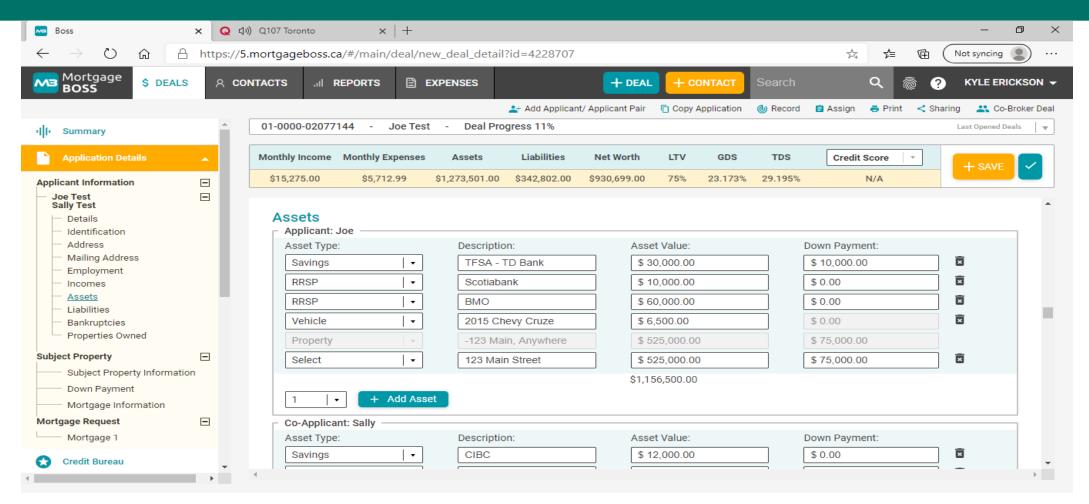








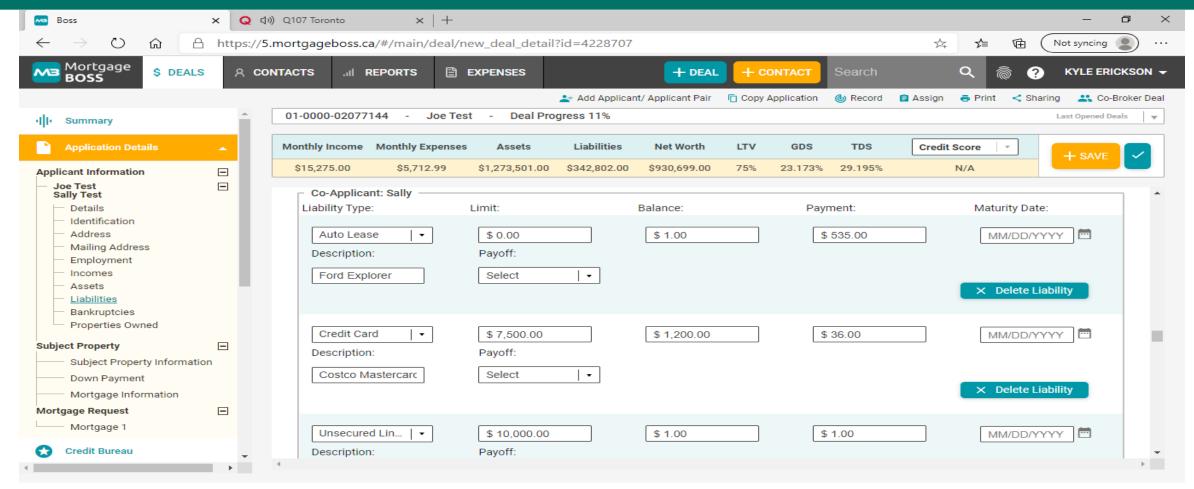




- Provide as much detail as possible for assets: year, make and model of vehicles; name of financial institution that holds savings/investments
- If down payment is via a gift, list it in the asset section along with the donor (ie. parents) of the gifted funds



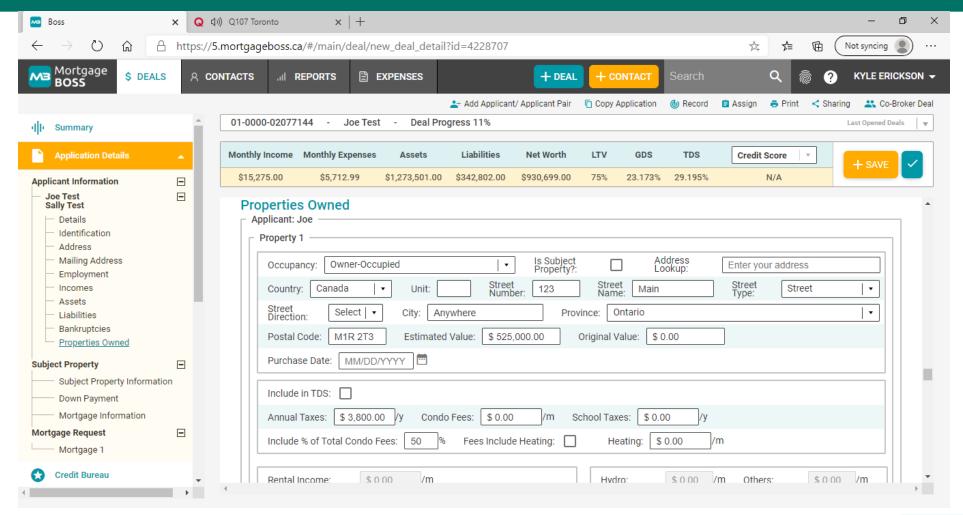




- Provide as much detail/particulars when inputting debts owing.
- Although you can obtain an applicant's debt obligations via their credit report, it is good practice to have an applicant provide you with a list of their debts/liabilities. This practice allows you to determine if there are any reporting discrepancies and/or if the applicant is being fully transparent with you.

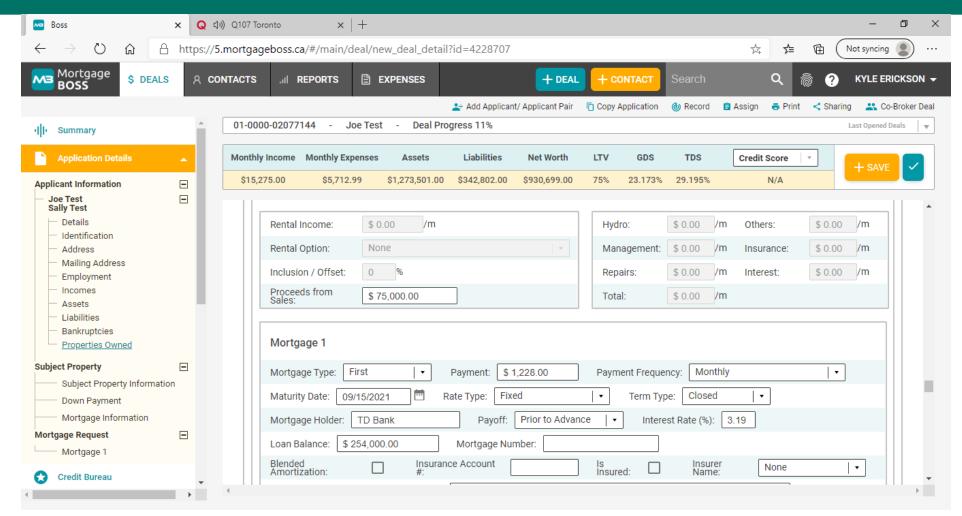






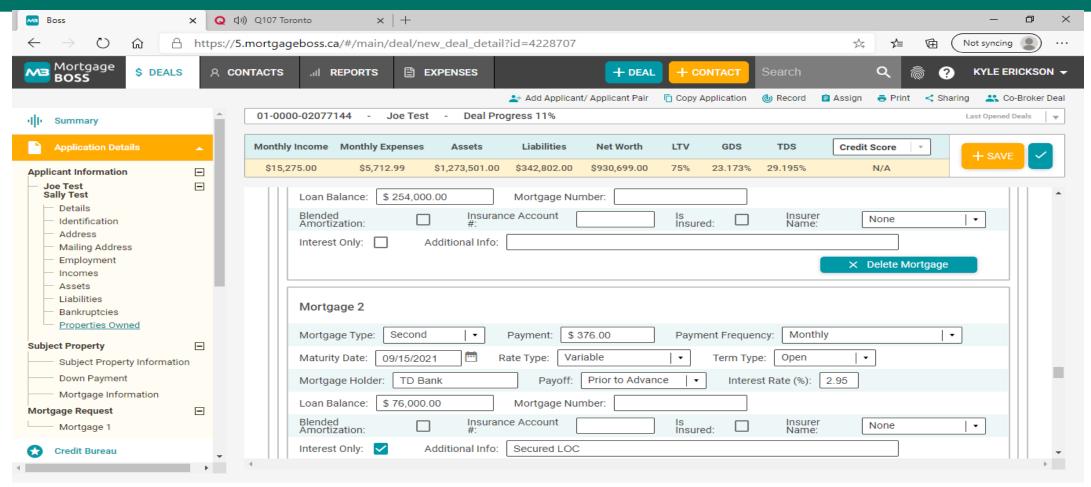












provide as much detail related to existing property (ies) owned along with mortgage terms...
 annual property taxes; if applicable, rental income; mortgage rate; payment amount;
 maturity date



o if not paying out a mortgage acquiring the maturity date and inputting in your database could provide an opportunity in the future

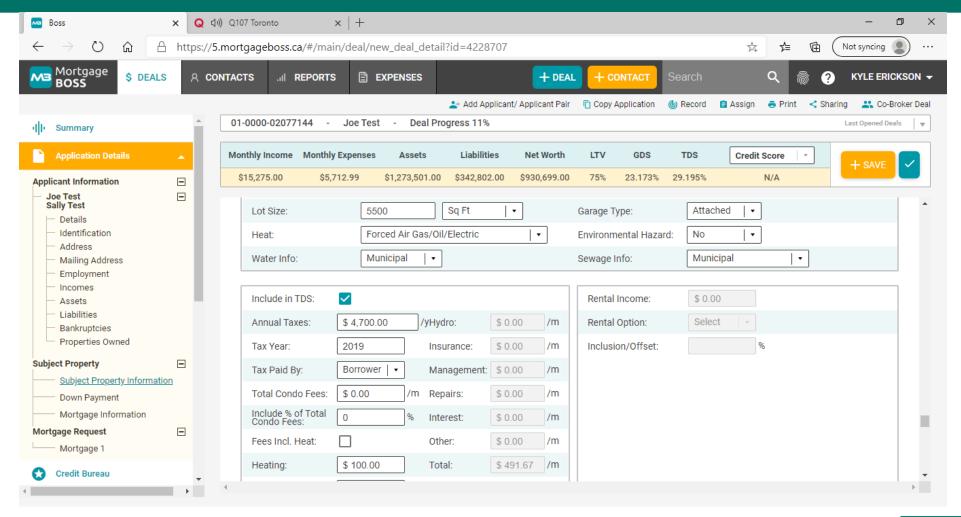


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Address — Mailing Address Unit#: Street#: 987 Street Name: Ontario Street Type: Drive ▼			
Employment Incomes Street Direction: Select ▼			
Assets Liabilities Lot: Block: Conc/Township:			
Bankruptcies Properties Owned MLS Listing: Yes ▼ Update Address Upon Closing: Yes ▼			
Subject Property □ Construction Type: Existing ▼ Number of Units: 1			
Subject Property Information Dwelling Configuration: Detached			
Down Payment Tenure: FreeHold ▼ Age: 20			
Mortgage Request ☐ Living Space: 2000 Sq Ft ▼ Garage Size: Single ▼			
Mortgage 1 Lot Size: 5500 Sq Ft ▼ Garage Type: Attached ▼			
Credit Bureau Heat: Forced Air Gas/Oil/Electric ▼ Environmental Hazard: No ▼ Heat: Forced Air Gas/Oil/Electric ▼ Environmental Hazard: No ▼	-		

 Common theme... input as much detail related to the subject property... include annual property taxes; monthly heat cost/component

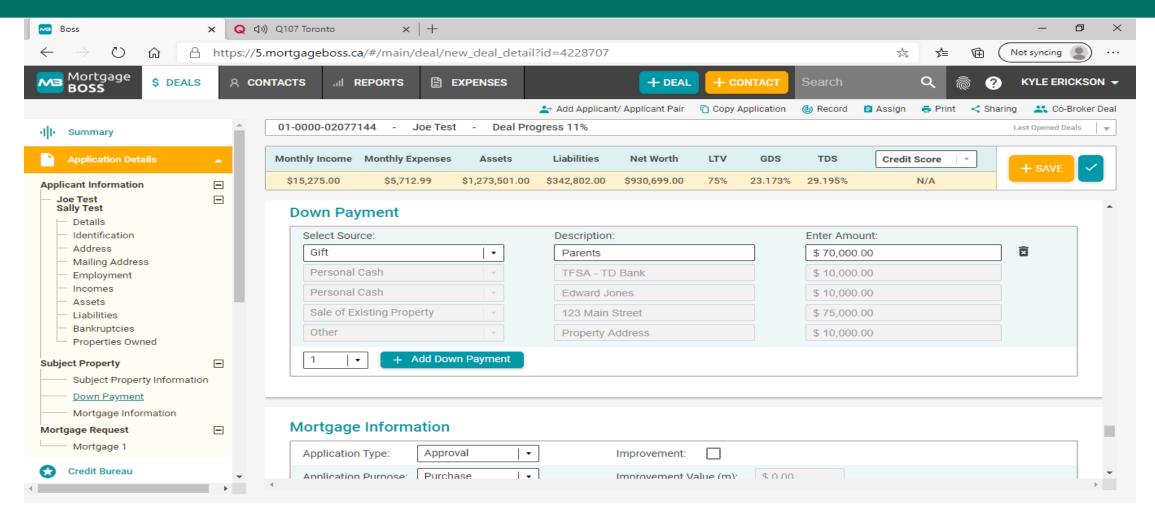












If the down payment is coming from multiple sources, breakdown the sources (see above) so the underwriter can condition accordingly.





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— Identification	Application Type: Approval • Improvement:	
Address Mailing Address	Application Purpose: Purchase	
— Employment	Application Note: Improvement Note:	
Incomes Assets	Closing Date: 09/15/2020 Financial Waiver: 05/15/2020	
— Liabilities	Value	
Bankruptcies Properties Owned	Purchase Price: \$700,000.00 Select: ✓ Down Payment: \$175,000.00 25.00 %	
Subject Property Subject Property Information	Estimated Value: \$ 0.00 Select: Property Value: \$ 700,000.00	
— Down Payment	Appraised Value: \$ 0.00 Select: Appraised Date: MM/DD/YYYY	
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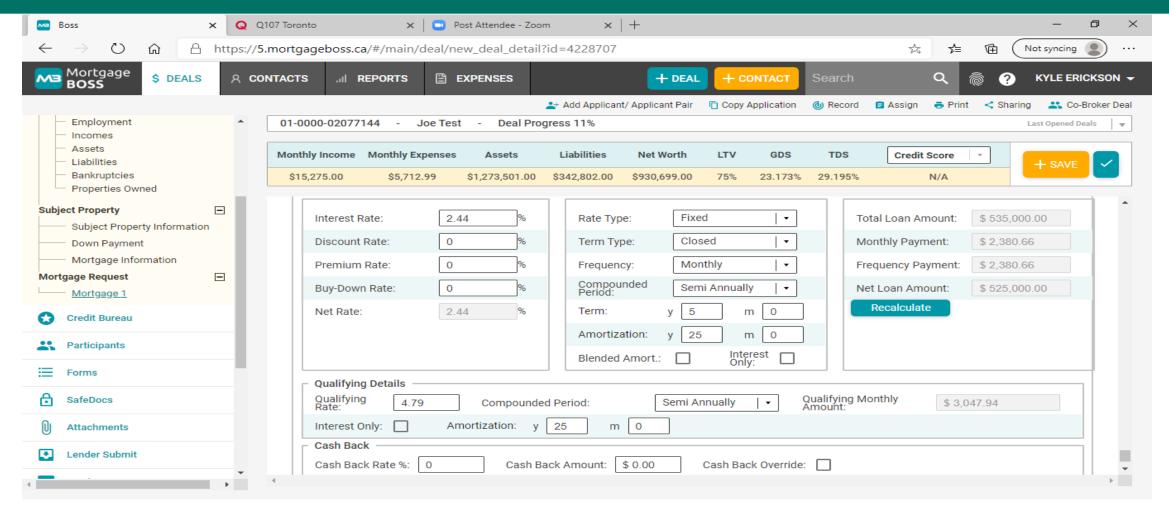




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- Employment	Loan Type: Mortgage ▼ Net Loan Amount: \$525,000.00									
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- Use the stress test rate in the 'Qualifying Details' section
- If it is a high ratio mortgage, make sure the default insurance premium is calculated and included in the mortgage amount





