

Welcome To Mortgage Associates Ontario

On behalf of the entire team at Mortgage Associates Ontario, we would like to take the opportunity to introduce our Elite Training Program. This program is designed to put you ahead of your competition and guide you through important aspects of the mortgage business. For the next few weeks, this manual will serve as your mortgage bible, so please use it as reference, and if always feel free to contact management to address any questions you may have.

In This Manual, You Will Learn:

- ✓ Guide to a broker's first year and beyond
- ✓ The Mortgage Process
- ✓ Mortgage Associates Ontario Deal Process
- ✓ The Lender Tree
- ✓ Filogix - Fast Qualification (Purchase/Refinance)
- ✓ Insurers (CMHC/Genworth/Canada Guaranty)
- ✓ Mortgage Checklist - Signing up Clients (Matrix Lenders)
- ✓ Mortgage Checklist - Signing up Client (Manual Responses)
- ✓ Getting validation in Filogix
- ✓ General Documentation Checklist
- ✓ Payroll - How do I get paid?

GUIDE TO A BROKER'S FIRST YEAR AND BEYOND

Completing your first deal is only the first step in a mortgage broker's journey – getting to deals to consistently flow in, and in larger numbers is the more challenging part.

While contacting your family and friends can obviously help in this pursuit, establishing a strong referral network is undoubtedly one of the sure fire ways to set your business up for the long term.

Referrals can come from virtually anywhere, but it's best to focus your attention on three main areas: client referrals (from your existing client base); business referrals (from other professions such as realtors or financial planners); and broker referrals (from other brokers who special in a niche different from yours).

As it takes a while to earn the trust of the right people – and to get your business to the point where it runs itself- setting the foundation early is one of the most important steps for any new broker/agent.

Know Your Stuff

Before venturing outside of your immediate social circle for business referrals, you have to be confident in your mortgage planning abilities. This means developing relationships with your local BDMs and understanding the vast number of products in the marketplace.

You have to be able to chat with people as an expert. People are going to ask you some tough questions and you have to be able to answer them.

Sometimes it helps to establish a relationship with a more experienced broker, so you have someone to bounce questions off and ease your insecurities. You may also use the help of the in-house underwriter for any of your deals.

One of the first things a broker can do is find a mentor, who could teach how to properly structure deals and where to send them. It will prevent any new broker from wasting their time.

It is important to have a plan. Think about what type of referral relationships your business is best suited for and how you plan to obtain those relationships. If your specializing in 'B' clients, for example, you might want to target a bankruptcy trustee rather than a realtor who sells multi-million dollar homes.

It is important that any networking you do, while you're establishing your referral base, is done right. In order to have a relationship with someone, it has to be genuine.

Venturing Outside The Industry

The first place most new brokers head when establishing their referral network is their local realtor open house. Realtors have become the most popular referral target over the past few years, and as a result, they're difficult to develop a relationship with.

The problem with targeting realtors is there's been a heavy increase in brokers heading into the industry, and they all try for the same sources all the time. The well-established realtors often have

strong existing connections that are difficult for new brokers to break down. For this reason, it is important to look outside the box when targeting professional referral sources. Accountants, financial planners and bankruptcy trustees are examples of professionals who come across mortgage candidates quite frequently – but if you target these groups, be prepared to touch base with them on a consistent basis and send clients their way as well.

Don't be afraid to target non real estate professionals either. It is suggested to target those who talk to people for a living – such as manicurists, hair stylists etc. Should you choose to go the real estate route, aim for agents who are in the early stages of their careers.

It's important to build a network with people that are in the same situation as you; as your career grows, so will theirs.

Transform Competitors Into Allies

Many mortgage brokers overlook the fact that when banks have to turn a client away, they risk losing that client forever. You may suggest bank representatives that, instead of leaving the client with a problem, offer them a solution by referring them to you. Make sure they know that they'll always remain in the loop and that the customer will be happy when they leave you.

Get People Talking

Everyone loves to share good news, so if you really 'wow' him or her, they'll have something to talk about. Sometimes you have to tell your clients they can refer you as they don't always realize it at first.

You don't know who your star clients are going to be at first. You usually identify them after the fact. 'Star Clients' are those individuals who will recommend you to their friends and family for years to come. Those clients that only tell one or two people about you usually do so within one or two months. When clients pass your name on to their friends be sure to thank them for it!

In the end, however, it's the job you do while servicing their mortgage that will ultimately earn the respect of clients and others in the industry. Building a referral network takes time but, eventually, your reputation will precede you and the deals will start flowing in.

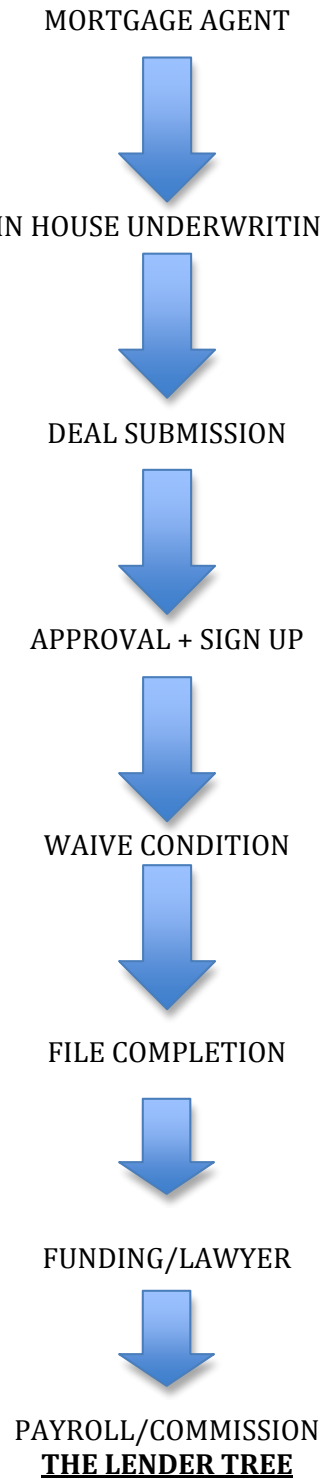
Top Five Tips For Gaining Referrals

1. Provide clients with knowledgeable, memorable services.
2. Ask for referrals – from every client
3. Educate referral sources on what constitutes a good referral
4. Identify your best clients and market to them – they are likely to know similar people
5. Join a business networking group

THE MORTGAGE PROCESS

1. Initial client meeting/application
 - Assess their needs/wants
2. Filogix Quick Qualify
 - Refer to Filogix Fast Qualification Page
3. Package deal for approval with GDS/TDS ratios
 - Determine if they qualify - GDS = 35% / TDS = 42%
 - If credit score is above 680 then GDS = 39% / TDS = 44%
4. Choose your product/lender based on your client's needs
 - Ie. Variable/Fixed Mortgage, stated income program
 - Consult with regional managers from different lenders
 - You can access their contact info through our back end system
5. Submit deal/make detail submission notes in filogix
6. Get Approval
 - Usually 24 - 48 Hours
7. Prepare documents for sign up and collect necessary conditions required from the bank
 - Under "Forms" section in filogix - Print Docs Required
8. Waive conditions/get file/complete message from bank
 - Work together with credit assistant to satisfy all funding conditions
9. Ensure deal closes at lawyer's office and ensure they receive Letter Of Direction if there are applicable broker fees.
10. Submit file for auditing and payment to payroll department
 - Send your complete file to payroll@maobroker.com along with Mortgage File Checklist, for payment

THE MORTGAGE ASSOCIATES ONTARIO DEAL PROCESS



MORTGAGE AGENT/BROKER



UNDERWRITER

Issues approval/decline
Makes decision on financing



CREDIT ASSISTANTS

Employees that look over/audit
the documents provided by broker



FUNDING DEPARTMENT

Communicates with the lawyer and ensures
That they receive funds for closing



LAWYERS OFFICE

Purchase: client gets keys
Refinance: client gets certified funds
Registers the mortgage

FILOGIX – FAST QUALIFICATION (GETTING RATIOS)**PURCHASE**

1. Receive **signed application**
2. **Details**
 - Enter Client Details
3. **Credit Bureau**
 - Request credit bureau
 - Print and create a new file
4. **Liabilities**
 - Delete all “0” balances
 - R1 Accounts (revolving credit) – Need to reflect 3% of outstanding amount
Calculate as needed
 - I1 accounts are installment accounts and payments need to remain as is
 - I0 accounts are generally installment accounts that have been differred
(Example: Students Loan) Calculate 1.5% of the outstanding amount and input as
payment. May need to explain the I0 as an error.
5. **Mortgage Information**
 - Enter purchase price
 - Down payment
 - Calculate mortgage amount (hit calculator button beside 1st mortgage)
 - Quote on best rate
 - For variable rate, qualify on 5-year posted rate (Eg. 5.14%)
 - Input property tax
 - If condominium, enter condo fee (check off heat if the heat is included in condo fees)
6. **Employment**
 - Enter income amount
 - At this point you can check GDS and TDS and play around with numbers to see the affect
on the GDS and TDS ratios
 - Complete full employment details
7. After all is good with scores go to Lender Submit and click Validate

REFINANCE

Log into Filogix

1. Enter Personal Information
2. Check bureau under "credit bureau" select "single" and copy or "joint" and copy (to copy liabilities automatically)
3. Liabilities Section
 - Delete all "0" balances
 - Revolving accounts, identifies as R1 on credit bureau should always reflect 3.0% of total amount owing. Calculate and key-in new amount where necessary
 - Installment I1 – use payment provided
4. Properties owned section: enter existing property and mortgage details
5. Subject property section: enter details of the client's property
 - Heat is always entered as \$100
6. Mortgage Information
 - Use the closing date as the date of maturity, to make sure it is more accurate. Keep playing around with the date to make sure the first day of mortgage starts from the day they initially closed
 - Qualifying rate on variable mortgage is the 5 year posted rate
 - If down payment is less than 20%, then 25 year amortization
 - If down payment is 20% or more, then 30 year amortization
7. Employment Section
 - Income period is always annual
8. Validation: The best way is to select "lender submit section and click "validate"

MAX LTV ON REFINANCE IS 80% → THIS IS CALLED TOP-UP

9. Original Purchase Info
 - Find out original purchase date
 - Find out original down payment
 - If they put <20% down, find out from client which insurer holds their mortgage and

INSURERS

It is possible to have more than one mortgage with 5% down payment or a high-risk mortgage. You need to ensure that you will provide your client with a product that is going to a different insurer than his/her current one. Lenders send certain products to certain insurers.

The reason this is possible is that insurers are not connected and do not share information.

Use the CMHC premium calculator to calculate CMHC fee

http://www.cmhc-schl.gc.ca/en/co/buho/buho_013.cfm#

CMHC PREMIUM CHART

Loan-to-Value	Premium on Total Loan		Premium on Increase to Loan Amount for Portability and Refinance	
	Standard Premium	Self-Employed without 3rd Party Income Validation	Standard Premium	Self-Employed without 3rd Party Income Validation**
Up to and including 65%	0.50%	0.80%	0.50%	1.50%
Up to and including 75%	0.65%	1.00%	2.25%	2.60%
Up to and including 80%	1.00%	1.64%	2.75%	3.85%
Up to and including 85%	1.75%	2.90%	3.50%*	5.50%*
Up to and including 90%	2.00%	4.75%	4.25%*	7.00%*
Up to and including 95%	2.75%	N/A	4.25%*	*
90.01% to 95% - Non-traditional Down Payment***	2.90%	N/A	*	N/A

MORTGAGE CHECKLIST FOR SIGNING**ELECTRONIC RESPONSE****ALWAYS "ACCEPT" YOUR DEAL IN "LENDER RESPONSE" BEFORE PRINTING REQUIRED DOCUMENTS**

Print documents in the following order

1. **Disclosure to Borrower/Conflict Of Interest**
 - Always print "combination"
 - Make sure all info on this document matches the "mortgage commitment"
2. **Credit Application and Credit Bureau Authorization**
 - In Filogix the credit bureau is titled "consent form"
3. **Credit Insurance Application**
 - In Filogix it is titled "MPP Request"
4. **Amortization Schedule**
 - It is titled "AM SCHEDULE"
5. **Client Suitability Form**
 - Only print this if it is a variable rate mortgage
6. **Credit Bureau**
 - Check if already printed, if not then print it
7. **Mortgage Approval/Commitment letter**
 - Usually done once bank has approved, if not print it.
 - Review conditions and make a list of what is still outstanding
8. **Form 1 & Lender Risk Tolerance Form**
 - Private mortgages only

Once all these documents are printed and you have confirmed all the info, you must prepare it for signing.

MORTGAGE CHECKLIST FOR SIGNING**MANUAL RESPONSE**

BEFORE YOU PRINT ANY DOCUMENTS, YOU MUST MANUALLY RESPOND IN FILOGIX

Make sure emailed commitment matches response

TO INPUT MANUAL RESPONSE

1. Go to **"LENDER SUBMIT"**
 - Make sure all info is correct ie: mortgage amount
 - Go to "SUBMISSION METHOD" and choose manual response
 - Put in "LENDER TYPE"
 - Put in "LENDER"
 - Enter "LENDER NOTES" and put in name of underwriter that approved
 - Click "PRINT APPLICATION"

2. Go to **"LENDER RESPONSE"**
 - Hit "MANUAL RESPONSE"
 - "LENDER SUBMISSION" put in the last "response" you have submitted
 - "RESPONSE DECISION" put accept or decline
 - Press "OK"
 - Verify all info is correct and hit "ACCEPT" and "OK"

3. Print **MORTGAGE COMMITMENT**
 - Review conditions and make a list of what is still outstanding

*NOW YOU ARE READY TO PRINT OUT REQUIRED DOCUMENTS
FOLLOW STEPS BELOW:*

**Once all documents are printed and conditions have been noted,
Make sure that they are in this order for signing:**

1. **MORTGAGE APPLICATION**
 - Make sure you date first page and date and make with "X" all the other pages on the bottom where it says date and initials
2. **DISCLOSURE TO BORROWER**
 - Usually 2 pages
 - On 2nd page date all areas and sign "Authorized Signature"
3. **MORTGAGE APPLICATION**
 - Usually 2 pages. Mark with "x _____" on both pages. (2 x if 2 applicants"
4. **CONSENT FORM**
 - Date when client is coming to sign
5. **AMORTIZATION SUMMARY**
 - Mark all pages with "x _____" x2 if 2
6. **CLIENT SUITABILITY FORM**
 - We need this only if it is a variable rate mortgage
7. **CREDIT BUREAU**
8. **AGREEMENT OF PURCHASE AND SALE**
 - Include all schedules
 - Attached MLS Listing
9. **INCOME CONFIRMATION**
 - If salary employee, we need job letter and pay stub
 - If self-employed, registered "Corporation" we need 2 years of NOA, Articles of Incorporation, Business Financial Statements
 - If self-employed sole proprietor, we need 2 years of NOA, T1 Generals, Business License, and Statement of Business Activity
10. **CONFIRMATION OF DOWN PAYMENT**
 - If down payment is <20%, 90 days bank statement/RRSP/GIC to show money
 - If down payment is >20%, 30 days bank statement/RRSP/GIC to show money
 - If it's a gift, must fill out and sign gift letter and proof of transaction

11. SOLICITOR INFORMATION

- Always push our lawyer, as communication and transaction is done with ease

12. CREDIT INSURANCE APPLICATION (MPP)

- Always try to get them to sign on and suggest our in house insurance broker

13. LETTER OF DIRECTION

- Only needed if charging a fee
- If they have own lawyer, make sure to get all the info
- Fax completed Letter of Direction
- Call and email Lawyer to ensure receipt of Letter of Direction

14. CLOSING COST SHEET

- Fill out appropriate costs

GETTING VALIDATION IN FILOGIX

OTHER ASSETS

- Always input assets for a client
- RRSPs, investment funds, mutual funds, car, household goods
- Ask client to identify other assets, explaining that it strengthens their application
- If any blank lines, **delete them**

LIABILITIES

- This is where you request credit bureau if client agrees
- Credit cards, principal residence, rental/other properties, credit lines/loans
- Delete all "0" balances
- Revolving account "R1" payment should always be 3% of balance
- Installment account – use payment provided
- If any blank lines, delete them
- **Never send an application with a negative net worth**

PROPERTIES OWNED

Request mortgage statement for each property the client owns to obtain following information:

- Original purchase date/price
- Mortgage type: fixed, adjustable, variable
- Balance on mortgage
- Payment amount
- Payment frequency: monthly, semi-monthly, biweekly, etc
- Maturity date
- Rate Type: fixed, adjustable, variable, etc
- Term Type: variable, close, open, convertible
- Mortgage holder: Bank or other lending institution
- Payoff: Prior to advance or from proceeds
- Loan Type: Mortgage or Secured LOC
- Interest rate
- Property value
- Original value
- Purchase date
- **Ask client for down payment made on property he/she currently owns; it will help you determine if they have profiles with any of the insurers (CMHC, Genworth, Canada Guaranty)**

OTHER INCOME

- Add other sources, if any

SUBJECT PROPERTY

Down Payment

- To note that rental properties cannot have a gifted down payment
- We need to prove to the lender that the client has the down payment. Generally, they will require 3 months bank statement showing the amount of the down payment

MORTGAGE INFORMATION

- Ask if property is for investment or residence of client
- Enter purchase price and down payment information and click the calendar to populate the first mortgage and make sure you select "requested"

MORTGAGE REQUEST DETAILS

- Always qualify on max amortization (unless client does not want to)
- Note that if quoting a variable rate that the government requires you to qualify the client at the 5-year posted rate which is currently 5.14%
- Heat is always entered \$100
- Enter amount of taxes. If you do not have, calculate as 1% or current value - \$500
- When refinancing, be careful of double calculation of home taxes between properties owned section and subject property section, as this will affect the GDS and TDS; the taxes are to be under subject property section only

CLIENT BUREAU

- Client needs to sign the application at the bottom, thereby authorizing you to perform a credit check. If co-applicant, both need to sign.
- If client is hesitant about your doing a credit bureau check, ask client to visit www.equifax.com and obtain Score Power (approx. \$24) and ask him/her to fax to you
- Check bureau under "credit bureau" select "single" and copy or "joint" and copy. For joint, applicant, sometimes it is best to request the bureaus as single. If one of the applicant's credit is not great and it has a negative impact on the GDS and TDS, you can remove him/her from the application
- Delete all "0" balances from liabilities
- Revolving accounts, identified, as R1 on credit bureau should always reflect 3% of total amount owing. Calculate and key-in new amount where necessary
- Installments – use payment provided
- Never give out credit bureau print out to client. Our company name is on the credit bureau. It is extremely confidential and if for some reason client misplaces the documents and someone misuses the information you could be liable

PARTICIPANTS

- Make sure that the name under "Agent" is always prior to submitting
- Leave submission agent blank
- Do not fill-in co-agent

LENDER SUBMIT

- Prior to submitting a deal, you need to verify with client that they have money for the down payment closing costs

- Verify that the mortgage details are correct (purchase amount, down payment, mortgage amount, interest rate, term, etc.)
- Lender note. You need to enter note such as:

Dear underwriter,

*Please review this purchase deal for a 5 year fixed 2.89%. My client has great income and credit score and should fall within the insured guidelines. They are putting 10% down from their own resources and they wish to go on a 25 year amortization. Please send commitment as soon possible. Thank you for all your efforts. Your Name/Mortgage Lic #
Etc....*

- For example, you would like for your client's insurer to be Genworth as the client would like to benefit from the appliance discount program they offer.
- Sign with full signature
- Make sure that you have selected a Lender
- Go back to Lender Submit and click submit
- A few seconds after submitting the deal, click on refresh you will be able to see that the deal has been submitted

ENTERING A MANUAL LENDER RESPONSE

Some banks/lenders fax back the approval rather than through Filogix. If approval is faxed back, you must enter a manual response in Filogix.

- Search using Filogix code
- Go to Lender Submit – Here is where you find the details as to when you sent the documents via Filogix and who the lender is.
- The information will not be populated and you will need to add the response manually. Enter the lender's reference number, underwriter name (tel # not required)
- Check the details of the deal to ensure they match
 - Purchase Price
 - Down Payment
 - Insurance Fees
 - Monthly Payment
- Make sure everything matches. If not, you may need to contact the underwriter to try resolve any discrepancy
- After all information has been entered/verified click "accept" button. You may now print the forms
- When entering the information be careful that you are in the right section "*Response Details*" and not "*Submission Details*"

LENDER RESPONSE

- If you receive notification from a lender that a deal has declined, you can view the comments click on "details"

FEES

- Brokerage fees, if any, are entered here

FORM

- Only print the forms once the deal has been accepted under "Lender Response"
- Print: disclosure to borrower (full), amortization schedule, letter of direction if we are charging fees

COMMISSIONS

- Use this to calculate commission on your deal prior to submitted to our payroll department

CREDIT REFERENCES (APPLICATION FORM)

- Where client does his banking + account balances. Need all banks he/she deal with. If self-employed, need to ask for business bank details.

The following income documents would be required for the following types of income:

SELF-EMPLOYED:

- If business is incorporated
 - Articles of Incorporation
 - Last 2 years business financials
 - Last 2 years Notice of Assessments
 - Last 2 years T1 Generals
- If sole-proprietor
 - Business license
 - Last 2 years T1 Generals with Statement of Business Activity
 - Last 2 years Notice of Assessment Notice of Assessments

SALARIED EMPLOYEE:

- 2 recent pay stubs
- Employment letter (can be provided after mortgage commitment is issued)
- If there is an additional bonus or commission component to their income, collect last 2 years T4's or Notice of Assessments

COMMISSIONED EMPLOYEE:

- Last 2 years Notice of Assessments, or last years T4's
- 1 Recent Pay Stub
- Employment letter (can be provided after mortgage commitment is issued)

RESIDENTIAL MORTGAGE – INITIAL CONSULTATION

CLIENT NAME:	PHONE #:	EMAIL:
Application Type:	<input type="checkbox"/> Purchase	<input type="checkbox"/> Refinance/Equity Take Out
	<input type="checkbox"/> Pre-Approval	

PROPERTY

Type Of Property (Condo, House, etc): _____
 Location: _____
 Purchase Price: \$ _____
 Offer Made/Accepted: No Yes
 If Yes, Closing Date: _____
 Financing Waiver Date: _____
 Purpose: Owner Occupied Rental/Investment
 First-Time Home Buyer: No Yes
 Do You Currently Own Any Properties: No Yes
 If Yes, Where: _____
 Annual Taxes: \$ _____ Condo Fees: \$ _____
 HELOC: Yes No

EMPLOYMENT

Self-Employed Salary Commission Salary + Commission
 If Self-Employed: Corporation Sole-Proprietor
 Industry Sector: _____
 How Long With Current Company: _____ Years _____ Months
 Position: _____
 Annual Income: \$ _____ Other Income: \$ _____

FINANCIALS

Down Payment Amount: _____ % = \$ _____
 Down Payment Source: _____
 Credit Rating: Excellent Good Average Poor
 Existing Debts (Credit Cards, Loans etc): \$ _____

FOR REFINANCE

Property Value: \$ _____
 Mortgage Balance: \$ _____
 Mortgage Holder: _____
 Interest Rate: _____ %
 Monthly Payment: \$ _____
 Property Tax: \$ _____
 Maintenance: \$ _____

**** NOTES ****